



# 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 SCIENCE

AGRICULTURAL EDUCATION AND EXTENSION

KBT 107: INTRODUCTION TO AGRIBUSINESS

Date: 28/04/2016

Time: 8.30-10.30 AM

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## INSTRUCTIONS

*This paper consists of FIVE questions*

*Answer question one and other two questions in this paper*

### Question 1

- a) Define the following terms as used in agribusiness management:
- i. Agribusiness (2 marks)
  - ii. Market structure (2 marks)
  - iii. Perfect knowledge (2 marks)
  - iv. Homogenous product (2 marks)
  - v. Elasticity (2 marks)
- b) Describe FOUR (4) characteristics of an agribusiness enterprise. (4 marks)
- c) Outline FOUR(4) main barriers of entry and exit into a market (4 marks)
- d) Outline the functions of a manager in an agribusiness enterprise. (4 marks)
- e) Differentiate between the following terms used in agribusiness management:
- i. Monopsony and monopoly (2 marks)
  - ii. Genetic industry and extractive industry (2 marks)

- iii. Controlling and coordinating (2 marks)
- iv. Active partners and passive partners (2 marks)

### Question 2

- a) Discuss the following concepts as applied in agribusiness management
  - i. Six “M” concept (5 marks)
  - ii. Management division concept (5 marks)
- b) Calculate the following:
  - i. The present value (PV) for a sum of Ksh.10,000 in 5 years at an interest rate of 6%. (5 marks)
  - ii. The Future Value (FV) for a sum of Ksh.100 at an interest rate of 10% after a period of 2 years. (5 marks)

### Question 3

- a) Discuss the following types of market competitions:
  - i. Monopolistic competition (5 marks)
  - ii. Oligopoly (5 marks)
- b) Table 1 shows the sales of firms in an industry.
  - i. Calculate the Herfindahl Index in the industry of the firms shown in the Table 1. (8 marks)
  - ii. Describe the market competition in the industry (2 marks)

**Table 1**

| Firm | Sales (Kshs) |
|------|--------------|
| J    | 10,000       |
| K    | 20,000       |
| L    | 30,000       |
| M    | 40,000       |
| N    | 50,000       |

### Question 4

- a) Discuss the advantages and disadvantages of cooperative societies as a form of business organization. (8 marks)

- b) Discuss the following terms as used in business organizations:
- i. Limited liability (5 marks)
  - ii. Joint venture (5 marks)

**Question**

- a) Use an example of a government policy show how Government policy can influence development of agribusiness in Kenya (10 marks)
- b) Discuss the challenges each that an agribusiness enterprise is likely to encounter in the following areas:
- i. Marketing of their products (5 marks)
  - ii. Access to inputs (5 marks)