



MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY EXAMINATIONS
2022/2023 ACADEMIC YEAR
FOURTH YEAR SECOND SEMESTER**

**SCHOOL OF BUSINESS & ECONOMICS
BACHELOR OF SCIENCE IN ECONOMICS**

COURSE CODE: ECO 4209

COURSE TITLE: FOOD POLICY

DATE: 21/4/2023

TIME: 1430-1630 HRS

INSTRUCTIONS TO CANDIDATES

1. Answer Question **ONE** and any other **THREE** questions

*This paper consists of **three** printed pages. Please turn over.*

QUESTION ONE

a) Given the following Policy analysis matrix (PAM)

Item/Policy	Revenue	Tradable inputs	Domestic factors	Profitability
Private prices	9500	4500	3000	(D)
Social prices	4500	2000	2250	(H)
Effects of divergence/ efficient policy	(I)	(J)	(K)	(L)

Calculate the following policy matrix identities and explain their significance.

- i. Output transfer **(1 Mark)**
- ii. Input transfer **(1 Mark)**
- iii. Factor transfer **(1 Mark)**
- iv. Net transfer **(1 Mark)**
- v. Domestic resource cost ratio (DRC) **(2 Marks)**
- vi. Subsidy ratio to producers (SRP) **(2 Marks)**
- vii. Nominal protection coefficient (NPC) **(2 Marks)**
- viii. Private cost ratio (PCR) **(2 Marks)**
- ix. Effective protection coefficient (EPC) **(2 Marks)**
- x. Profitability coefficient (PC) **(2 Marks)**

b) "Agricultural policies are generally geared towards addressing national economic and social objectives in Kenya." Discuss **(6 Marks)**

c) Differentiate between target-instrument and institutional approach to evaluating agriculture and food policies. **(3 Marks)**

QUESTION TWO

Using appropriate illustrations, discuss the effects of the following policy instruments on producers and consumers in a closed economy.

- i. Introduction of a production subsidy **(8 marks)**
- ii. Introduction of a production quota **(7 marks)**

QUESTION THREE

a) Discuss in details the following food assistance and nutrition programs that contribute to the social safety net as well as promoting human capital investment.

- i. Food stamp program **(2 Marks)**
- ii. Commodity distribution program **(2 Marks)**
- iii. Emergency food assistance systems (EFAS) **(2 Marks)**

b) Discuss the following national food policies.

- i. Agricultural trade policy **(3 Marks)**
- ii. Pricing policy **(3 Marks)**
- iii. Post-harvest food supply policy **(3 Marks)**

QUESTION FOUR

a) Distinguish between developmental policy and compensatory policy.

(3 Marks)

b) Discuss the following mechanisms used in food price support programmes stating the merits and demerits of each.

- i. Deficiency payments **(6 Marks)**
- ii. Government purchases **(6 Marks)**

QUESTION FIVE

While identifying the level of imposition, discuss the composition, merits and demerits of the following food policy instruments.

- i. Production or acreage quotas **(3 Marks)**
- ii. Compulsory food requisition **(3 Marks)**
- iii. Intervention buying **(3 Marks)**
- iv. Land reform measures **(3 Marks)**
- v. Production subsidy **(3 Marks)**

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