MACHAKOS UNIVERSITY

University Examinations for 2016/2017

SCHOOL OF AGRICULTURE AND NATURAL RESOURCES MANAGEMENT

DEPARTMENT OF AGRIBUSINESS MANAGEMENT

FIRST YEAR FIRST SEMESTER EXAMINATION FOR BACHELOR OF SCIENCE IN AGRICULTURAL EDUCATION AND EXTENSION

SECOND YEAR SECOND SEMESTER EXAMINATION FOR BACHELOR OF SCIENCE IN AGRIBUSINESS MANAGEMENT

KBT 102/ KBT 211: AGRICULTURAL MARKETING

Date: 30/11/2016 **Time: 2:00 – 4:00 PM**

INSTRUCTIONS:

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

SECTION A: 30 MARKS

QUESTION ONE (COMPULSORY) (30 MARKS)

a) Classify agricultural markets using the following dimensions
   i) Volume of transactions (2 marks)
   ii) Number of commodities (2 marks)
   iii) Nature of commodities (2 marks)

b) Differentiate between:
   i) The law of demand and the law of supply (4 marks)
   ii) Normal good and inferior good (2 marks)
   iii) Absolute advantage and comparative advantage (2 marks)
   iv) Import tariff and import quota (2 marks)
   v) Vertical integration and horizontal integration (2 marks)

c) Explain four characteristics of a perfect market (4 marks)

d) Explain four ways agricultural marketing cooperatives can benefit farmers (4 marks)

e) Explain four factors that may lower the performance of a marketing system (4 marks)

SECTION B: 40 MARKS

QUESTION TWO (20 MARKS)

a) Discuss the four elements of a marketing mix (12 marks)

b) With the aid of a diagram, explain what would happen to equilibrium price and quantity of wheat if locusts suddenly infested the key wheat producing areas of Kenya (8 marks)

QUESTION THREE (20 MARKS)

a) Explain four goals of the World Trade Organization (8 marks)

b) Suppose the Cabinet Secretary for Agriculture in Kenya imposed a maximum price on fertilizer. With the aid of a diagram, explain how this policy may affect the welfare of fertilizer sellers, farmers and the economy (12 marks)

QUESTION FOUR (20 MARKS)

a) State five principles of cooperatives (5 marks)

b) Suppose your firm has come up with a new product brand. Use a diagram to describe the life cycle stages the product may undergo in the market (15 marks)

QUESTION FIVE (20 MARKS)

a) Explain why demand for agricultural products may change from time to time (8 marks)

b) Discuss three factors in the marketing macro-environment (12 marks)