

**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: JULY 2019	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 100

SECOND OPPORTUNITY EXAMINATION PAPER	
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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 MEMORANDA CONSISTS OF 6 PAGES (Including this front page)

QUESTION 1: MULTIPLE CHOICE

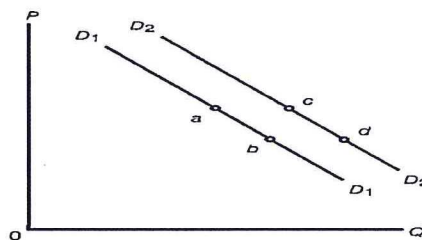
10 MARKS

1. Demand is a schedule of

- (a) how much of a good a person wants.
- (b) each possible price and the amounts people will buy when their incomes change.
- (c) how much of a good people will purchase at different prices.
- (d) how much of a good people will purchase at each different price and income.

Figure 1 represents two demand curves for Coke.

Figure 1

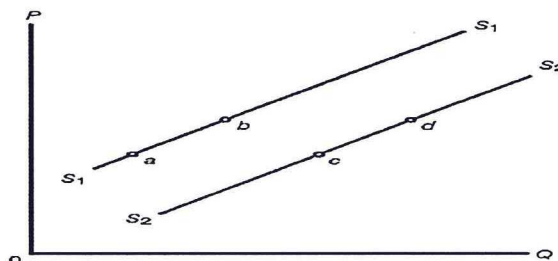


2. Refer to Figure 1. Choose the correct statement.

- (a) A movement from a to c can be caused by an increase in the incomes of Coke consumers.
- (b) A movement from c to a can be caused by a decrease in the price of Coke.
- (c) A movement from b to a can be caused by an increase in the number of Coke consumers.
- (d) A movement from b to d can be caused by an increase in the price of Coke.

3. Figure 2 represents two supply curves for Coke.

Figure 2

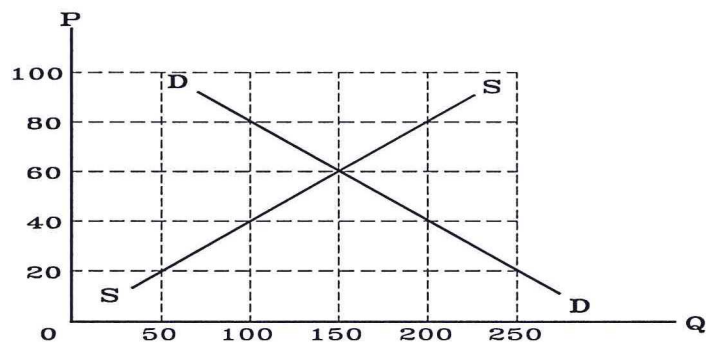


Refer to Figure 2. Choose the correct statement.

- (a) A movement from d to b can be caused by a decrease in the price of Coke.
- (b) A movement from a to b can be caused by an increase in the price of Coke.
- (c) A movement from c to d can be caused by an increase in the number of Coke producing firms.
- (d) A movement from a to b can be caused by an increase in the prices of resources.

Questions 4 and 5 are based on Figure 3.

Figure 3



4. Refer to Figure 3. Choose the correct statement.

- (a) At a price of N\$80 there would be a tendency for prices to rise.
- (b) N\$40 could be a floor price or a minimum price.
- (c) At a price of N\$20, excess demand would exert downward pressure on the price.
- (d) N\$60 is the price at which the quantity of the good demanded in a given time period equals the quantity supplied.

5. Refer to Figure 3. Which of the following statements is **not** correct?

- (a) At a price of N\$40, excess demand will be greater than at a price of N\$20.
- (b) At a price of N\$80, there will be an excess supply of 100 units.
- (c) At a price of N\$40, the quantity demanded is 200 units.
- (d) At a price of N\$20, the quantity supplied is 50 units.

