



# MACHAKOS UNIVERSITY COLLEGE

(A Constituent College of Kenyatta University)

University Examinations 2015/2016

SCHOOL OF AGRICULTURE AND NATURAL RESOURCES MANAGEMENT

DEPARTMENT OF AGRICULTURAL EDUCATION AND EXTENSION

FIRST SEMESTER EXAMINATION FOR DEGREE OF BACHELOR OF EDUCATION

**KBT 107: INTRODUCTION TO AGRIBUSINESS**

Date: 13/04/2016

Time: 11.00-1.00 PM

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**INSTRUCTIONS**

Answer ALL questions in section A and ANY TWO questions in section B

**Section A: 30 MARKS**

**Question 1:**

- a) Define the following terms :
- Processing (2 marks)
  - Genetic industry (2 marks)
  - Food and fiber systems (2 marks)
  - Coordinating (2 marks)
  - Monopoly (2 marks)
- b) Explain FOUR (4) factors considered in the classification of markets structures. (4 marks)
- c) Outline the characteristics of a good management policy (5 marks)
- d) Describe the THREE(3) types of financial markets. (3 marks)
- e) Differentiate between the following terms:
- Sole proprietor and partnership (4 marks)
  - Oligopoly and Monopsony (4 marks)

## SECTION B: 40 MARKS

### Question 2: (20 marks)

- a) Discuss the characteristics of a good manager (10 marks)
- b) Calculate the following:
- The present value (PV) for a sum of Ksh.70,000 in 5 years at an interest rate of 10%.  
(5 marks)
  - The Future Value(FV) for a sum of Ksh.1000 at an interest rate of 10% after a period of 2 years.  
(5 marks)

### Question 3 :( 20 marks)

- a) Table 1 shows the sales of firms in an industry.
- Calculate the concentration ratio in the industry of the firms shown in the Table 1.  
(5 marks)
  - Describe the type of market competition in the industry  
(3 marks)

**Table 1**

Firm	Sales (Kshs)
J	12,500
K	11,200
L	34,300
M	40,600
N	23,500

- b) Discuss the challenges faced in marketing of agricultural products in Kenya. (12 marks)

### Question 4 :( 20 marks)

- a) Outline the advantages and disadvantages of partnerships as a form of business organization. (8 marks)
- b) Define the following terms:
- Limited liability (2 marks)
  - Joint venture (2 marks)
- c) Discuss the importance of agribusiness to the economy of Kenya (8 marks)

**Question 5: (20marks)**

- a) Discuss the relationship between agriculture policy and food security in Kenya  
(10 marks)
- b) Discuss the relationship between agriculture policy and farm inputs supply in Kenya  
(10 marks)