



Strathmore
UNIVERSITY

STRATHMORE BUSINESS SCHOOL

MASTER OF MANAGEMENT IN AGRIBUSINESS

END OF SEMESTER EXAMINATIONS

MMA 8102 :AGRIBUSINESS POLICY

Date: Friday, 19th January 2018

Time: 3 hours

Instructions

1. This examination consists of **SIX** questions.
2. This exam is composed of Parts **A** and **B**.
3. In Part **A**, **ALL Questions** are **Compulsory**. The student is then to choose **ONE** between Questions **5** and **6**.
4. Show your working clearly and use diagrams and illustrations as necessary

PART A (COMPULSORY)

Question 1 (20 Marks)

Define food and agricultural policy. **(5 Marks)**

Discuss the stages which the policy makers should follow when formulating an agricultural policy. **(5 Marks)**

Suppose, as a newly appointed Agricultural Economist within the Ministry of Agriculture (department of planning) you have been tasked to prepare a framework for maize policy in Kenya. Discuss the underlying components of such a framework. **(10 Marks)**

Question 2 (20 Marks)

Commercialization of agriculture is a concern in many developing countries. Critically discuss how commercialization could contribute to the development of the agricultural sector in a developing country.

Question 3 (20 Marks)

Market failures together with State/Government failures constitute the foundations and basis of economic policy analysis. Discuss. **(10 Marks)**

- a) Illustrate by use of hypothetical example the operations of policy analysis matrix as applied to policy analysis. **(10 Marks)**

Question 4 (20 Marks)

In the framework of World Trade Organization (WTO), developed countries have been criticized for granting agricultural export subsidies to their farmers. Critically discuss arguments for and against the agricultural export subsidies granted by the developed countries.

PART B

Question 5 (20 Marks)

The East African Community (EAC) integration has led to lower trade costs between its members. At the same time this implies that countries outside EAC are disfavoured in the East African market.

Analyse the effects of this type of preferential trade liberalisation. **(10 Marks)**

Compare the welfare effects of a tariff reduction and a reduction of frictional trade barrier **(10 Marks)**

Question 6(20 Marks)

- a) Explain with use of relevant examples the implication of asymmetry of information effects as stated below:
- (i) Moral hazard behaviour **(5 Marks)**
 - (ii) Adverse selection **(5 Marks)**
- b) Price stabilization is one of the policy methods used to prevent undesirable fluctuations in farmer's incomes. Explain the policy of price stabilization in relation to agricultural products. **(10 Marks)**