



**NAMIBIA UNIVERSITY  
OF SCIENCE AND TECHNOLOGY**

**FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION**

**DEPARTMENT OF ECONOMICS, ACCOUNTING AND FINANCE**

<b>QUALIFICATION: BACHELOR OF ECONOMICS</b>	
<b>QUALIFICATION CODE: 07BECO</b>	<b>LEVEL: 7</b>
<b>COURSE CODE: EOA611S</b>	<b>COURSE NAME: ECONOMICS OF AGRICULTURE</b>
<b>SESSION: JUNE 2024</b>	<b>PAPER: THEORY</b>
<b>DURATION: 3 HOURS</b>	<b>MARKS: 100</b>

<b>FIRST OPPORTUNITY QUESTION PAPER</b>	
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<b>MODERATOR:</b>	MR. PINEHAS NANGULA

<b>INSTRUCTIONS</b>	
<ol style="list-style-type: none"><li>1. This paper consist of section <b>A,B,C</b> and <b>D</b></li><li>2. Answer <b>ALL</b> questions</li><li>3. Number your answers in accordance with the question paper.</li><li>4. Start each section answer on a new page</li><li>5. Write clearly and legibly</li></ol>	

**PERMISSIBLE MATERIALS**

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

**THIS COMPREHENSIVE ASSESSMENT MEMORANDA CONSISTS OF 6 PAGES**  
(Including this front page)

**SECTION A: MULTIPLE CHOICE****10 MARKS**

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1. **The term utility is generally related to** [1]  
A. Satisfaction  
B. Necessary  
C. Useless  
D. Useful
2. **The term 'marginal' in economics means** [1]  
A. Additional  
B. Unimportant  
C. Minimum Unit  
D. None of the above
3. **When the price of coffee rises, the demand for tea \_\_\_\_\_.** [1]  
A. Falls  
B. Rises  
C. Stays the same  
D. None of the above
4. **If the quantity demanded of a commodity is unresponsive to change in prices, then the demand of that commodity is \_\_\_\_\_.** [1]  
A. Perfectly inelastic  
B. Elastic  
C. Unit elastic  
D. Inelastic
5. **Form of credit used to increase production or income or used to purchase land, livestock, equipment, seed, fertilizer is known as:** [1]  
A. Consumption Credit  
B. Productive Credit  
C. Operational Credit  
D. Collateral Credit

- 6. Which of the following is a microeconomic topic?**
- A. The reasons for a decline in average prices
  - B. The reasons why Kathy buys less orange juice
  - C. The cause of why total employment may decrease
  - D. The effect of the government budget deficit on inflation
- 7. Which of the following is not a cause of the shift in demand for a product? [1]**
- A. Change in the price of substitutes
  - B. Change in the income of a consumer
  - C. Change in the price of a product
  - D. None of the above
- 8. In which economy do consumers and producers make choices based on market forces of supply and demand? [1]**
- A. Market economy
  - B. Open economy
  - C. Controlled economy
  - D. Command economy
- 9. An Indifferent curve [1]**
- A. indicates the combinations of any two goods or services that are attainable when the community's resources are fully and efficiently employed
  - B. Is a graphed function that shows all combinations of two goods that provide exactly the same degree of satisfaction to a consumer.
  - C. Indicates the maximum amount/quantities of outputs (goods/services) an economy can achieve
  - D. None of the above
- 10. Which of the following statements about the demand curve is true? [1]**
- A. The slope of the demand curve is upward from left to right
  - B. The slope of the demand curve is downward from left to right
  - C. The slope of the demand curve is parallel to the X-axis
  - D. The slope of the demand curve is parallel to the Y-axis

1. An isoquant is a curve showing all possible input combinations capable of producing a given level of output
2. Cooperative is a non-voluntary business owned and controlled by its member-patrons and operated for them on a profit basis
3. The slope of an indifference curve reflects the rate at which the consumer is willing to substitute one good for the other
4. Ordinary goods are goods whose demand decreases with price increases, and have negatively sloped indifference curves
5. Increasing returns occurs when each additional unit of input added to the production process yields an increasing level of output relative to the previous unit of input
6. Government's sole purpose is to provides policy that will enable rural communities to harness and benefit from resources sustainably
7. The Agric. Marketing system starts with production and ends with the consumer
8. Operational Credit is credit used to purchase consumable items used by the family and does not contribute to business income
9. The Law of Demand states that when you consume more units of a particular good during a set time, at some point your marginal utility will decrease as your consumption increases
10. The budget line and opportunity set means the same thing

**SECTION C****50 MARKS****QUESTION 1****[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 2****[25 MARKS]**

Use the following information to answer the following questions.

**Table 1: Cost schedule of ABC Inc. Widgets Factory**

Measure of Cost for ABC Inc. Widget Factory			
Quantity of Widgets	Variables Costs	Total Costs	Fixed Costs
0			N\$ 10
1	N\$ 1		
2	N\$ 3	N\$ 13	
3	N\$ 6	N\$ 16	
4	N\$ 10		
5		N\$ 25	
6	N\$ 21		N\$ 10

- a. Calculate the average fixed cost of producing five widgets is
- b. Calculate the average variable cost of producing four widgets is
- c. Calculate the average total cost of producing one widget is
- d. Calculate the marginal cost of producing the sixth widget is
- e. Calculate the variable cost of producing zero widgets?

**QUESTION 3****[15 MARKS]**

Identify and discuss the determinants of price elasticity of supply

**SECTION D****[30 MARKS]****QUESTION 1:****[10]**

Discuss the challenges to land reforms policy:

**QUESTION 2:**

a. Suppose that your monthly quantity demand function for a product is  $Q_d = 500 - 50P$  and your monthly supply function for a product is  $Q_s = 50 + 25P$ ;

Solve for the equilibrium price and quantity.

**[5]**

b. Suppose that your monthly quantity demand function for a product is  $Q_d = 478 - 6P$  and your monthly supply function for a product is  $Q_s = 128 + 8P$ ;

Solve for the equilibrium price and quantity.

**[5]****QUESTION 3:****[10]**

Complete the following Table using the appropriate concepts and formulas.

<b>Quantity of Labour</b>	<b>Total Product</b>	<b>Average Product</b>	<b>Marginal Product</b>
0	0		
1	15		15
	34	17	
3	48	16	14
4		15	12
5	62	12.4	