

**NATIONAL OPEN UNIVERSITY OF NIGERIA  
FACULTY OF AGRICULTURAL SCIENCES  
SECOND SEMESTER EXAMINATION  
JANUARY/FEBRUARY, 2018**

**Programme: Agricultural Extension and Management**

**Course Code: AEA 302**

**Course Title: Agricultural Finance**

**Credit Unit: 3**

**Total Score: 70 Marks**

**Time Allowed: 3 Hours**

**Instruction: Answer question one (1) and any other four (4) Questions**

1(a). Discuss the scope of agricultural finance(**15marks**).

(b). Explain the term financial intermediaries(**15marks**).

2. Adamu is a graduate of business administration and he is interested in investing in agriculture. As a student undertaken a course in agricultural finance, identify and convince him the need for accurate record keeping(**10marks**).

3. Outline and explain any fivethings to be considered in farm accounts management(**15marks**).

4(a) Explain the meaning of Law of Diminishing Returns and state its implication in agricultural production (**10marks**).

4(b) State five (5) advantages of efficient credit programme

5(a) Explain what happens when:

$MVP > MC$  (**1mark**)

$MVP < M$ ,(**1mark**)

$MVP = MV$  (**1mark**)

(b) State in each case the implications in agricultural production **(4marks)**.

(c) What will be your suggestion(s) to a farmer with situations in 5(a) above? **(3marks)**

6. Briefly explain the Importance of Economic Principles to Farm Financial Management **(15marks)**.

7. Explain the use of opportunity cost principle in farm financial management **(10marks)**.