



NATIONAL OPEN UNIVERSITY OF NIGERIA

DEPARTMENT OF AGRICULTURAL ECONOMICS & EXTENSION.

FACULTY OF AGRICULTURAL SCIENCES

## **2024\_2 EXAMINATION**

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Course Title: Agricultural Production Economics

Course code: AEA303

Credit Unit: 3

Time Allowed: 3 Hours

INSTRUCTION: Answer Compulsory question 1 (25 marks) and any 3 questions (15 marks each).

1.
  - a). Define resource and environmental economics (2marks)
  - b). Discuss briefly valuation of scarce farm resources (5marks)
  - c). Explain three main components of a linear programming. (6marks)
  - d). Describe the types of Total Cost (6marks)
  - e). How do you determine the point of maximum profit in a factor – factor relationship (6marks)
2.
  - a) Explain principles of comparative advantage 4marks
  - b) State 3 basic properties of an Isoquant 6marks
  - c) Describe what happens in Stage I of Stages of production of input – output relationship. 5marks
3. Explain the following principles and terms used in production
  - a) Law of Diminishing Marginal Returns 4 marks
  - b) Principles of Maximum Profit 5 marks
  - c) Principle of Limited Resources (Equi-marginal Principles) 6 marks
4.
  - a). Define revenue 1mark
  - b). Describe the 3 types of revenue (Equation necessary). 8marks
  - c). Explain why Cost functions are derived functions 6marks
5.
  - a) Discuss Gross Margin as it relates to Farm Profit. (6marks)
  - b) Describe the following in relation to input (9marks)
    - i) Constant rate of substitution
    - ii) Increasing rate of substitution
    - iii) Decreasing rate of substitution