

CHUKA

UNIVERSITY



UNIVERSITY EXAMINATIONS

**EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF  
AGRICULTURAL ECONOMICS**

**AGEC 111: INTRODUCTION TO AGRICULTURAL ECONOMICS**

**STREAMS: AGEC, AGBM, AGRI (Y1S2)**

**TIME: 2 HOURS**

**DAY/DATE: MONDAY 14/04/2025**

**8.30 A.M. – 10.30 A.M.**

**INSTRUCTIONS**

- Answer all questions in section A and any three in section B
- Answer each question on separate pages

**SECTION A: All questions are Compulsory (25 Marks)**

**QUESTION ONE (25 Marks)**

- Discuss how market contribution of agriculture support industrial growth (6 Marks)
- List three general characteristics of agricultural production that distinguish it from other forms of production (3 marks)
- Explain how imperfect competition in agricultural markets affect smallholder farmers (6 Marks)
- Discuss five types of farm records giving their importance. (10 Marks)

**SECTION B: Answer Any Three Questions (45 Marks)**

**QUESTION TWO (15 Marks)**

- Explain four stages of agricultural transformation (8 Marks)
- Explain the classification of markets based on location/place of operation and degree of competition. (4 Marks)
- What are the three basic production problems faced by agricultural producers? (3 Marks)

**QUESTION THREE (15 Marks)**

- a) Explain four advantages and four disadvantages of international trade for Kenya's agricultural sector. (8 Marks)
- b) Discuss three product contribution of agriculture to economic development (6 Marks)
- c) Define agricultural economics (1 Mark)

**QUESTION FOUR (15 Marks)**

- a) Discuss three effects of instability in the food sector on macroeconomic level (6 Marks)
- b) Discuss the two types of state trading in agriculture (4 Marks)
- c) How does a profit and loss record help farmers evaluate their business performance? (3 marks)
- d) List four scope of agricultural economics (2 Marks)

**QUESTION FIVE (15 Marks)**

- a) Define economies of scale and explain two sources of internal economies. (5 Marks)
  - b) Analyze how education contributes to agricultural development (6 Marks)
  - c) Discuss four contribution of Industry to the Development of Agriculture (4 Marks)
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