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**KIBABII UNIVERSITY**  
**UNIVERSITY EXAMINATIONS**  
**2019/2020 ACADEMIC YEAR**  
**SECOND YEAR 1<sup>ST</sup> SEMESTER**  
**SPECIAL/SUPPLIMENTARY**  
**EXAMINATIONS**

**FOR THE DEGREE OF BACHELOR OF SCIENCE AGRICULTURAL  
ECONOMICS AND RESOURCE MANAGEMENT**

**COURSE CODE: SAB 280/IAE 180/AEC 113:**

**COURSE TITLE INTRODUCTION TO AGRICULTURAL ECONOMICS**

**DATE: 17<sup>TH</sup> FEBRUARY 2021**

**TIME: 8 – 10 AM**

**INSTRUCTIONS TO CANDIDATES**

This paper consists of 2 printed pages. Please Turn Over.

Answer all questions in section-A and any OTHER TWO (2) questions in section B.

**SECTION A: 30 MARKS - COMPULSORY**

1.a) Distinguish between the following terms:

i) Economics and investment. (4mks)

ii) Needs and wants. (4mks)

iii) Pure competition and monopolistic completion. (4mks)

(ii) With the help of examples from agriculture discuss the relationship between choice and opportunity cost. (8mks)

b) Discuss how each of the basic economic questions are applicable in agriculture. (10mks)

**SECTION B 40 MARKS**

2) Use examples from agriculture to explain the characteristics of monopolistic competition (20mks)

3. Describe how the factors of production are interrelated. (20 mks)

4. i) Differentiate between price and price system. (4mks)

ii) Outline the key determinants of the price of agricultural goods. (5mks)

iii). Describe the factors that affect demand and supply of an item. (11mks)