



**PAMIBIA UNIVERSITY**  
**OF SCIENCE AND TECHNOLOGY**

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

**DEPARTMENT 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 2023</b>	<b>PAPER: THEORY</b>
<b>DURATION: 3 HOURS</b>	<b>MARKS: 100</b>

<b>FIRST OPPORTUNITY EXAMINATION QUESTION PAPER</b>	
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<b>INSTRUCTIONS</b>
<ol style="list-style-type: none"><li>1. Answer ALL the questions.</li><li>2. Read all the questions carefully before answering.</li><li>3. Number the answers clearly</li></ol>

**THIS QUESTION PAPER CONSISTS OF \_6\_ PAGES (Including this front page)**

1. Microeconomics is concerned with:
  - a. The behavior of individual decision making units such as households and firms
  - b. The performance, structure, behavior, and decision-making of an economy as a whole.
  - c. The economy as a whole, focusing on goals like growth in the standard of living, unemployment, and inflation.
  - d. The study of microscopic organisms, such as bacteria, viruses, archaea, fungi and protozoa.
2. Positive Economics is based on:
  - a. Statements that contain opinions and value judgement. i.e. "what ought to be" or "what should be
  - b. based on factual statements and such statements contain no value judgement
  - c. Statements that cannot be settled by science or by an appeal to and such statement
  - d. All of the above
3. The term scarcity
  - a. Refers to a market economy in which the means of production belongs to the state
  - b. Refers to the decisions of what, how and when to produce and for whom to produce
  - c. Refers to the value of the next-best alternative when a decision is made
  - d. Refers to the finite quantity of resources that are available to meet a society's needs
4. Specialization means
  - a. To focus resources on a specific task to have an increase in the production output
  - b. The separation of tasks in an organization so that participants may specialize
  - c. Segmentation of tasks, with each person focusing on a specific part of the production process
  - d. All of the above

5. Resources
  - a. Are also known as the factors of production, inputs or factors
  - b. Are productive items used to produce the goods and services that satisfy human wants
  - c. Includes land, water supplies, mineral deposits and rich agricultural soils.
  - d. All of the above
6. An Indifferent curve
  - 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
7. The slope of budget line is called
  - a. the Marginal Rate of Transformation
  - b. the diminishing marginal return
  - c. the marginal rate of substitution
  - d. the rate of marginal substitution
8. Demand schedule
  - a. Is a table that displays price and quantities demanded
  - b. Is what explain the law of demand
  - c. is a mathematical expression of the relationship between quantity demanded and price
  - d. all of the above
9. Demand Function
  - a. Shows the relationship between the quantity demanded, and the price
  - b. Tells us the relationship between the quantity supplied, and the price
  - c. Is a binary relation between two sets that associates to each element of the first set exactly
  - d. Relates the maximum amount of output that can be obtained from a given number of inputs
10. Form of credit used to increase production or income or used to purchase land, livestock, equipment, seed, fertilizer is known as:
  - a. Consumption Credit
  - b. Productive Credit
  - c. Operational Credit

d. Collateral Credit

**SECTION B: TRUE OR FALSE**

**10 MARKS**

1. Ordinary goods are goods whose demand decreases with price increases, and have negatively sloped indifference curves.
2. 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.
3. Government's sole purpose is to provides policy that will enable rural communities to harness and benefit from resources sustainably.
4. The Agric. Marketing system starts with production and ends with the consumer.
5. Operational Credit is credit used to purchase consumable items used by the family and does not contribute to business income.
6. 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.
7. An isoquant is a curve showing all possible input combinations capable of producing a given level of output.
8. Cooperative is a non-voluntary business owned and controlled by its member-patrons and operated for them on a profit basis.
9. The slope of an indifference curve reflects the rate at which the consumer is willing to substitute one good for the other.
10. The budget line and opportunity set means the same thing.

**SECTION C**

**[25 MARKS]**

**QUESTION 1**

**[10 MARKS]**

Define the following terms;

1. Law of diminishing return:
2. Cooperatives
3. Production function:
4. Price elasticity of demand
5. Indifference curve

**QUESTION 2**

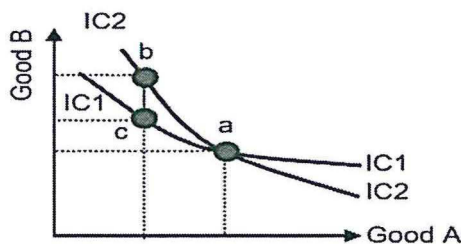
**[5 MARKS]**

Suppose your monthly quantity demand function for a product is  $Q_d = 10,000 - 80P$  and your monthly supply function for a product is  $Q_s = 20P$ ; solve for the equilibrium price and quantity.

**QUESTION 3**

**[5 MARKS]**

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



**Question 4**

**[5 MARKS]**

Complete the following Table using the appropriate concepts and formulas.

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

**QUESTION 1****[25 MARKS]**

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

**QUESTION 2****[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.
- 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.
- 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.

**QUESTION 3****[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.

[5 Marks (Selection and description of choice) +10 Marks (discussion of the role)]