

**GWANDA STATE UNIVERSITY**



**FACULTY OF NATURAL RESOURCE MANAGEMENT**

**DEPARTMENT OF CROP SCIENCES**

**BACHELOR OF SCIENCE HONOURS DEGREE IN CROP SCIENCE**

**Microeconomics for Agriculture**

**LAE 1201**

**Final Main Examination Paper**

**April 2024**

**Time Allowed: 3 hours.**

**Total Marks: 100**

**Special Requirements: None**

**Examiner's Name: R. Foti**

**INSTRUCTIONS**

1. Answer **all** questions in Section A
2. Answer **two** questions in Section B
3. Marks for each question or part question are indicated in parentheses.

**MARK ALLOCATION**

<b>QUESTION</b>	<b>MARKS</b>
<b>SECTION A</b>	<b>60</b>
<b>SECTION B</b>	<b>40</b>
<b>TOTAL ATTAINABLE MARKS</b>	<b>100</b>

**Copyright: Gwanda State University**

## **SECTION A: Answer ALL questions in SECTION A**

### **QUESTION ONE**

- a) Discuss using examples any 5 factors affecting elasticity of demand for agricultural and agribusiness commodities. **[10]**
- b) Distinguish between shifts of the demand curve and movements along the demand curve. Give an illustration using relevant diagrams. **[8]**
- c) Define the phrase “Market structure” **[2]**

### **QUESTION TWO**

Explain in detail, with the aid of well annotated diagrams the neoclassical production function demonstrating the 3 stages of production and the relationships that exist among the total physical product, the marginal physical product, and the average physical product.

**[20]**

### **QUESTION THREE**

Discuss the different types of market structure in the microeconomics of agriculture. Give appropriate examples of each type of market structure and outline the advantages and disadvantages of each.

**[20]**

## **SECTION B: Answer TWO questions from SECTION B**

### **QUESTION FOUR**

Due to drought, the price of maize rises from \$6 per bucket to \$10 per bucket in Filabusi. As a result the quantity consumed falls from 8 tons per week to 6tons per week.

- a) Define the term price elasticity of demand. **[2]**
- b) Using the information provided, calculate the price elasticity of demand for maize and explain fully the meaning of your answer. **[18]**

### **QUESTION FIVE**

Draw a typical production possibility frontier diagram illustrating how it demonstrate the basic microeconomic concepts of choice, scarcity, opportunity costs and economic growth. **[20]**

## **QUESTION SIX**

Demonstrate profit maximization under the following headings:

- a) The factor-factor relationship **[10]**
- b) The product-product relationship **[10]**

**END OF EXAMINATION**