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(University of Choice)

**MASINDE MULIRO UNIVERSITY OF
SCIENCE AND TECHNOLOGY
(MMUST)**

MAIN EXAMINATION

**UNIVERSITY EXAMINATIONS
2022/2023 ACADEMIC YEAR**

THIRD YEAR FIRST SEMESTER EXAMINATIONS

**BACHELOR OF SCIENCE IN ECONOMICS & BSC
MATHEMATICS AND ECONOMICS**

COURSE CODE: ECO 302

COURSE TITLE: AGRICULTURAL ECONOMICS

DATE: TUESDAY 13/12/2022 TIME: 12:00 -14:00

INSTRUCTIONS TO CANDIDATES

ATTEMPT QUESTION **ONE** AND ANY OTHER **TWO**

TIME: 2 Hours

MMUST observes ZERO tolerance to examination cheating

This Paper Consists of 2 Printed Pages. Please Turn Over

QUESTION ONE

- a) Explain how the agricultural sector makes:
 - i) Market Contribution **(3 marks)**
 - ii) Factor contribution **(3 marks)**
- b) What are the components of land reform? **(6 marks)**
- c) What is the significance of income elasticity of demand (EDY) to agriculture? **(6 marks)**
- d) What is the role of grading in agricultural marketing? **(6 marks)**
- e) Precisely explain the importance of farm planning **(6 marks)**

QUESTION TWO

- a) State the Law of Diminishing Returns **(5 marks)**
- b) Of what significance is this law in agriculture? **(5 marks)**
- c) Draw the Classical Production function, carefully delineate the three stages of production and identify areas of economic significance. **(10 marks)**

QUESTION THREE

Explain the types and role of records which are used to keep account of different activities, events etc. regarding operations carried out on the farm **(20 marks)**

QUESTION FOUR

- a) How do you explain the tendency for prices of agricultural products to fluctuate more widely than those of manufactured goods? **(10 marks)**
- b) Examine the conditions under which a “cobweb cycle” may produce convergent and divergent price fluctuations **(10 marks)**

QUESTION FIVE

- a) Explain the need for agricultural credit as a crucial input in agricultural development **(10 marks)**
- b) Discuss the implications to technological changes in the agricultural sector **(10 marks)**