

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

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

AGEC 455: NEW INSTITUTIONAL ECONOMICS

STREAMS: AGECE, AGBM (Y4S2)

TIME: 2 HOURS

DAY/DATE: MONDAY 14/04/2025

2.30 P.M. – 4.30 P.M.

INSTRUCTIONS

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

SECTION A: ANSWER ALL QUESTIONS (25 MARKS)

QUESTION ONE

- a) Define the following terms as used in the New Institutional Economics Discipline
- i) Transaction (2 marks)
 - ii) Action Domain (2 marks)
 - iii) Moral Hazard Behavior (2 marks)
 - iv) Commons (2 marks)
 - v) Collective Action (2 marks)
- b) Discuss why market exchange in Africa are much costlier, cumbersome, time consuming, and unpredictable than elsewhere in the world (5 marks)
- c) Discuss three aspects that characterize economic property rights (3 marks)
- d) Discuss seven aspects that contribute the problem of contracting in African agricultural trade. (7 marks)

SECTION B: ANSWER ANY THREE QUESTIONS (45 MARKS)

QUESTION TWO

- a) Differentiate between State-Led and Market-Led Agricultural Development Policies (2 marks)
- b) Which of the two strategies in (a) above would you recommend as agricultural policy maker? Give Five reasons for your choice (5 marks)
- c) List and discuss the six basic types of action domains that can be considered by an Institutional analyst (6 marks)
- d) Discuss the four components of the action Domain (2 marks)

QUESTION THREE

- a) Illustrate and discuss the conceptual framework for institutional analysis. (5 marks)
- b) Indicate five ways how the framework can be used to address the current situation in the Kenyan Sugar Industry. (10 marks)

QUESTION FOUR

- a) Discuss five reasons for failure of Agricultural policies in Africa (5 marks)
- b) Discuss five principles of contract design that are envisaged in Institutional Economics discipline (5 marks)
- c) Explain five reasons why institutional change is important in economic development (5 marks)

QUESTION FIVE

- a) Explain the five essential characteristics of institutional change that an organization must consider when restructuring its operations (5 marks)
 - b) Describe the order of creation of the following Individuals, organizations and Institutions (3 marks)
 - c) Describe five roles of norms in a market exchange (5 marks)
 - d) Describe the four ways in which trust can be built in an exchange relationship (2 marks)
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