



**NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF AGRICULTURAL SCIENCES
SEPTEMBER 2020_1 EXAMINATION**

Course Title: Agricultural Risk Management

Course Code: AEA 507

Credit Unit: 3

Total Score: 70Marks

Time Allowed: 2Hours

INSTRUCTION: Answer four (4) questions in all. Question one (1) is Compulsory and carries 30marks. All other questions carry 15marks each.

Ia. i. What do you understand by the term “Agriculture”? (3.marks)
ii. Explain the features of agricultural production and its implication on agricultural risk. (12marks)

b. Define the following terms.

i. Risk. (2marks)

ii. Agricultural Risk (2marks)

c. Explain at least two (2) specific examples of Agricultural risk. (6marks)

d. Outline the salient deductions that are inherent in the nature of agricultural risk. (5mark)

2a. In a tabular form, differentiate between risk and uncertainty. (9marks)

b. Explain the three (3) categories of decision environments under which farmers make decisions. (6marks)

3. Explain briefly on the following categories of risks in agriculture:

(a) Input price risk (b) Output price risk (c) Normal risk (d) Catastrophic risk (e) Idiosyncratic risk, and (f) systemic risk. (15marks).

4. Elaborate on vertical integration and state five (5) advantages as well as disadvantages each. (15marks)

5a. Discuss briefly on the Evolution of Agricultural Insurance in Nigeria. (10marks)

b. State the problems militating against Nigeria Agricultural Insurance Scheme. (5marks)

6a. What do you understand by the term “Liquidity”? (5marks)

b. Discuss on the five (5) means of coping with agricultural risk in Nigeria. (10marks)