6. The determinant of demand that does **not** shift the demand curve is:

- (a) Income.
- (b) Taste.
- (c) The price of the goods itself.
- (d) The prices of other goods.

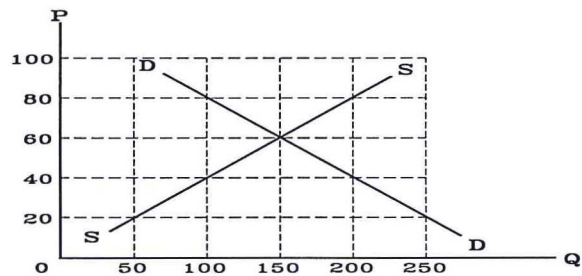
7. Which of the following causes a movement along a demand curve, but not a shift of the demand curve? A change in:

- (a) buyers' expectations.
- (b) the number of buyers.
- (c) the price of other goods.
- (d) the price of the good.

8. Which of the following would most likely cause the demand for Coca-Cola to decrease?

- (a) A reduction in the price of sugar, which is used to make Coca-Cola.
- (b) A decrease in consumer income.
- (c) An increase in the price of Dr. Pepper.
- (d) An increase in the price of Pepsi.

Figure 2



9. Refer to Figure 2. Which of the following statements are correct?

- (i) At a price of N\$40, the quantity demanded is 200 units.
 - (ii) At a price of N\$80, there will be excess supply of 100 units.
 - (iii) At a price of N\$60, a maximum of 150 units will be sold.
 - (iv) At a price of N\$20, the quantity supplied will be 50 units.
 - (v) At a price of N\$20, the excess demand will be greater than at a price of N\$40.
- (a) All the statements.
 - (b) Only (iv) and (v)
 - (c) (i), (iii) and (v)
 - (d) (ii), (iii) and (iv)

10. Which of the following is not a characteristic of a perfectly competitive market?

- (a) Firms in the market produce differentiated products.
- (b) A large number of sellers and buyers.
- (c) Freedom of entry into and exit from the market.
- (d) Perfect information among buyers and sellers.

QUESTION TWO**[10 MARKS]**

Define the following concepts.

- | | |
|-----------------------------------|-----|
| 1) Market equilibrium | (1) |
| 2) The law of Demand: | (1) |
| 3) Complementary goods | (1) |
| 4) Consumer goods: | (1) |
| 5) Production possibility curve: | (1) |
| 6) Opportunity cost | (1) |
| 7) Utility function: | (1) |
| 8) Complementary goods: | (1) |
| 9) Cooperative(s) | (1) |
| 10) Marginal Rate of Substitution | (1) |

SECTION B**40 MARKS****QUESTION ONE****[5 MARKS]**

Differentiate between microeconomics and macroeconomics, further illustrate the difference by using clear examples.

QUESTION TWO**[25 MARKS]**

List and discuss the various types of agricultural activities practiced in Namibia

QUESTION THREE**[10 MARKS]**

Identify and discuss the determinants of demand in relation to agricultural sector

SECTION C**40 MARKS****QUESTION ONE****[10 MARKS]**

Identify and discuss the determinants of supply in relation to agricultural sector

QUESTION TWO**[15 MARKS]**

The success of the agriculture sector depends on the critical roles played by various stakeholders in the economy. Select one stakeholder of your choice and discuss the role which that particular stakeholder plays in the agriculture sector.

QUESTION THREE

[15 MARKS]

Scenario 1: Consider a consumer who can spend his income of 300 on good A or on good B or on any combination of A and B. One unit of A costs 3 and one unit of B costs 5. Draw a budget line. (5)

Scenario 2: Imagine the same consumer, his income rises from 300 to 360, other things remaining equal. Draw an additional new budget line to illustrate the change. (5)

Imagine the consumer in Scenario 2, the price of 1 unit of B falls from 5 to 4, other things remaining equal. Draw an additional new budget line to illustrate the change. (5)