



NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF AGRICULTURAL SCIENCES EXAMINATION 2021 (B)
POP EXAMINATION

Programme: Agricultural Extension and Management

Course Title: Principles of Farm Management

Course Code: AEA 308

Credit Unit: 2

Total Score: 70Marks

Time Allowed: 2Hours

INSTRUCTION: Answer any three (3) questions

- 1a. Explain briefly the scope of farm management (8marks)
 - b. What is decision making? (2marks).
 - c. List and explain in a sequential order the seven essential steps that must be followed when making decision in Farm Management (14marks).

- 2a. Define the following terms:
 - i. The law of diminishing returns (2marks)
 - ii. Principle of substitution (2marks)
 - iii. Opportunity Cost (2marks)
 - iv. Diversification (2marks) and
 - v. Specialization (2marks).
- b. i. Explain briefly the meaning of overhead cost (3marks).
 - ii. If as a result of increasing the output of cowpea from 10kg to 20kg the total cost of production increased from N250 to N300. Calculate the marginal cost of production. (10marks)

- 3a. Distinguish between risk and uncertainty (5marks)
 - b. Explain any five different types of risk that affect farm management (12 ½ marks)
 - c. Identify five (5) possible ways of minimizing risks in farm business. (5 ½ marks)

- 4a. i. What is Sole proprietorship? (3marks)
 - ii. State four (4) reasons why is it a popular form of business ownership among the Nigerian farmers. (4marks).
- b. Briefly discuss on any six (6) main features of sole proprietorship. (12 marks)
- c. Highlight any four (4) characteristics of Capital (4marks).