



MACHAKOS UNIVERSITY

University Examinations for 2021/2022 Academic Year

SCHOOL OF AGRICULTURAL SCIENCES

DEPARTMENT OF AGRIBUSINESS MANAGEMENT AND TRADE

SECOND YEAR SECOND SEMISTER EXAMINATION FOR

BACHELOR OF SCIENCE IN AGRICULTURAL EDUCATION AND EXTENSION

BACHELOR OF EDUCATION (SCIENCE)

AGB 205: PRINCIPLES OF AGRICULTURAL MARKETING

DATE: 30/5/2022

TIME: 2.00-4.00 PM

INSTRUCTIONS: Answer question ONE and any other TWO questions

QUESTION ONE (30 MARKS)

- a) Giving examples, classify agricultural markets using the following dimensions:
- i. Time span (2 marks)
 - ii. Number of commodities (2 marks)
 - iii. Nature of commodities (2 marks)
- b) Differentiate between:
- i. Import tariff and import quota (2 marks)
 - ii. Merchant middlemen and agent middlemen (2 marks)
- c) Explain the concept of product life cycle. (5 marks)
- d) Describe the agricultural marketing system. (5 marks)
- e) Explain five roles that agricultural marketing plays in Kenya's economy. (5 marks)
- f) Explain five reasons why marketing of agricultural products is more challenging than marketing of industrial products. (5 marks)

QUESTION TWO (20 MARKS)

- a) With the aid of a diagram (the market model), explain the effect of the following scenarios on equilibrium **price** and **quantity** of beef in a competitive market
- i. Farmers adopt high quality feeds while consumer preferences shift in favour of white meat (5 marks)
 - ii. There is an outbreak of a cattle disease epidemic and consumer incomes increase (5 marks)
- b) Farmers in Machakos County have been selling their green grams individually to various buyers. Recently, the County Government announced that it would support the farmers to form producer marketing groups. Explain five potential benefits of the County Government initiative (10 marks)

QUESTION THREE (20 MARKS)

- a) Occasionally, the government sets minimum price at which maize should be bought from farmers. Explain, using the market model, why this policy is both beneficial and disadvantageous to the country. (10 marks)
- b) Explain five reasons Kenya may not export some agricultural commodities produced in the country. (10 marks)

QUESTION FOUR (20 MARKS)

- a) Using the market model, describe how market clearing price of agricultural products is determined in a competitive market. (10 marks)
- b) Explain why an agricultural firm should regularly monitor its marketing microenvironment. (10 marks)

QUESTION FIVE (20 MARKS)

- a) Describe four stages of economic integration. (4 marks)
- b) Explain four goals of the World Trade Organization. (4 marks)
- c) Explain how you can use the concept of “marketing mix” to improve sales revenue in your agri-enterprise. (12 marks)