



“Investing in Africa’s future”

COLLEGE OF HEALTH, AGRICULTURE AND 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

- a) With an example, state the demand function and explain how the determinants affect the demand (8)
- b) With an example, state and explain the supply function (8)
- c) With an example, explain the cobweb effect (9)

QUESTION 2

- a) You want to start a firm which produces mushroom. What type of market are you likely to get into and why? (10)
- a) What are the advantages and limitations of this type of market? (8)
- b) With examples, describe and explain how and why cartels are formed? (7)

QUESTION 3

A law firm chooses to hire a filing clerk because their paperwork is growing out of control. He files 15 documents an hour. Since he cannot solve the paperwork problem alone, the firm hires 4 other workers: The total from all workers per hour is now 84 documents per hour.

Calculate and explain

- a) The marginal product (5)
- b) The average product (5)
- c) With a detailed example, state and explain the production function (10)
- d) Using appropriate examples, explain the concept of opportunity cost as it relates to a smallholder farmer in Zimbabwe (5)

QUESTION 4

- a) Explain opportunity cost concept with an example (5)
- b) As a supplier of corn, what are the considerations you make before you supply your corn to the market? (10)
- c) Giving real life examples, explain the Price Elasticity of Demand which is more than 1 (10)

QUESTION 5

- 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 be eliminated, avoided or reduced? (5)

QUESTION 6

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)