



1st SEM. 2019/2020

UNIVERSITY OF ESWATINI

SUPPLIMENTARY EXAMINATION PAPER

PROGRAMME: B.Sc. Agric. Econ. & AgBMgt.

COURSE CODE: AEM 407

TITLE OF PAPER: PRODUCTION ECONOMICS

TIME ALLOWED: TWO HOURS

INSTRUCTION:

- 1. ATTEMPT ALL QUESTIONS**
- 2. EACH QUESTION CARRIES 25 MARKS**

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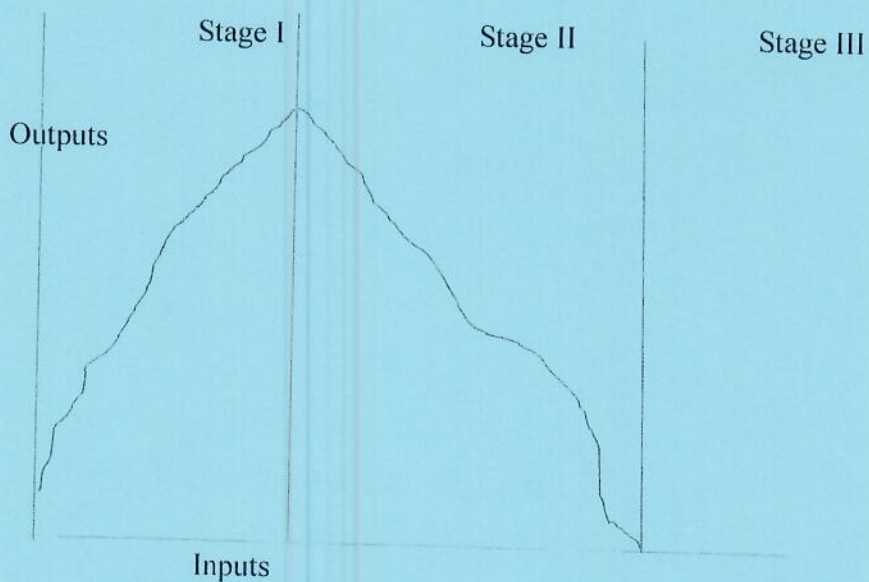
1. Give reasons why you would consider the study of production Economics to be important in Agricultural Economics? (25 marks)

2. (a). What is production function? (10 marks)

(b). Is its applicability limited to either the short run or the long run? What benefits might the producer derive from knowledge of her production function? (15 marks)

3. The diagram below is a marginal product of labour diagram, showing its three distinct phases, with increasing, decreasing/positive, and decreasing/negative marginal product. These are labeled phases 1, 2, and 3, respectively.

- In which phase(s) are increasing returns occurring? (3 marks)
- Explain why increasing returns are occurring (4 marks)
- What is happening to total product and to average product in Phase I? (4 marks)
- Where are marginal returns diminishing? (2 marks)
- What is happening to marginal product in Phase 3 (2 marks)
- What must be happening to total product in Phase 3? (2 marks)
- What must be happening to average product? (2 marks)
- What is happening to marginal, average, and total product in Phase 2 (6 marks)



4. With the aid of diagrams where applicable, explain the following relationship among farm enterprises:

- i. Joint products (5 marks)
- ii. Supplementary products (5 marks)
- iii. Competitive products (5 marks)
- iv. Complementary products (5 marks)
- v. Antagonistic products (5 marks)