



**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 2025</b>	<b>PAPER: THEORY</b>
<b>DURATION: 3 HOURS</b>	<b>MARKS: 100</b>

<b>FIRST OPPORTUNITY EXAMINATION 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 EXAMINATION PAPER CONSISTS OF 7 PAGES** (Including this front page)

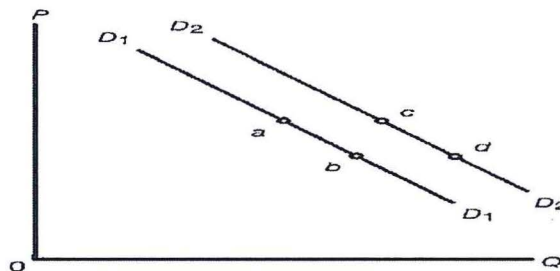
**SECTION A: MULTIPLE CHOICE**

**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.

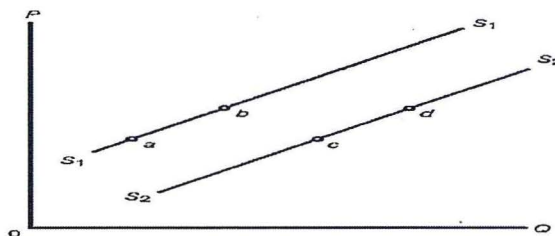
**Figure 1 represents two demand curves for Coke.**



**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.

**Figure 2 represents two supply curves for Coke.**

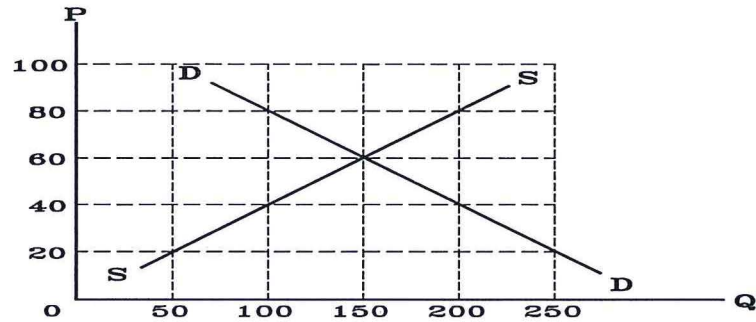


**3. Refer to Figure 2. Choose the correct statement.**

- (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.

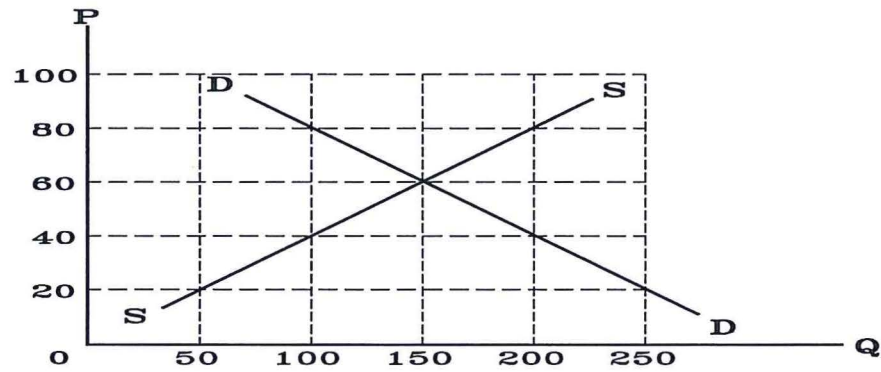
Questions 4 and 5 are based on Figure 3.

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.

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**SECTION A: TRUE OR FALSE****10 MARKS**

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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

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**SECTION C****50 MARKS**

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**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

- Calculate the average fixed cost of producing five widgets is **[5 Marks]**
- Calculate the average variable cost of producing four widgets is **[5 Marks]**
- Calculate the average total cost of producing one widget is **[5 Marks]**
- Calculate the marginal cost of producing the sixth widget is **[5 Marks]**
- Calculate the variable cost of producing zero widgets? **[5 Marks]**

**QUESTION 3****[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 Marks]**
- 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 Marks]**
- Scenario 3:** 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 Marks]**

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**SECTION D**

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**30 MARKS****QUESTION 1****[10 MARKS]**

Discuss in detail the main challenges that Government is facing when it come to land reforms in Namibia.

**[10 Marks]****QUESTION 2:****[10 MARKS]**

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

**QUESTION 3:****[10 MARKS]**

Complete the following Table using the appropriate concepts and formulas.

Quantity of Labou	Total Product	Average Product	Marginal Product
0	0		
1	15	<b>C</b>	15
<b>A</b>	34	17	<b>D</b>
3	48	16	14
4	<b>B</b>	15	12
5	62	12.4	<b>E</b>

**A [2 Marks]****B [2 Marks]****C [2 Marks]****D [2 Marks]****E [2 Marks]**