

**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY
FACULTY OF MANAGEMENT SCIENCES**

DEPARTMENT OF ACCOUNTING, ECONOMICS AND FINANCE

QUALIFICATION: BACHELOR OF ECONOMICS	
QUALIFICATION CODE: 07BECO	LEVEL: 7
COURSE CODE: EOA611S	COURSE NAME: ECONOMICS OF AGRICULTURE
SESSION: JUNE 2019	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 100

FIRST OPPORTUNITY EXAMINATION PAPER	
EXAMINER(S)	MR. MALLY LIKUKELA
MODERATOR:	MR. PINEHAS NANGULA

INSTRUCTIONS	
<ol style="list-style-type: none">1. This paper consist of section A, B and C2. Answer ALL questions3. Number your answers in accordance with the question paper.4. Start each section answer on a new page5. Write clearly and legibly	

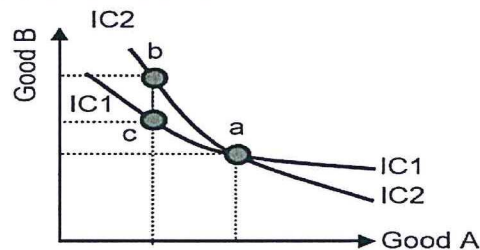
PERMISSIBLE MATERIALS

1. Pen/pencil/Eraser
2. Ruler
3. Calculator

THIS EXAMINATION PAPER CONSISTS OF 3 PAGES (Including this front page)

SECTION A**35 MARKS****QUESTION 1****[5 MARKS]**

Explain why indifference curves (IC) cannot cross as follows:

**QUESTION 2****[10 MARKS]**

Define the following terms;

- | | |
|-------------------------------|-----|
| 1) Law of diminishing return: | (2) |
| 2) cooperatives | (2) |
| 3) Production function: | (2) |
| 4) Price elasticity of demand | (2) |
| 5) Indifference curve | (2) |

QUESTION 3**[10 MARKS]**

Distinguish the five category of price elasticity of demand.

QUESTION 4**[10 MARKS]**

Explain what is meant by the term budget constraint, name and discuss the elements on which the budget constraints are depend on.

SECTION B**45 MARKS****QUESTION 1****[20 MARKS]**

Define the term land reform, list and discuss the three (3) goals of land reform as well as the 6 (six) challenges facing this policy.

QUESTION 2**[10 MARKS]**

Discuss five main challenges facing the Namibian agricultural sector.

QUESTION 3**[15 MARKS]**

1. Consider a two good world (Maize meal (X_1), Mahangu meal (X_2)) with prices $P_1 =$ N\$ 50.00, $P_2 =$ N\$60.00, and income $I =$ N\$ 1,000.00.
- a. Show the budget line equation for the above scenario and graph the budget line (call the first budget B_1). (5)
- b. Show (or graph) the new budget line if P_1 increases to N\$ 100.00 (label it B_2). (5)
- c. What levels of maize and mahangu flour will enable the consumer to be in equilibrium level of consumption, if you assume a 1 to 1 utility function ($U=X_1 \cdot X_2$)? You may show your answer graphically (5)

$$\text{Where } u(X_1, X_2) = X_1 X_2$$

SECTION C**[20 MARKS]****QUESTION 1**

Read the short article below and answer the questions that follow.

"Commercial and communal farmers will soon have 70% share of ownership in the soon to be established cooperative, while Government will take the remaining 30%. This was the announcement made by the Minister of Agriculture, Water and Forestry, John Mutorwa at a press conference held to announce the final Cabinet Decision regarding the new ownership, operational structure and legal framework of MeatCo. According to Mutorwa, this resolution was endorsed through Cabinet" (Agri Alert, 2012).

- i. What do you understand by the term Cooperative? (2)
- ii. List 5 (five) benefits to be derived by the farmers for 70% share ownership in the soon to be established cooperative? (5)
- iii. What do you understand by the statement, "Cooperative operations shall be done near cost basis and any returns above the cost shall be return to owners on an equitable basis"? (2)
- iv. List all the 6 (six) steps the farmers used when they decided to form Meatco as a cooperative. (6)
- v. List 5 (five) challenges faced by the Namibia government towards achieving its objectives of land reform. (5)