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**University Examinations 2015/2016**

FIRST YEAR, FIRST SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF SCIENCE IN AGRIBUSINESS MANAGEMENT

**AAB 3101: INTRODUCTION TO AGRICULTURAL ECONOMICS**

**DATE: NOVEMBER 2015 TIME: 2 HOURS**

**INSTRUCTIONS:** *Answer question* ***one*** *and any other* ***two*** *questions*

**QUESTION ONE (30 MARKS)**

1. Explain the assumptions of Diminishing marginal utility theory (6 Marks)
2. Explain the disadvantages of Kenya Meat Commission being the sole exporters of Beef products.

 (6 Marks)

1. Using illustrations/Examples distinguish between: (6 Marks)
2. Is oquant and indifference curve
3. Iso revenue and Budget line
4. The total cost in the production of bacon in a factory is given as C= 100+100Q – 15Q2 +Q3.

**Required:**

1. What is the F.C (2 Marks)
2. What is the V.C function (2 Marks)
3. Compute the total cost and the average cost of output of 10kg (2 Marks)
4. State the advantages of price control (6 Marks)

**QUESTION TWO (20 MARKS)**

Discuss perfect competition in the following areas:

1. Characteristics (10 Marks)
2. Prize and output decisions (10 Marks)

**QUESTION THREE (20 MARKS)**

1. Discuss the various types of unemployment common in the agricultural sector (10 Marks)
2. Discuss the function of Trade Unions in Kenya (10 Marks)

**QUESTION FOUR (20 MARKS)**

1. Discuss the limitations of the cardinalistic theory (10 Marks)
2. Explain the consumer equilibrium under the Ordinalistic theory (10 Marks)