

**BINDURA UNIVERSITY OF SCIENCE EDUCATION**  
**FACULTY OF AGRICULTURE AND ENVIRONMENTAL SCIENCE**

AGM 217

**Department of Agricultural Economics, Education and Extension**  
**BSc Agricultural Science Part I Examination**  
**Intermediate Micro-Economics for Agriculture**

**3 HOURS (100 Marks)**

**INSTRUCTIONS TO CANDIDATE**

**Answer any four questions and each question carries 25 Marks**

NOV 2023

1. (a) With aid of well labelled diagrams, explain the effect of deceptive advertising on consumer demand. [15 marks]  
(b) Briefly explain the Becker's model of consumer demand. [10 marks]
2. (a) With aid of a diagram, explain the exchange efficiency criterion. [10 marks]  
(b) Using the Edgeworth box diagram, discuss the compensation principle. [10 marks]  
(c) List five factors that may prevent the attainment of the first best solution. [5 marks]
3. (a) The Government of Zimbabwe announced a minimum maize price of US\$390 in 2014. With aid of a diagram, discuss the importance and implications of this intervention. [15 marks]  
(b) Governments in developed countries frequently take measures aimed at price stabilisation in the agricultural sector. Discuss one of the devices used to stabilise agricultural product prices in developed countries. [10 marks]
4. (a) Discuss the Z-goods model of the agricultural household. [15 marks]  
(b) Explain the top level efficiency criterion which has to be met before market equilibrium can be adjusted to Pareto optimal. [10 marks]
5. (a) The market price of maize is falling in Zimbabwe because of cheap imports from South Africa and Zambia to levels which undermine the livelihoods of small scale farmers. With the aid of a diagram, discuss the most appropriate policy intervention that the government could have implemented to protect local farmers. [15 marks]

(b) Discuss the effects of a lump sum tax on the monopolist's price and output decisions.

**[10marks]**

6. As an agricultural economist, the Minister of Agriculture and Farm Mechanisation has asked you to design policies that could influence the behaviour of the agricultural sector. Discuss the farm and market level policies that you could consider.

**[25 marks]**

**END OF PAPER**