



(Knowledge for Development)

KIBABII UNIVERSITY

UNIVERSITY EXAMINATIONS

2019/2020 ACADEMIC YEAR

FOURTH YEAR SECOND SPECIAL/SUPPLEMENTARY
EXAMINATIONS FOR THE DEGREES OF BACHELOR OF SCIENCE IN
AGRICULTURE AND BIOTECHNOLOGY, BACHELOR OF
EDUCATION (SCIENCE) & BACHELOR OF SCIENCE IN EXTENSION
EDUCATION

COURSE CODE: SAB 482

COURSE TITLE: PRODUCTION ECONOMICS

DATE: 17/02/2021.

TIME:

~~2 HOURS~~

11-2 PM.

INSTRUCTIONS TO CANDIDATES

1. Carefully read and follow the instructions contained in your answer booklets.
2. This Paper consists of **FIVE** questions. Marks for each question are indicated against them.
3. Answer **QUESTION ONE** and any other **TWO** questions.

Question One (30 marks)

- a). Describe **four** combinations that can be realized in a product-product relationships. **(8 marks)**
- b). Explain **five** safeguards against risks and uncertainties in a farming environment. **(10 marks)**
- c). Discuss with an aid of a diagram **three** stages of production in Factor – Product relationship. **(12 marks)**

Question Two (20 marks)

- a). Define the term Ridge lines as used in production Economics. **(2 marks)**
- b). Differentiate between Economic efficiency and technical efficiency as used in Production Economics. **(3 marks)**
- c). State **four** properties of Iso-product curve. **(4 marks)**
- d). Sangalo Firm has the following weekly profit function, $P = 1400q - q^2 - 240,000$, where q is the number of units produced per week. Calculate the number of units to be sold to maximize the weekly profit. **(5 marks)**
- e). With an illustration, **Explain** the law of decreasing marginal returns. **(6 marks)**

Question Three (20 marks)

- a). Explain briefly **five** objectives of Production Economics. **(5 marks)**
- b). With an illustration, differentiate between law of constant marginal returns and increasing marginal returns. **(5 marks)**
- c). Differentiate between Agricultural production Economics and Farm management. **(10 marks)**

Question Four (20 marks)

- a). Sirisia retail store has a fixed cost of kshs 850, variable cost per item is kshs 45 and selling price per unit is kshs 65. **Write the,**
 - (i). Cost function **(2 marks)**
 - (ii). Revenue function **(2 marks)**
 - (iii). Profit function **(2 marks)**
- b). State **four** assumptions of production function analysis. **(4 marks)**
- c). Describe organizational management decisions in a typical Farm management. **(10 marks)**

Question Five (20 marks)

- a). Explain **three** types of production functions. **(6 marks)**
- b) Discuss **three** types of factor-factor relationship in an economic space. **(6 marks)**
- c). Describe **four** internal economies and diseconomies of scale in production. **(8 marks)**