

GWANDA STATE UNIVERSITY



FACULTY OF NATURAL RESOURCES MANAGEMENT AND AGRICULTURE

DEPARTMENT OF HORTICULTURE AND CROP PRODUCTION

BSc AGRICULTURAL ECONOMICS

MACROECONOMICS FOR AGRICULTURE (LAE1202)

FINAL EXAMINATION: JUNE 2024

This examination paper consists of 3 pages,

Time Allowed: Three (3) Hours

Total Marks: 100

Special Requirements: pen, pencil, ruler.

Examiner's Name: **Dr U Mugande**

Instructions

Answer **ALL** questions in Section A

Answer any **TWO (2)** questions in Section B

Mark allocation

Question	Marks
Section A	60
Section B	40
Total attainable marks	100

SECTION A: Answer ALL questions.

Question 1

Define the following terms and briefly explain their importance to the economy of a country:

- (a) Real Gross Domestic Product . **[4 marks]**
- (b) Marginal Propensity to Consume. **[4 marks]**
- (c) Stagflation. **[4 marks]**
- (d) Gross National Product. **[4 marks]**
- (e) Disposable income. **[4 marks]**

Question 2

- (a) With the aid of a diagram, explain what is meant by circular flow of income. **[10 marks]**
- (b) Discuss the causes of financial disintermediation in a circular flow of income. **[10 marks]**

Question 3

- (a) Discuss the main factors which affect investment in the agricultural sector of Zimbabwe. **[10 marks]**
- (b) Explain the implications of government debt on the agricultural sector of Zimbabwe. **[10 marks]**

SECTION B: Answer any TWO questions.

Question 4

- (a) Compare and contrast the main methods of measuring Gross Domestic Product. **[10 marks]**
- (b) Explain the reasons why per capita income is a better indicator of welfare than Gross Domestic Product. **[5 marks]**
- (c) Discuss the main weaknesses of Gross Domestic Product as measurement of economic activities in an economy. **[5 marks]**

Question 5

- (a) Explain how money supply is measured in an economy. **[5 marks]**
- (b) Explain the various methods of measuring inflation in an economy. **[5marks]**
- (c) Discuss how monetary policy and fiscal policy can be employed to control inflation. **[10 marks]**

Question 6

- (a) Define the term economic recession and explain its importance to an economy. **[6 marks]**
- (b) Discuss the main indicators of an economic recession. **[10 marks]**
- (c) Illustrate with an example the concept of Average Propensity to Consume. **[4 marks]**

END OF QUESTION PAPER!!!