

NATIONAL UNIVERSITY OF LESOTHO

FACULTY OF AGRICULTURE

BSC AGRICULTURE EXAMINATIONS

AEC 317 PRODUCTION ECONOMICS FOR AGRICULTURE

MARKS: 50

JANUARY, 2021

QUESTION 1

In the factor –factor relationship, two inputs are used in the production process as follows:

Combination	1	2	3	4	5	6	7	8
Input x_1	30	24	180	10	7	3	1	0
Input x_2	0	1	3	4	8	11	14	20

- a. Draw the isoquant curve (5)
- b. Draw the Isocost lines if;
 - I. the price of X_2 is M5.40 and the price of X_1 is M 7.00; (5)
 - II. the price of X_2 is M0,85 and the price of X_1 is M0.35 (5)
 - III. the price of X_2 is M1,66 and the price of X_1 is M0.50 (5)
- c. which combination meets the least cost criterion (5)

In the production process two or more products using a variable input. Explain and give examples of

QUESTION 2

- a. Differentiate between fixed costs and variable costs in the production process? (5)
- b. When you are presented with the following cost schedules in the production of tomato

Quantity	Total Fixed costs	Total variable costs
0	70	0
1	70	30
2	70	40
3	70	45
4	70	55
5	70	75
6	70	120

Calculate the total costs, Marginal Costs, Average Total Costs and Average Fixed Costs (15)

- c. Draw the different curves (5)