



**NAMIBIA UNIVERSITY  
OF SCIENCE AND TECHNOLOGY**

**FACULTY OF HEALTH, NATURAL RESOURCES AND APPLIED SCIENCES**

**DEPARTMENT OF AGRICULTURE AND NATURAL RESOURCES SCIENCES**

<b>QUALIFICATION: BACHELOR OF SCIENCE IN AGRICULTURE</b>	
<b>QUALIFICATION CODE: 07BAGA</b>	<b>LEVEL: 7</b>
<b>COURSE CODE: AEM520S</b>	<b>COURSE NAME: AGRICULTURAL ECONOMICS</b>
<b>DATE: NOVEMBER 2022</b>	
<b>DURATION: 3 HOURS</b>	<b>MARKS: 100</b>

<b>FIRST OPPORTUNITY EXAMINATION QUESTION PAPER</b>	
<b>EXAMINER(S)</b>	Mr. Teofilus Shiimi
<b>MODERATOR:</b>	Mr. Mwala Lubinda

<b>INSTRUCTIONS</b>
<ol style="list-style-type: none"><li>1. Answer ALL the questions.</li><li>2. Write clearly and neatly.</li><li>3. Number the answers clearly.</li></ol>

**PERMISSIBLE MATERIALS**

1. Examination question paper
2. Answering book

**THIS EXAMINATION QUESTION PAPER CONSISTS OF 4 PAGES (Excluding this front page)**

### Question 1

“We have a problem, the economizing problem, scarcity problem. When we have a society with unlimited wants this exerts pressure on available resources”.

(a) Explain what will happen to the resources in a society when the needs of people exceed the available resources? [2]

(b) Given the current societal behaviour in Namibia, what happens to the access of the few available resources if a situation like this is experienced? [2]

(c) Assume the above-mentioned situation happens in your community where you serve as an agricultural economist, assume you have the power to make decisions, and what action will you take to normalize the situation? Mention at least three actions. [6]

(d) “Economics is the field of study that deals with the allocation of resources among competing needs over time”. Why is it necessary for you to study the production, distribution, and consumption of goods and services? [4]

(e) “It is in the agricultural sector that the battle for long-term economic development will be won or lost”. What does this statement mean to you? [2]

(f) Why is the agricultural sector characterized by price instability? [4]

**Sub -Total Mark [20]**

### Question 2

(a) Define the following terminology? [6]

(i) A rational consumer

(ii) Consumer Utility

(iii) Indifference curve

(b) One of the properties of the indifference curve is that “indifference curve do not cross”. In your own understanding explain why the indifference curve can’t cross. [3]

(c) Imagine you had a budget line of two commodities. Assume your income increased by 20%. Explain how your budget line will shift, given that you spread your extra income equally on the two commodities. [3]

(d) Using the relationship between quantities demanded and price, differentiate the following two commodities: [4]

(i) Substitute

(ii) Compliment

(e) "The exchange of goods and services in the agricultural sector happened through agricultural marketing" Explain why there are conflicts between consumers and producers in the agricultural marketing system. [4]

**Sub-Total Marks** [20]

### Question 3

(a) "A farmer sell oranges, when he sell at N\$14.00 he sells 8015 oranges. When he increases the prices to N\$15.00 he sells only 8005 oranges". Calculate the price elasticity of demand for orange? [4]

(b) What type of price elasticity of demand you found in Question 3 (a)? [2]

(c) Interpret the meaning of the price elasticity of demand that you mentioned in question 3 (b)? [2]

(d) Assume the price given is for selling per piece of orange. Calculate the revenue the farmer made by selling those oranges at the given prices? [4]

(e) Which price will you recommend to sell the oranges with regard to the revenue you generated in question 3 (d)? Motivate your answer. [2]

(f) Discuss the importance of determining elasticity of any products. [6]

**Sub-Total Marks** [20]

#### Question 4

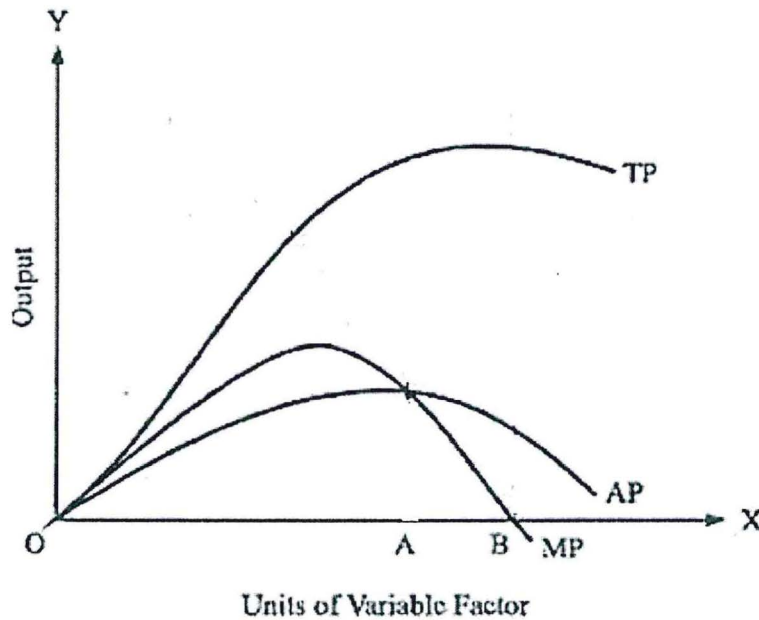
Assume the following is the Total utility of Hafeni derived from consuming chocolate. Using the provided information copy the Table below into your answering sheet and complete the Table.

Amount Consumed (x)	Total Utility (U)	Marginal Utility
0	0	
1	5	A
2	9	B
3	12	C
4	14	D
5	14	E
6	12	F
7	9	G
8	5	H
9	0	I
10	-6	J

- (a) Calculate the marginal utility of Hafeni. Show your all calculation. [10]
- (b) Plot and label Total utility and Marginal utility on one graph [4]
- (c) According to the plotted graph, discuss the relationship between the Total utility and Marginal Utility [3]
- (d) Explain why total utility decrease at some point as more of the chocolates are consumed? [3]
- Sub-Total Marks [20]**

**Question 5**

Below is the production graph, please copy the graph as it is in your answering book and answer the questions that follows.



- (a) Explain the relationship of total output in relation to the units of variable factor? [3]
- (b) With the draw of lines indicate three stages of production on the graph. [3]
- (c) Clearly indicate on the graph where the inflexion point is found. [2]
- (d) By shading indicates the stage in which the rational firm will operate? [2]
- (e) Explain why the rational firm should operate at that stage? [3]
- (e) Explain why TP decline as units of variable factor increase? [2]
- (f) Discuss the relationship of TPP, MPP and APP in stage I and stages II of production function. [6]
- (g) By definition differentiate the fixed input from the variables inputs [2]

**Sub-Total Marks [20]**

**End!**