**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).**