



# MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF AGRICULTURAL SCIENCES

DEPARTMENT OF AGRIBUSINESS MANAGEMENT AND TRADE

THIRD YEAR FIRST SEMESTER EXAMINATION FOR

BACHELOR OF SCIENCE IN AGRIBUSINESS MANAGEMENT

AGB 307: AGRIBUSINESS AND ECONOMIC DEVELOPMENT

DATE: 3/12/2019

TIME: 2:00 – 4:00 PM

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## INSTRUCTIONS

Answer question one and two other questions

### QUESTION ONE (COMPULSORY) (30 MARKS)

- a) (i). Describe the term agribusiness in the context of a developing country. (3 marks)
- (ii). Describe the range of services provided by agri-enterprises. In your answer, identify those services which are considered high risk. (5 marks)
- (iii). Explain the constraints faced by agribusinesses in running their operations and/or management. (3 marks)
- b) From an economic development perspective, discuss any two of the main benefits of localized agribusiness enterprises other than their direct income effect. (4 marks)
- c) The growth of the rural agribusiness sector is contributing significantly to economic growth. Describe the key factors that are impacting on economic growth:
- i. directly, (3 marks)
- ii. indirectly. (3 marks)
- d) Kenya's economic growth is described in terms of Gross Domestic Product (GDP). Define the following terms:
- i) Real GDP (3 marks)
- ii) Nominal GDP (3 marks)
- iii) GDP in PPP (3 marks)

## **QUESTION TWO (20 MARKS)**

- a) Economic growth and development is a two-way relationship. Fully discuss. (10 marks)
- b) Explain the relationship between human development and economic development. (10 marks)

## **QUESTION THREE (20 MARKS)**

- a) Discuss how any change in the policies governing agricultural activities will affect the interactions between production, consumption and labor supply, which characterize most rural economies in developing countries. (15 marks)
- b) Describe 5 factors responsible for the growth of agribusinesses in most developing countries. (5 marks)

## **QUESTION FOUR (20 MARKS)**

Various African poverty reduction strategies stress that growth in the agricultural sector contributes proportionally more to poverty reduction than any other economic sector.

- a) Name and briefly describe one policy in Kenya which promotes poverty reduction through agribusiness innovation. (6 marks)
- b) In your viewpoint, discuss how this policy has met its goal(s) or is meeting its goals (7 marks)
- c) Discuss how this policy has failed to meet its goals, or the challenges in meeting the goals. (7 marks)

## **QUESTION FIVE (20 MARKS)**

The importance of the Rural Non-Farm sector is gaining importance in development policies and programmes. Describe the following:

- a) The drivers of the rural non-farm economy. (5 marks)
- b) The impact of non-farm activities on rural livelihoods. (7 marks)
- c) How sustainable rural development could be achieved with the development of the rural non-farm sector. (8 marks)