STRATHMORE BUSINESS SCHOOL

MASTER OF MANAGEMENT IN AGRIBUSINESS

END OF SEMESTER EXAMINATION

MMA 8107: ECONOMICS OF AGRIBUSINESS

DATE: Monday, 9th February 2026 **TIME:** 3 Hours

Instructions:

Answer **QUESTION ONE (COMPULSORY)** and **ANY OTHER TWO** questions.

QUESTION ONE (COMPULSORY) (30 MARKS)

a) With help of a well labelled diagram, discuss the welfare effects of a price support policy for maize farmers. **(15 Marks)**

b) Why do we still have farmers in Africa who are not adopting yield-enhancing technologies? **(15 Marks)**

QUESTION TWO (15 MARKS)

You have been selected to lead the textile trade policy reforms in your country with the aim of improving the life of the farmers and the urban consumers. Conduct a welfare analysis and advise the government on potential outcomes for exporting and importing textiles.

QUESTION THREE (15 MARKS)

Look at the short-run production function given in the table below.

L	Q
0	0
1	20
2	38
3	54
4	64
5	70

Given the current wage rate for labour was 75 and the current market price for your output is 5.

a) Derive the marginal physical product of this farm **(5 Marks)**

b) How many workers would you employ to maximize profits? **(5 Marks)**

c**)** Derive the profit maximization rule for a competitive firm **(5 Marks)**

QUESTION FOUR (15 MARKS)

Discuss the typical farm problems that are supported by sound agricultural economic theories and realities of the farmer.

QUESTION FIVE (15 MARKS)

Test the theory of perfect competition and monopoly in the market for drugs.