



MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY EXAMINATIONS
2017/2018 ACADEMIC YEAR
THIRD YEAR SECOND SEMESTER**

**SCHOOL OF BUSINESS AND ECONOMICS
BACHELOR OF SCIENCE IN AGRICULTURAL
ECONOMICS & RESOURCE MANAGEMENT**

COURSE CODE: ARE 331

COURSE TITLE: AGRICULTURAL MARKETING II

DATE: 18TH APRIL 2018

TIME: 8.30 - 10.30 AM

INSTRUCTIONS TO CANDIDATES

Answer Question **ONE** and any other **THREE** questions

QUESTION 1

- a).Outline five main roles of agricultural marketing in economic development of Kenya **(5 marks)**
- b).Define the following basic marketing concepts **(5 Marks)**
- i). Market structure
 - ii) . Market conduct
 - iii). Risk bearing
 - iv) .Market intelligence
 - V). Price ceiling
- c) Describe any three main approaches to the study of organization and analysis of agricultural marketing **(9 marks)**
- d) What is market failure? List eight reasons why market fail in a mixed market economies such as Kenya **(6 marks)**

QUESTION 2

- a) Why would government intervene in the market and place a price ceiling or price floor? Discuss. **(5 marks)**
- b) In a perfectly competitive market the demand function is $QD = 240 - 6P$ where QD is quantity demanded and P is the price. The firms operating in this market experience the following cost function: $TC = 450 - 10Qs + 2Qs^2$ where TC is total costs and QS is quantity supplied. Assume the market is in equilibrium.
- i).Calculate the average cost **(2 marks)**
 - ii). Find the minimal average costs **(2 marks)**
 - iii). Find the supply curve of a single firm in the market **(2 marks).**
 - iv). How many firms operate in this market? **(2 marks)**
 - v) . What is the market supply curve? **(2 Marks)**

QUESTION 3

- a) Explain six major sources of barriers to market entry in an imperfect market situation **(6 marks)**.
- b) Perfectly competitive firms sometimes earn substantial amounts of profit. Is this consistent with Structure-Conduct-Performance theory? Explain. **(9 marks)**

QUESTION 4

- a). Discuss the advantages and disadvantages of leaving the agricultural markets in Kenya to the price mechanism? **(8 marks)**
- b). Why would government intervene in the market and place a price ceiling or price floor? Discuss with specific reference to maize grain marketing in Kenya. **(7marks)**

QUESTION 5

- a). A case study on Kenya coffee marketing as an international export commodity followed the major marketing channels from production to the export level. Describe major marketing agents involved in the coffee marketing channel and their major functions **(10 marks)**
- b). Outline five challenges facing international commodity agreements with respect to coffee marketing in the world market **(5 marks)**

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