



**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: JUNE 2022	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 100

FIRST OPPORTUNITY EXAMINATION_PAPER	
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INSTRUCTIONS	
<ol style="list-style-type: none">1. This paper consist of section A,B,C and D2. 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)

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 finite quantity of resources that are available to meet a society's needs
 - d. Refers to the value of the next-best alternative when a decision is made
4. Specialization means
 - a. All of the below
 - 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. To focus resources on a specific task to have an increase in the production output
5. Resources
 - a. All of the below
 - b. Are also known as the factors of production, inputs or factors
 - c. Are productive items used to produce the goods and services that satisfy human wants
 - d. Includes land, water supplies, mineral deposits and rich agricultural soils.
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 diminishing marginal return
 - b. the marginal rate of substitution
 - c. the Marginal Rate of Transformation
 - d. the rate of marginal substitution
8. Demand schedule
 - a. All of the below
 - b. Is what explain the law of demand
 - c. is a mathematical expression of the relationship between quantity demanded and price
 - d. Is a table that displays price and quantities demanded
9. Demand Function
 - a. Tells us the relationship between the quantity supplied, and the price
 - b. Shows the relationship between the quantity demanded, 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. Operational Credit
 - c. Productive Credit
 - d. Collateral Credit

1. The long-run average cost (*LRAC*) curve shows the firm's lowest cost per unit at each level of output, assuming that all factors of production are variable
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. Small marketing margins denotes efficiency
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**30 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**[10 MARKS]**

Describe the five category of price elasticity of demand.

QUESTION 3**[10 MARKS]**

List and explain 5 challenges faced by the Namibia government towards achieving its objectives of land reform.

SECTION D**50 MARKS****QUESTION 1****[35 MARKS]**

Read the short article below and answer the questions that follow.

"Commercial and communal farmers will soon have 70% share of ownership in the soon to be established cooperative, while Government will take the remaining 30%. This was the announcement made by the Minister of Agriculture, Water and Forestry, John Mutorwa at a press conference held to announce the final Cabinet Decision regarding the new ownership, operational structure and legal framework of MeatCo. According to Mutorwa, this resolution was endorsed through Cabinet" (Agri Alert, 2012).

- i. What do you understand by the term Cooperative, use appropriate examples? [8]
- ii. List and explain 5 benefits to be derived by the farmers for 70% share ownership in the soon to be established cooperative? [10]
- iii. What do you understand by the statement, "Cooperative operations shall be done near cost basis and any returns above the cost shall be return to owners on an equitable basis"? [5]
- iv. List and describe all the 6 steps the farmers used when they decided to form Meatco as a cooperative. [12]

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 is $Q_s = 50 + 25P$;

- Solve for the equilibrium price and quantity. Show all necessary steps. [5]

You are a research associate in the Economics department at a large, multinational bank. You have been assigned the task to study the relationship between the supply and demand of the pork belly market in Windhoek. Given the following functions: $Q_s = 128 + 8P$ and $Q_d = 478 - 6P$.

- Calculate the equilibrium price and quantity for the pork belly market in Windhoek by using the supply and demand equations above. Show all necessary steps. [5]

QUESTION 3:**[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	