

BOWEN UNIVERSITY, IWO, OSUN STATE
COLLEGE OF AGRICULTURE, ENGINEERING AND SCIENCES
AGRICULTURE PROGRAMME

Second Semester 2022/2023 SESSION Examination

Course Code: AGE 320 Course Title: Introduction to Micro and Macroeconomics Theory
Time Allowed: 3 Hours

SECTION A

Instruction: Attempt any TWO Questions from this section

1. (a) As the Branch Manager of Excel Foods, you noticed a decline in of the consumption of your produce. Highlight the measures you can put in place to increase the propensity to consume of your nationals. (6 Marks)
- (b) With the aid of a well labeled diagram, explain the 3-sector economy (8 Marks)
2. (a) From the table given below, determine the Average Propensity to consume, marginal propensity to consume, average propensity to save and marginal propensity to save. (8 Marks)

Consumption	Savings			
11,576	909			
13,687	1137			
17,481	3648			
26,876	6146			
31,194	15,197			
40,016	27,706			

- (b) (i) Define the term money (2 Marks)
 - (ii) Reasons for the demand of money (2 Marks)
 - (iii) What are the determinants of demand for money (2 Marks)
3. (a) Write short and explanatory notes on the following
 - (i) Reasons why people save (2 Marks)
 - (ii) Limitations of National Income accounting (2Marks)
 - (iii) Inflation and how it can be controlled (2 Marks)
 - (iv) Investments and its types (2 Marks)
 - (b) With the aid of a well labeled diagram explain the life cycle hypothesis also stating its Limitation (8 Marks)

SECTION B

Instruction: Answer Question 1 and at least any other 2 questions of your choice

- 1a. Give the three reasons that explain why the division of labor increases an economy's level of production **3 marks**
- b. Give three reasons for studying economics **3 marks**
- c. What are the three ways that societies can organise themselves economically? **3 marks**
- d. What is globalization? How do you think it might have affected the economy over the past decade? **2 marks**
- e. Residents of the town of Greenfield like to consume hams, but each ham requires 10 people to produce it and takes a month. If the town has a total of 100 people, what is the maximum amount of ham the residents can consume in a month? **3 marks (14 marks)**

- 2a. With the aid of well labelled diagram, briefly explain factor product relationship. **3 marks**
- b. LucyAnne has a weekly budget of \$20, which she likes to spend on burgers and chocolates.
- If the price of burgers is \$4 each, what is the maximum number of burgers she could buy in a week? **3 marks**
 - If the price of a chocolate is \$2 each, what is the maximum number of chocolates she could buy in a week? **3 marks**
 - Draw LucyAnne's budget constraint with chocolates on the horizontal axis and burgers on the vertical axis. What is the slope of the budget constraint? **3 marks**
 - What is LucyAnne's opportunity cost of purchasing a burger? **2 marks (14 marks)**
- 3a. What is the definition of production and production function in agriculture? **5 marks**
- bi. How will you mathematically express the production function? **5 marks**
- Explain the mathematical form of the production function **4 marks (14 marks)**
- 4ai. Define what marginal physical product (marginal productivity), and the law of diminishing returns mean. **3 marks**
- How do you compute marginal physical product? **3 marks**
 - Write down the mathematical form of MPP and explain **3 marks**
- b. With the aid of well labelled diagram (diagrams) Explain demand, quantity demanded, and the law of demand **5 marks (14 marks)**