NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF AGRICULTURAL SCIENCES
DEPARTMENT OF AGRICULTURAL ECONOMICS AND EXTENSION
POP EXAMINATION 2021_2

Course Code: AEA 302
Course Title: Agricultural Finance
Credit Unit: 3
Total Score: 70 Marks
Time Allowed: 3 Hours
Instruction: Answer compulsory question one (1) (30 marks) and any other four (4) Questions (10marks each)

1. You have been appointed to be the Commissioner of Agriculture in your state. You are to write out a speech in favour of government subsidizing credit and inputs of agriculture. Write out your speech using six (6) instances **(30marks)**.

2. Justify using ten (10) instances the necessity for financial intermediaries in agriculture finance in developing countries **(10marks).**

3. A classification of credit according to purpose brings out the close relationship between time and purpose. Appraise the purpose classification of credit on the basis of:
a. Production loans (short- and intermediate-term loans) **(4marks)**
b. Real estate loans (long-term loans) **(3marks)**
c. Farmer cooperative borrowing **(4marks)**

4. Agricultural loan delinquency is common among farmers in developing nations including Nigeria. Assess **ten (10)** causes of loan delinquency **(10marks)**.

5. Small holder farmers are often confronted with a number of risk and uncertainty in carrying out their agricultural production activities. Justify this statement using **four (4)** instances **(10marks)**.

6. Discuss the three (3) major methods involved in capital budgeting of an agricultural enterprise **(10marks)**.

7a. What is the principal that will amount to ₦32,220.00 in 5 years at 10%? Given the formula:
$A = P (1 + r)^n$
Where A = ₦32,220
        n = 5 years
        r = 10%   **(4marks)**
b. What will be the amount receivable if a farmer invested ₦10,000.00 on a farm implement for 5 years at 10% compound interest? **(6marks)**