



MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF AGRICULTURAL SCIENCES

DEPARTMENT OF AGRIBUSINESS MANAGEMENT AND TRADE

SECOND YEAR FIRST SEMESTER EXAMINATION FOR

BACHELOR OF SCIENCE IN AGRIBUSINESS MANAGEMENT

AGB 205: PRINCIPLES OF AGRICULTURAL MARKETING

DATE: 2/12/2019

TIME: 8.30-10.30 AM

INSTRUCTIONS:

Answer ALL questions in section A and ANY TWO questions in section B

SECTION A 30 MARKS

QUESTION ONE (30 MARKS)

- a) Define the following terms:
- Monopolistic (1 mark)
 - Market channel (1 mark)
 - Price ceiling (1 mark)
 - Demand (1 mark)
 - Price discovery (1 mark)
- b) i Explain two important components of environment in agricultural marketing. (2 marks)
- ii Demand for Wheat is given by $P=80-0.4Q_d$ while supply for Wheat is given by $P=20+0.2Q_s$. Determine the equilibrium price and quantity in the maize market. (4 marks)
- c) i Describe two pricing methods used in agricultural marketing (2 marks)
- ii Explain two strategies used in classification of products in agricultural marketing (2 marks)
- iii Explain importance of comparative advantage in international trade (2 marks)

- d) i Describe three causes of market failure in the agricultural markets in Kenya (3 marks)
- ii Explain the difference vertical integration and horizontal in agriculture markets (3 marks)
- e) i Distinguish between Marketing efficiency and Market segmentation (3 marks)
- ii Explain two roles of ICT in the marketing of agriculture products (4 marks)

SECTION B: 40 MARKS

QUESTION TWO (20 MARKS)

The annual sales for different Rice firms are represented in the table below.

Firm	Sales (Ksh)
A	50,000
B	25,000
C	33,000
D	7,000
E	55,000

- a) Determine the type of market structure using HHI of the Rice industry (10 marks)
- b) Describe five ways through which the rice market can contribute to the economic development (5 marks)
- c) Explain five factors that are likely to determine the Supply of rice (5 marks)

QUESTION THREE: (20 MARKS)

- a) i) Describe four factors that are likely to determine the choice of marketing channels for milk in Kenya. (8 marks)
- ii) Explain two facilitative functions in the milk value chain in Kenya (2 marks)
- b) i) Describe the advantages of marketing through a cooperative society (6 marks)
- ii) Explain three factors that may shift the market equilibrium in agricultural marketing. (6 marks)

QUESTION FOUR (20 MARKS)

- a) Describe the stages in the management of new products using sunflower oil products (5 marks)
- b) i Use the product cycle to identify the strategies that could be used to improve the marketing of flour (8 marks)
- ii Describe the characteristics that make agriculture markets unique compared to other markets (7 marks)

QUESTION FIVE (20 MARKS)

- a) Explain four importance of international trade in Agriculture within the developing countries like Kenya (10 marks)
- b) Describe five areas that are covered by the Agreement on Agriculture (AoA) in international trade (10 marks)