MASENO UNIVERSITY

UNIVERSITY EXAMINATIONS 2013/2014

FIRST YEAR FIRST SEMESTER EXAMINATIONS FOR THE
DEGREE OF BACHELOR OF SCIENCE IN HORTICULTURE WITH
INFORMATION TECHNOLOGY

(MAIN CAMPUS)

AAB 103: AGRICULTURAL POLICY

Date: 28th November, 2013   Time: 8.30 - 10.30 a.m.

MESENO UNIVERSITY
SCHOOL OF AGRICULTURE AND FOOD SECURITY
DEPARTMENT OF AGRICULTURAL ECONOMICS AND RURAL DEVELOPMENT.

AAB 103; AGRICULTURAL POLICY   (2013/14 ACADEMIC YEAR)

SECTION A
Answer all questions in this section 40 Marks

Question one
Discuss the major policy concerns in Kenya as expounded in SRA 2004-2014. (20 Marks)

Question two
   a. Policy Analysis Matrix, is one of the methodologies that attempt to quantify measurement of policy and has been used to establish any divergences between private and social prices and thus isolate impacts of various policies on food and agricultural production. Given the following matrix determine all the missing values.

Item/policy	Revenues	Tradeable inputs	Domestic factors	Profitabilty
Private prices	2000	1300	500	D
Social prices	800	700	G	H
Effects of divergences/efficient policy	I	J	200	L

(8MARKS)

   b. Using the information in the table work out the following Profitability ratio, Domestic resource cost, Nominal protection coefficient and effective protection coefficient and interpret their implications.   (12 MARKS)

(8MARKS)

b. In the analysis of a policy issue, a policy maker was given the following market and private sector prices as US $ 75 and US $ 60 respectively. The tradable inputs and domestic factors used were valued at US $ 200 and US $ 160 respectively. Determine the effects of divergences and efficient policy if the economy had an output level of 50 tonnes.

(7 MARKS)

Question four

a. Describe the circumstance under which the government will intervene in a sector to introduce policy measures

(6 MARKS)

b. Identify and describe the sector specific policies that have evolved in Kenya over time in relation to the Kenyan Agricultural . (6 MARKS)

c. Ii).Explain the meaning of targeting in relation to policy making (3 MARKS)

Question five

a. Using suitable illustration, explain the meaning of the term market failure. (6 marks)

b. Discuss the major causes of market failure in Kenya (9 Marks)

Question six

Many food and agricultural policy instruments can be classified based on the level of imposition. Discuss merits and demerits of policy instruments at every level of imposition. (15 Marks).