



MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY EXAMINATIONS
2018/2019 ACADEMIC YEAR
FOURTH YEAR SECOND SEMESTER**

**SCHOOL OF BUSINESS AND ECONOMICS
BACHELOR OF ARTS ECONOMICS**

COURSE CODE: ECO 417

COURSE TITLE: AGRICULTURAL ECONOMICS II

**DATE: 15TH APRIL, 2019
1030HRS**

TIME: 0830 -

INSTRUCTIONS TO CANDIDATES

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

QUESTION ONE

a) Describe the role of agriculture in national economy in Kenya?
(5 marks)

b) Explain the following issues in the context of Terms of trade in the agricultural sector;

i) Commodity terms of trade
(3marks)

ii) Prebisch - Singer Thesis.
(4marks)

iii) Export earning instability.
(3marks)

c) Discuss the following aspects with respect to Kenyan economy;

i. Public investment in agriculture
(4 marks)

ii. Creation of employment
(3 marks)

iii. Extraction of savings
(3 marks)

QUESTION TWO

The terms of trade have on the average tended to worsen over time for developing countries such as Kenya. Discuss the strategies employed to combat the situation.
(15 marks)

QUESTION THREE

a) Describe the role of government in agricultural price and marketing policy making process under;

i) Market economy system
(4 marks)

ii) Command economy system.
(4marks)

iii) mixed economy system
(4 marks)

b) Explain any six limitations of the price mechanism in market based economy
(3 marks)

QUESTION FOUR

a) Define International agricultural trade. Explain three main characteristics of international agricultural trade.
(5marks)

b) Discuss the objectives and challenges of International commodity agreements
(10 marks)

QUESTION FIVE

Discuss and elaborate the linkage between Agricultural planning at national and regional levels.
(15 marks)

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