



MACHAKOS UNIVERSITY

University Examinations for 2021/2022 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

FOURTH YEAR SECOND SEMESTER EXAMINATION FOR

BACHELOR OF COMMERCE (MARKETING OPTION)

BBA411: AGRICULTURAL MARKETING

DATE:

TIME:

INSTRUCTIONS

- This paper consists of two sections
- Section A is compulsory (30 marks)
- Answer any two questions from section B (Each 20 marks)

SECTION A (COMPULSORY)

QUESTION ONE

Read the case study below and answer the questions that follow:

THAILAND'S RUBBER COLLECTION AND GRADING SYSTEM

Thailand is a major player in the world's rubber markets. However, both government and those within the Thai rubber industry were becoming increasingly concerned about the quality of rubber coming from the smallholder sector.

The Bank for Agriculture and Agricultural Cooperatives (BAAC) became directly involved in addressing this problem. Research within the smallholder sector identified several problems. One of the principal causes of the high levels of impurities in the rubber delivered to local buying points was the containers used. Smallholders were using tins, cans, plastic containers, buckets a wide variety of other types of containers. These were totally unsuitable since they were usually contaminated by residual traces of previous contents. BAAC therefore sponsored a leasing system for standardized rubber churns. These churns were of uniform dimensions and were easy to clean. Standardization on receptacles for the rubber meant that other operations could be standardized including the weighing and storage

equipment used at the local buying point as well as the vehicle used to transport the rubber between the buying point and the factory.

Local buying points were so situated that no smallholder had to travel more than 2 km to deliver his/her rubber. This was important since many smallholders either walked or cycled to the buying point. Preliminary tests at the buying point gave some indication of the level of impurities in the rubber. These tests included one for specific gravity since some of the more unscrupulous smallholders were known to add battery acid to the rubber to increase the apparent volume. Producers were given a receipt for their rubber which was then transferred to the factory where much more sophisticated tests could be conducted on the quality of the rubber. Smallholders were then informed what premium, if any, their rubber had attracted in accordance with its grade.

Payment was affected through BAAC branches. The actual payment made to the smallholder was the grade price minus any outstanding loans or loan repayments given by BAAC to cover production expenses.

- a) Explain **four** main marketing functions that emerge from this case. (8 marks)
- b) Why is standardization necessary in this case? (6 marks)
- c) Explain **three** roles of financing institutions in agricultural sector. (6 marks)
- d) Explain **five** benefits enjoyed by farmers due to grading their produce. (10 marks)

QUESTION TWO (20 MARKS)

- a) Discuss **five** measures you would undertake to control the problems of seasonality and geographical location of production areas. (10 marks)
- b) Explain **five** reasons why storage is an important activity in agricultural marketing. (10 marks)

QUESTION THREE (20 MARKS)

- a) The concept of market efficiency has a number of aspects. Discuss. (10 marks)
- b) Contract farming is gaining prominence as the agriculture sector advances. Explain **five** benefits that parties to the contract farming enjoy. (10 marks)

QUESTION FOUR (20 MARKS)

- a) The central objective of national food security policy is to ensure an adequate supply of nutritionally balanced foods in all parts of the country at all times. Explain **five** ways in which food security at national level can be achieved. (10 marks)

- b) Explain in **five** points the consequences that farmers face for being in a perfect
c) competitive market. (10 marks)

QUESTION FIVE (20 MARKS)

- a) i) storage has become a major problem in agricultural marketing. Explain **three**
causes of this problem. (6 marks)
ii) Explain how the causes identified in (a) i) can be mitigated. (6 marks)
- b) Explain **four** factors that have contributed to low utilization of credit in agricultural
sector. (8 marks)