



MACHAKOS UNIVERSITY

university examinations 2022/2023

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ECONOMICS

FIRST YEAR SECOND SEMESTER EXAMINATIONS FOR

MASTER OF SCIENCE IN AGRICULTURAL ECONOMICS

AED 802: DEVELOPMENT MACROECONOMICS

DATE:21/12/2022

TIME: 2:00 – 5:00P.M

INSTRUCTIONS: ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS

QUESTION ONE (20MARKS)

- a) The neglect of the agricultural sector in developing countries has exposed these countries to face five major crises forcing their government to revisit agricultural role in development. Discuss four of these crises faced by Kenya. (8 marks)
- b) Evaluate the Theory of Vicious Circle and relate it with an agricultural dominant economy of a poor country. What are the factors necessary to break through this circle in a developing country like Kenya. (6 marks)
- c) It has been argued that integration into the world economy and enhancement of Trade liberalization has proven to be a powerful instrument for countries to promote economic growth and development and expansion of the agricultural sector. Discuss. (6 marks)

QUESTION TWO (20 MARKS)

- a) Many developing countries have experienced high money growth rates and, consequently, high inflation. Use the government budget constraint to explain how a poor country that wants to increase government spending in the agricultural sector can get into an inflationary situation. (8 marks)
- b) Foreign Aid and assistance is indispensable for a developing country especially in the expansion of the agricultural sector. Critically examine this statement with reference to Kenya. (6 marks)
- c) Distinguish between the processes of economic growth and economic development. How does each of them affect agricultural sector? Explain (6 marks)

QUESTION THREE (20MARKS)

- a) Developing countries that often suffer from endemic corruption face high inflation and agricultural stagnation? What is the role of corruption in the agricultural development of under developed countries? (8 marks)
- b) Briefly identify the key issues related to subsistence agricultural and extensive cultivation in Africa. Explain the core requirements for a strategic agricultural and rural development in Kenya. (6 marks)
- c) Critically examine the classical theory of growth and development and remember to point out clearly some of the limitations of this theory towards the understanding of growth and development in the agricultural sector. (6 marks)

QUESTION FOUR (20MARKS)

- a) As an agricultural economist, identify four agricultural related policies than Kenyan government has introduced and identify one of the challenges each is addressing. (8 marks)
- b) What is the importance of economic development of rapid productivity growth in agriculture and what in your opinion limits the productivity in this sector? (6 marks)
- c) Using the Harrod-Domar model of economic growth, explain how population growth and TECHNICAL REGRESS AFFECT AGRICULTURAL DEVELOPMENT PROSPECTS OF AN ECONOMY. (6 marks)

QUESTION FIVE (20MARKS)

- a) Distinguish between poverty and income inequality? How can public policy be used to alleviate poverty and reduce inequality in the rural agricultural zones in Kenya. (8 marks)
- b) Describe the contribution of agriculture to economic development with reference to food, foreign exchange, market demand and rural welfare. (8 marks)
- c) There is need for rural development policies especially related to agricultural and rural development. Identify four reasons why there is such a need. (4 marks)