(Knowledge for Development)

KIBABII UNIVERSITY

UNIVERSITY EXAMINATIONS

2016/2017 ACADEMIC YEAR

SECOND AND FIRST YEAR
SPECIAL / SUPPLEMENTARY EXAMINATION
FOR THE DEGREES OF B.Sc. IN AGRICULTURAL ECONOMICS
AND B.Sc. IN AGRICULTURE AND BIOTECHNOLOGY

COURSE CODE: IAE180 / SAB280

COURSE TITLE: INTRODUCTION TO AGRICULTURAL ECONOMICS

DATE: 14TH SEPT. 2017   **TIME:** 11:30 AM – 1:30 PM

INSTRUCTIONS TO CANDIDATES

Answer BOTH questions in section A and any ONEeach in sections B and C.

TIME: 2 Hours

This paper consists of 3 printed pages. Please turn over.

SECTION A (30 MARKS)

Answer ALL the questions from this section.

1. (a) Distinguish between "NEEDS" and "WANTS" as used in Economics (4 Marks)
   (b) Describe FOUR types of factors of production; giving one example for each of them from Agriculture. (8 Marks)
   (c) With the aid of a relevant example, explain the meaning of the concept "Opportunity Cost" (2 Marks)

2. (a) Distinguish between the following concepts:
   (i) "FREE MARKET ECONOMY" and "COMMAND ECONOMY" (2 Marks)
   (ii) "NORMAL GOODS" and "INFERIOR GOODS" (2 Marks)
   (b) Illustrate how onecan present data to show the supply of a commodity. (3 Marks)
   (c) Suppose you have been appointed as the Cabinet Secretary for the National Treasury for Kenya. Describe any THREE policies that you could pursue to ensure that Kenya's economy attains full employment. (9 Marks)

SECTION B (20 MARKS)

Answer ANY ONE question from this section.

3. (a) Describe the features of a perfectly competitive market (5 Marks)
   (b) Discuss the factors that can determine the magnitude of the price elasticity of supply for agricultural commodities (15 Marks)
4. Describe the factors that influence the supplyof rice in Kenya. (20 Marks)

SECTION C (20 MARKS)

Answer ANY ONE question from this section.

5. (a) Describe the three approaches of measuring national income. (15 Marks)
   (b) Show that the three approaches of measuring National Income give identical results.
   (5 Marks)
6. (a) Explain the different types of inflation. (6 Marks)
   (b) Describe the distributive effects of inflation. (14 Marks)