

BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF AGRICULTURE AND ENVIRONMENTAL SCIENCE

AGM 101 / *AAM105*

Department of Agricultural Economics, Education and Extension
BSc Agricultural Science Part I Examination
Microeconomics for Agriculture I

3 HOURS (100 Marks)

21 MAR 2023

INSTRUCTIONS TO CANDIDATE

Answer any four questions and each question carries 25 Marks

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1. (a) Define the following terms:
 - i. Allocative efficiency [3 marks]
 - ii. Cross-price elasticity of demand [3 marks]
 - iii. Marginal rate of transformation [3 marks]
 - iv. Economic efficiency [3 marks]
 - v. Technological change [4 marks](b) Explain the income and substitution effect for an inferior good. [9 marks]
 2. (a) Explain the economic optimum for a factor-factor relationship. [15 marks]
(b) With aid of a well labelled diagram, explain the concept of asset fixity in agriculture. [10 marks]
 3. Most agricultural economists dispute the economic principles which underlie the general supply function. Discuss this statement. [25 marks]
 4. With the aid of a diagram, explain the consumer's equilibrium. [25 marks]
 5. Discuss factors which affect demand for sorghum in Zimbabwe. [25 marks]
 6. (a) Explain the factor-product relationship for a single variable input. [20 marks]

(b) With aid of a diagram define an iso-revenue line.

[5 marks]

END OF PAPER