



NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF AGRICULTURAL SCIENCES
DEPARTMENT OF AGRICULTURAL ECONOMICS AND EXTENSION
FIRST SEMESTER EXAMINATION, APRIL/MAY, 2019

Programme: Agricultural Extension and Management

Course Title: Agricultural Production Economics and Resources Management

Course Code: AEM403

Credit Unit: 3

Time Allowed: 3 Hours

INSTRUCTION: Answer Compulsory question 1 (30 marks) and any 4 questions (10 marks each).

Question 1.

- (a) Define resource and environmental economics 4 marks
- (b) Discuss briefly valuation of scarce farm resources 6 marks
- (c) Explain three main components of a linear programming. 6 marks
- (d) Describe the types of Total Cost 6 marks
- (d) How do you determine the point of maximum profit in a factor – factor relationship 8mks

Question 2.

- (a) Explain principles of comparative advantage 4 marks.
- (b) State 3 basic properties of an Isoquant 6 marks

Question 3.

Explain the following principles and terms used in production

- (a) Law of Diminishing Marginal Returns 3 marks
- (b) Principles of Maximum Profit 3 marks
- (c) Principle of Limited Resources (Equi-marginal Principles) 4 marks

Question 4.

- (a) Define revenue. 1 mark
- (b) Describe the 3 types of revenue (Equation necessary). 9 marks

Question 5.

- (a) Explain why Cost functions are derived functions. 4 marks
- (b) Discuss Gross Margin as it relates to Farm Profit. 6 marks

Question 6

Describe the following in relation to input

- i. Constant rate of substitution 3 marks
- ii. Increasing rate of substitution 3 marks
- iii. Decreasing rate of substitution 4 marks

Question 7.

- (a) Define linear programming. 2 marks
- (b) Describe what happens in Stage I of Stages of production of input – output relationship. 8 marks