



*“Investing in Africa’s future”*

**COLLEGE OF HEALTH, AGRICULTURE & NATURAL SCIENCES**

**NAEC 111: INTRODUCTION TO AGRICULTURAL ECONOMICS**

**APRIL 2022**

**LECTURER: MRS. R. MUCHANYUKA**

**DURATION: 3 HOURS**

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### **INSTRUCTIONS**

Answer all questions in Section A and TWO questions in section B

2 . Answer in Essay form

3 . DO NOT Repeat Material

## SECTION A

### Question 1(30 MARKS)

Suppose that the supply schedule of Maine lobsters is as follows:

Price of lobster (per pound)	Quantity of lobster supplied (pounds)
25	800
20	700
15	600
10	500
5	400

Suppose that Maine lobsters can be sold only in the United States. The U.S. demand schedule for

Maine lobsters is as follows:

Price of lobster (per pound)	Quantity of lobster demanded (pounds)
25	200
20	400
15	600
10	800
5	1000

- a) Draw the demand curve and the supply curve for Maine lobsters. (5)
- b) What are the equilibrium price and quantity of lobsters? (3)

Now suppose that Maine lobsters can be sold in France. The French demand schedule for Maine

lobsters is as follows:

Price of lobster (per pound)	Quantity of lobster demanded (pounds)
25	100
20	300
15	500
10	700
5	900

- c) Draw the demand schedule for Maine lobsters now that French consumers can also buy them. (8)
- d) Draw a supply and demand diagram that illustrates the new equilibrium price and quantity of lobsters. (5)
- e) What will happen to the price at which fishermen can sell lobster? (3)
- f) What will happen to the price paid by U.S. consumers? (3)

- g) What will happen to the quantity consumed by U.S. consumers? (3)

**SECTION B**  
**ANSWER ANY 2 QUESTIONS**

**Question 1**

- a) List the “Ceteris Paribus” variables that affect demand and illustrate a shift in a demand curve. (20 )
- b) Discuss how a change in each of these variables would lead to the shift you have illustrated in your drawing. (15)

**QUESTION 2**

- a) State and explain the supply function. (5)
- b) Identify and discuss any 5 factors that influences supply for milk in Mutare. (20)
- c) Explain the difference between the movement along the demand curve and a shift in the demand curve of a commodity of your choice. (10)

**QUESTION 3**

A law firm who had one clerk chooses to hire some filing clerks because their paperwork is growing out of control. The clerk was filing 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, (7)
- b) The average product, (6)
- c) With a detailed example, state and explain the production function. (12)
- d) Using appropriate examples, explain the concept of opportunity cost as it relates to a smallholder farmer in Zimbabwe. (10)

**End of Examination Paper**