



MASENO UNIVERSITY
UNIVERSITY EXAMINATIONS 2013/2014

**FIRST YEAR SECOND SEMESTER EXAMINATIONS FOR
THE DEGREE OF MASTER OF SCIENCE IN
AGRICULTURAL ECONOMICS AND RURAL
DEVELOPMENT
(HOMA BAY CAMPUS)**

AEG 811: PRODUCTION ECONOMICS

Date: 20th July, 2014

Time: 9.00 – 12.00 noon

INSTRUCTIONS:

- Answer ANY FOUR questions.



MASENO UNIVERSITY
SCHOOL OF AGRICULTURE AND FOOD SECURITY
END SEMESTER EXAMINATIONS

AEG 811: PRODUCTION ECONOMICS

Instructions: Answer any four Questions: Time 3 hours

1. Delineate the three economic areas of production. Provide an interpretation of each section in light of production decisions.

(15 marks)
2. Provide a critique of the Euler's theorem. **(15 marks)**
3. Discuss how marginal products and least cost rules are used by firms on how to produce their out puts. **(15 marks)**
4. Show that raising labor's wages while holding land's rent will steepen the equal cost lines and move tangency points.

(15 marks)
5. Show how technical progresses can lead to capital deepening.

(15 marks)
6. Demonstrate how the Ricardian theory of comparative advantage aids understanding how resources are allocated and how trade takes place among countries. **(15 marks)**