



NATIONAL OPEN UNIVERSITY OF NIGERIA
University Village, Nnamdi Azikiwe Expressway, Plot 91, Cadastral Zone, Jabi, Abuja
Dept. of Agricultural Economics and Extension, Faculty of Agricultural Sciences,
2025_2 EXAMINATIONS

Course Code: **AEA 507**
Course Title: **Agricultural Risk Management**
Credit Unit: **2**
Total Score: **70 Marks**
Instruction: **Answer compulsory question 1 (30 marks) and any other 2 questions (20 marks each).**
Time Allowed: **2 Hours.**

- 1a. Highlight any two examples of risk in agriculture. **4 marks**
- 1b. Briefly discuss the effect of risk on agricultural investment. **5 marks**
- 1c. List any six determinants of risk attitude of farmers. **6 marks**
- 1d. Highlight three benefits of risk management to the national economy. **3 marks**
- 1e. Highlight any five benefits of vertical integration. **5 marks**
- 1f. Differentiate between self insurance and commercial insurance. **3 marks**
- 1g. Outline any two gadgets that can be used for risk management in your country. **2 marks**
- 1h. State and explain one example of price stabilization policy. **2 marks**
- (30 marks)**
- 2a. Explain the impact of risk on agricultural investment. **5 marks**
- 2b. Write short notes on any two of the following:
- i. Normal risk
 - ii. Catastrophic risk
 - iii. Idiosyncratic risk
- 6 marks**
- 2c. Highlight five benefits of risk management to the farm enterprise. **5 marks**
- 2d. Outline four drawbacks of vertical integration. **4 marks**
- (20 marks)**
- 3a. Write short notes on any two of the following:
- i. Hedging
 - ii. Off-farm employment
 - iii. Leasing inputs and hiring
- 4 marks**
- 3b. Explain four benefits of NIRSAL initiatives to the Central Bank of Nigeria. **4 marks**
- 3c. Explain the term 'liquidity' as a risk coping strategy. **3 marks**
- 3d. State any five advantages of self insurance. **5 marks**

3e. Define risk assessment. **2 marks**

3f. Give the formula of the following:

i. Risk magnitude

ii. Composite risk index

2 marks

(20 marks)

4a. Write short notes on any two of the following:

i. Normal risk

ii. Marketable risk

iii. Catastrophic risk

6 marks

4b. Highlight two main reasons for government intervention in agricultural risk management.

4 marks

4c. List and discuss any three problems of ICTs in risk management.

6 marks

4d. Outline any four emerging issues in using ICTs to mitigate risk.

4 marks

(20 marks)