

CHUKA

UNIVERSITY



UNIVERSITY EXAMINATIONS

**EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF
SCIENCE IN AGRIBUSINESS MANAGEMENT**

AGEC 111: INTRODUCTION TO AGRICULTURAL ECONOMICS

STREAMS: BSC. AGECE (Y1S2) ODEL

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.
- Do not write on the question paper.

SECTION A: All questions are Compulsory (25 Marks)

QUESTION ONE

- a) Define the following terms:
- i) Agricultural Economics (2 marks)
 - ii) Opportunity cost (2 marks)
 - iii) Demand (2 marks)
 - iv) Production Function (2 marks)
- b) Discuss the role of agriculture in the Kenyan economy. (3 marks)
- c) Identify and briefly describe three basic production problems faced in agricultural production. (6 marks)
- d) Explain the four types of utility with relevant examples. (8 marks)

SECTION B: Answer any three questions (45 marks)

QUESTION TWO (15 Marks)

a) Differentiate between:

i) Short-run and long-run production functions. (3 marks)

ii) Contraction and expansion of demand. (3 marks)

iii) Increase and decrease in demand. (3 marks)

b) Using the data below, plot the supply and demand curves:

Quantity Demanded Price Quantity Supplied

| | | |
|------|----|------|
| 1500 | 80 | 3000 |
| 1200 | 70 | 2600 |
| 900 | 60 | 2100 |
| 700 | 50 | 1700 |
| 500 | 40 | 1200 |
| 300 | 30 | 700 |

Determine the equilibrium price and quantity from your graph. (6 marks)

QUESTION THREE (15 Marks)

a) Explain the concept of elasticity of demand and discuss the different degrees of elasticity.

(12 marks)

b) Outline three factors that influence the quantity demanded for agricultural products.

(3 marks)

QUESTION FOUR

a) Discuss the four factors of production and their importance in agriculture. (8 marks)

b) Using the table below, calculate the marginal utility for each additional unit and plot the

total utility and marginal utility curves. (7 marks)

Number of Apples Total Utility

| | |
|---|----|
| 1 | 20 |
| 2 | 38 |
| 3 | 54 |
| 4 | 68 |
| 5 | 80 |
| 6 | 90 |

QUESTION FIVE (15 Marks)

- a) Identify and explain five factors that influence the supply of agricultural commodities. (10 marks)
 - b) Discuss five key characteristics of utility and provide relevant examples. (5 marks)
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