



“Investing in Africa’s future”

COLLEGE OF HEALTH, AGRICULTURE & NATURAL SCIENCES

NAEC 111: INTRODUCTION TO AGRICULTURAL ECONOMICS

APRIL 2023

LECTURER: MRS. R. MUCHANYUKA

DURATION: 3 HOURS

INSTRUCTIONS

- 1 Choose and answer 4 questions
2. Answer in Essay form
3. DO NOT Repeat Material

Question 1 (25 Marks)

- a. Illustrate and explain the circular flow of income of a country of your choice (10)
- b. List the roles of Agriculture in your economy (5)
- c. What are the effects of agriculture on the environment and natural resources? (5)
- d. How can these effects (in part c) be eliminated, avoided or reduced? (5)

Question 2 (25 Marks)

- a) State and explain the demand function (5)
- b) Identify and discuss any 5 factors that influences demand for broilers in Mutare (10)
- c) Explain the difference between the movement along the demand curve and a shift in the demand curve for broilers in Mutare (10)

Question 3 (25 Marks)

- a) What is a market ? (5)
- b) Compare and contrast the four market structures in the economy of your country (20)

Question 4 (25 Marks)

- a) What are the 3 approaches to measuring national income? (10)
- a) Discuss and explain the circular flow of income. (15)

Question 5 (25 Marks)

Bata shoe company produces 5 000 000 pairs of shoes every month. Costs of the firm were

Electricity-\$50 000

Rent -\$100 000

Water- \$ 50 000

Labor -\$ 200 000

Materials- \$ 400 000

Machinery-\$150 000

Total revenue each month was \$12 000 000

With a diagram(s), illustrate, calculate and explain:

- a) Average fixed costs (7)
- b) Average total cost (7)
- c) Average variable cost (7)
- d) Define marginal cost of production (4)

Question 6 (25 Marks)

Group the following goods into Elastic and Inelastic (16)

- a) Mealie – meal
 - b) Medicine
 - c) Water
 - d) Car
 - e) Clothes
 - f) Chocolates
 - g) Salt
 - h) Cheese
- b) You are given market data that says when price of pizza is \$4, the quantity demanded is 60 slices. When the price of pizza is \$2 the quantity demanded is 80 slices. Calculate the Price elasticity of demand. (5)
- c) What is elasticity of supply? (4)

End of Examination Paper