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University Examinations 2024/2025

FIRST YEAR, FIRST SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF SCIENCE IN AGRIBUSINESS MANAGEMENT.

AAB 3101: INTRODUCTION TO AGRICULTURAL ECONOMICS

DATE: JANUARY 2025 **TIME: 2 HOURS**

INSTRUCTIONS:

1. Answer Question ONE, and any other TWO

QUESTION ONE (30 MARKS)

a) Explain the optimal resources allocation under two products competing for resources at the same rate (5 Marks)
b) Explain the assumption of DMU Theory. (5 Marks)
c) Explain the disadvantages of KMC being the sole exporter of Beef in Kenya (5 Marks)
d) Distinguish between (4 Marks)
   i. Isoquant and Indifference curve
   ii. Iso revenue and Budget line
e) Given the following cost equation of a firm $C = 100+100Q - 15Q^2 + Q^3$
   Calculate;
   i. Fixed Cost (2 Marks)
   ii. Variable Cost Function (2 Marks)
   iii. Average cost When Q =10Kg (2 Marks)
f) Explain the Advantages of price control (5 Marks)

QUESTION TWO (20 MARKS)

a) Explain characteristics of a monopoly market (10 Marks)
b) Explain price and output decision under perfect competition (10 Marks)

QUESTION THREE (20 MARKS)

a) Discuss the Types of unemployment in the agricultural sector
b) Explain the functions of a trade union

QUESTION FOUR (20 MARKS)

a) Explain the limitations of cardinal utility theory
b) Explain the stages of the production function