

BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF AGRICULTURE AND ENVIRONMENTAL SCIENCE

AG 402

Department of Agricultural Economics, Education and Extension
BSc Agricultural Economics and Management (Honours) Part IV Examination
Agricultural Policy

3 HOURS (100 Marks)

JUN 2024

INSTRUCTIONS

Answer any **FOUR** questions. Each question carries **25 marks**.

1. Explain the following terms:

i. Compensating Variations;	[5 marks]
ii. Equivalent Variations;	[5 marks]
iii. Reference Price;	[5 marks]
iv. Nominal Protection Coefficient;	[5 marks]
v. Domestic Resource Cost	[5 marks]

2. The table below shows the policy analysis matrix for maize:

	Revenue	Tradable	Cost of non-tradable			Profit
		Inputs	Labour	Capital	Land	
Private prices	7 230	966	1 680	402	1990	
Social prices	5 784	1 021	1 680	462	1609	
Divergences						

- (a) Complete the table on Policy Analysis Matrix for maize above. [7 marks]

- (b) Calculate the following:

i. Private cost ratio.	[2 marks]
ii. Domestic resource cost ratio.	[2 marks]
iii. Nominal protection coefficient.	[2 marks]
iv. Effective protection coefficient.	[2 marks]

- v. Profitability coefficient.
- vi. Subsidy ratio to producers.

[2 marks]

[2 marks]

(c) Comment on the value of output transfer.

[6 marks]

3. Discuss the roles played by Lobby groups during policy formulation process.

[25 marks]

4. Discuss why some countries might opt for the top down approach during policy formulation

[25 marks]

5. Discuss the guiding principles of the National Agricultural Policy Framework.

[25 marks]

6. Describe the policy cycle.

[25 marks]

End of Paper