

**UNIVERSITY OF KABIANGA**

**UNIVERSITY EXAMINATIONS**

**2014/2015 ACADEMIC YEAR**

**FOURTH YEAR SECOND SEMESTER EXAMINATION**

**FOR THE DEGREE OF BACHELOR OF ARTS (ECONOMICS)**

**COURSE CODE: ECO 417**

**COURSE TITLE: AGRICULTURAL ECONOMICS II**

**DATE: 27TH APRIL, 2015**

**TIME: 2.00 P.M- 5.00 P.M**

**INSTRUCTIONS TO CANDIDATES:**

Answer question **ONE** and any other **THREE** questions.

**QUESTION ONE**

1. Explain the main problems faced by agriculture in developing countries and policy recommendations to alleviate the problems. (10 marks)
2. Asses the relative importance in your country of financial institutions, marketing enterprises and government in mobilizing savings for use in agriculture. (10 marks)
3. Discuss briefly the method of protection in International Trade. (5 marks)

**QUESTION TWO**

1. Explain why there is a high tendency for prices of agricultural products to fluctuate more than that of manufactured goods. (7 marks)
2. Discuss the benefits and difficulties associated with encouraging diversification of agricultural production in developing countries. (8 marks)

**QUESTION THREE**

1. “Agriculture is the dominant sector of the economy, so the government should put all the resources to it.” Discuss the above statement. (10 marks)
2. How far do you think the maintenance of a large farm sector in Kenyan agriculture is justified by economies of scale? (5 marks)

**QUESTION FOUR**

1. Explain why developing countries including Kenya experiences unfavorable balance of payment in their exports. (10 marks)
2. Give your recommendations for alleviating the balance of payment deficit. (5 marks)

**QUESTION FIVE**

1. Discuss the conditions most favorable for the formation and maintenance of an international commodity agreement. (9 marks)
2. In what ways can mechanization be used to create employment? (6 marks)

**QUESTION SIX**

1. Discuss the policy instruments used to influence agricultural activities in the economy. (10 marks)
2. Assess the benefits a country gets by being a member of a trading block. (5 marks)