MASENO UNIVERSITY

UNIVERSITY EXAMINATIONS 2016/2017

FOURTH YEAR SECOND SEMESTER EXAMINATIONS FOR THE
DEGREE OF BACHELOR OF SCIENCE IN AGRICULTURAL
ECONOMICS, ANIMAL SCIENCE, HORTICULTURE, SOIL SCIENCE
AND AGRIBUSINESS MANAGEMENT WITH INFORMATION
TECHNOLOGY

MAIN CAMPUS

AEG 440: AGRICULTURAL POLICY AND LAW

Date: 26th July, 2017   Time: 8.30 - 11.30 am

INSTRUCTIONS:

- Answer ANY FIVE questions

AEG 440 – AGRICULTURAL POLICY AND LAW

STREAMS: Y4S2 BSc Agricultural economics, BSc Agribusiness management, BSc Animal Science, BSc Horticulture, BSc Agronomy, BSc Soil science with IT

DAY:

TIME: 3 HOURS

Instructions:

Answer all questions

Start every question on a new page

Question 1

Define the term *policy*. State and briefly explain the principle categories of policy instruments commonly used in agriculture.

(8 marks)

Question 2

a) What are some of the reasons why government would intervene in the agricultural sector? Explain

(6 marks)

b) Resources are limited in supply, so policy makers have to make trade-offs when setting objectives. Discuss this statement using graphical illustration

(14 marks)

Question 3

a) The policy analysis matrix is a popular framework for evaluating the effects of government policies. Describe the PAM framework, and explain the procedure followed in the empirical construction of PAM for a given agricultural commodity system.   (12 marks)

b) What are the shortcomings of using the PAM approach? Why is it still commonly used despite its shortcomings?

(8 marks)

Question 4

a) Kenya has recently gone through a drought problem. Explain how this has affected food prices in the country. (5 marks)

b) Part of government's remedy might be to encourage importation of staple food commodities such as maize and rice. Identify an appropriate policy instrument that would be useful to achieve the above objective. Discuss using a graph, how the policy instrument would affect prices and welfare of producers, consumers and the nation. (17 marks)