



MACHAKOS UNIVERSITY

University Examinations 2018/2019

SCHOOL OF AGRICULTURE AND NATURAL RESOURCES MANAGEMENT

DEPARTMENT OF AGRICULTURAL EDUCATION AND EXTENSION

DECEMBER SESSION EXAMINATION FOR

BACHELOR OF EDUCATION

KBT 107: INTRODUCTION TO AGRIBUSINESS

DATE: SCHOOLBASED

TIME:

INSTRUCTIONS: Answer question one and any other two questions

QUESTION ONE (COMPULSORY) (30 MARKS)

- a) Define the following terms :
- i) Value chain (1 mark)
 - ii) Joint venture (1 mark)
 - iii) Food system (1 mark)
 - iv) Value addition (1 mark)
 - v) Monopsony (1 mark)
- b) i) Explain two advantages of a public limited Company. (2 marks)
- ii) Explain three differences between a memorandum of association and articles of association in a Public limited company (3 marks)
- c) i) Outline three functions a manager in agribusiness (3 marks)
- ii) Describe two features of a good management policy in agribusiness. (2 marks)
- d) Explain two advantages of raising capital from a savings and credits cooperatives society. (2 marks)
- e) Explain three sources of competitive advantage for an agribusiness (3 marks)
- f) Explain two disadvantages of specialization in agribusiness (3 marks)

g) Five firms have the following sales volume at the end of the year 2018:
 A= Ksh 4000, B= Ksh, 5000 C=9000Ksh,D=30,000 E= Ksh,70,000 Ksh

- i) Calculate the CR4 ratio for the industry (4 marks)
- ii) Describe the competition within the industry (3 marks)

QUESTION TWO (20 MARKS)

- a) Explain five functions of the Strategic Revitalization of Agriculture (SRA) policy in Kenya (10 marks)
- b) Calculate the following:
 - i) The present value (PV) for a sum of Ksh.170,000 in 5 years at an interest rate of 10%. (5 marks)
 - ii) The Future Value (FV) for a sum of Ksh.100,000 at an interest rate of 10% after a period of 2 years. (5 marks)

QUESTION THREE (20 MARKS)

- a) Table 1 shows the sales of firms in an industry.
 - i) Calculate the Herfindahl Hicksman Index (HHI) in the industry of the firms shown in the Table. (5 marks)
 - ii) Describe the market competition in the industry (3 marks)

Firm	Sales (Kshs)
J	12,500
K	11,200
L	34,300
M	40,600
N	23,500

- b)
 - i) Describe three challenges in the marketing of agricultural products in Kenya. (6 marks)
 - ii) Describe three solutions to address the challenges in marketing of agriculture produce. (6 marks)

QUESTION FOUR (20 MARKS)

- a) i) Using relevant examples, outline three features of an agribusiness system of agribusiness (6 marks)
- ii) Explain four features that distinguish agriculture-oriented businesses from other types of business. (8 marks)
- b) Explain three roles of agribusiness in a of a developing country like Kenya (6 marks)

QUESTION FIVE (20 MARKS)

- a) Outline five sources of capital for an agribusiness enterprise in Kenya. (10 marks)
- b) Explain five roles of environment in determination of the performance of agribusiness in Kenya (10 marks)