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(Knowledge for Development)

KIBABII UNIVERSITY
UNIVERSITY EXAMINATIONS
2021 / 2022 ACADEMIC YEAR

FIRST YEAR 1ST SEMESTER
SPECIAL/SUPPLEMENTARY EXAMINATIONS

**FOR THE DEGREE OF BACHELOR OF SCIENCE AGRICULTURE AND
BIOTECHNOLOGY**


COURSE CODE: AEC 113/IAE 180/ SAB 280
COURSE TITLE: INTRODUCTION TO AGRICULTURAL
ECONOMICS

DATE: 22ND JULY 2022 **TIME:** 2 – 4 PM

INSTRUCTIONS TO CANDIDATES

Answer Question ONE and any other TWO Questions.

TIME: 2 Hours

This paper consists of 3 printed pages. Please Turn Over 

KIBU observes ZERO tolerance to examination cheating

QUESTION ONE:

(a) Define the following concepts:

(i) Agricultural economics [4 marks]

(ii) Production [4 marks]

(iii) Production function [4 marks]

(b) Explain the major objective of production in agriculture. [4 marks]

(c) Distinguish between the following concepts:

(i) Long run production function and short run production function [4 marks]

(ii) Marginal rate of technical substitution and Marginal rate of transformation [4 marks]

(iii) Isoquant and production possibility frontier [6 marks]

QUESTION TWO:

(a) Discuss the four factors of production. [10 marks]

(b) Explain the major constraints to agricultural development in Kenya. [10 marks]

QUESTION THREE:

(a) With the aid of diagrams explain the stages of the law of variable proportions. [12 marks]

(b) Explain the causes of initial increasing marginal returns to a factor. [8 marks]

QUESTION FOUR:

Given the following information

Input X	Output Y
00	1054
22125	35193
43228	50250
60264	71249

(i) Calculate the Marginal product [4 marks]

(ii) Calculate the Average product [4 marks]

(iii) Clearly show the boundaries of each stage of production [4 marks]

- (iv) Which is the rational stage of operation and why? [4 marks]
- (iv) Distinguish between Iso-Revenue and Iso-Cost lines [4 marks]

QUESTION FIVE:

- (a) Explain the ways in which inputs combine in production. (Use diagrams) [10 marks]
- (b) Explain the least cost combination principle of inputs. [10 marks]