CHUKA UNIVERSITY

UNIVERSITY EXAMINATIONS

EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF AGRICULTURE ECONOMICS, AGRICULTURE EDUCATION AND EXTENSION AND AGRIBUSINESS MANAGEMENT

AGEC 231: AGRICULTURE MARKETING

STREAMS: AGED AND AGRIC Y4S2 **TIME: 2 HOURS**

DAY/DATE: THURSDAY 12/04/2018 **11.30 A.M. – 1.30 P.M.**

INSTRUCTIONS:

- **Question one is compulsory (section A), then select Three others from section B.**

SECTION A: (25 MARKS)

QUESTION ONE

(i) Biological characteristics largely affect the marketing of agricultural commodities in a big way. Explain how the sector can overcome this challenge in order to improve the marketing. (8 marks)

(ii) Explain the properties of supply as demonstrated in agriculture markets. (6 marks)

(iii) Differentiate the following terms:

(a) Value addition (2 marks)
(b) Value chain (2 marks)
(c) Processing (2 marks)

QUESTION TWO

(i) Production technologies have largely improved the production and marketing of agricultural commodities. Discus show Kenya can benefit from adopting technology in agriculture marketing. (8 marks)

(ii) Discuss how change to an external factor will shift the supply curve. (4 marks)

(iii) In agriculture, elasticities of supply typically differ depending on the time period being examined. (6 marks)

QUESTION THREE

(i) Explain the following scenario as may be found in an agricultural economy. (6 marks)

If $\Sigma < -1$ then?
If $-1 < \Sigma < 0$ then?

(ii) Susan consumes fruits according to the following consumption function:

$$Q_{Anita} = 60 - 0.35P_{mango}$$

(a) Calculate the inverse demand function. (2 marks)

(b) Calculate Susan's mango demand if the price of beef is ksh 10. What if its ksh. 5? (2 marks)

(iii) Explain forward linkages and backward linkages in marketing. (5 marks)

QUESTION FOUR

(i) Explain the characteristics of Kenya's agricultural markets. (5 marks)

(ii) Explain the differences between oligopoly and monopolistic markets. (4 marks)

(iii) Mr. Mutwiri demand and inverse demand functions are as follows.

$$Q_{mutwiri} = 80 - 0.8P_{beef}$$
$$P_{beef} = 120 - 4Q_{Mutwiri}$$

Calculate the following:

Mutwiri's price elasticity of beef if:

P=15 and Q=5 (3 marks)
P=20 and Q=10 (3 marks)

QUESTION FIVE

(i) Explain the role of four p's as demonstrated in agriculture marketing. (8 marks)

(ii) Using a diagram demonstrate consumer surplus as indicated in agricultural markets. (4 marks)

(iii) Explain the role of prices in marketing.
