



# MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY EXAMINATIONS  
2018/2019 ACADEMIC YEAR  
THIRD YEAR SECOND SEMESTER**

**SCHOOL OF BUSINESS & ECONOMICS  
BACHELOR OF SCIENCE IN AGRICULTURAL  
ECONOMICS AND RESOURCE  
MANAGEMENT  
BACHELOR OF SCIENCE IN AGRIBUSINESS  
MANAGEMENT**

**COURSE CODE: ARE 3208**

**COURSE TITLE: FOOD ECONOMICS AND  
POLICY**

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**INSTRUCTIONS TO CANDIDATES**

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

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

*over.*

**QUESTION ONE**

a) Discuss various strategies for addressing the African food battles.

**(9 Marks)**

b) Explain the components of food security equation.

**(6 Marks)**

c) Discuss the rationale for national food and agricultural policy in Kenya.

**(5 Marks)**

d) Explain the role of marketing boards in food and agricultural production.

**(5 Marks)**

**QUESTION TWO**

a) The following policy analysis matrix (PAM) disaggregates the impact of divergences onto effects of market failure, distorting policy and efficient policy on food and agricultural production.

<b>Item/policy</b>	<b>Revenue</b>	<b>Tradable</b>	<b>Domesti</b>	<b>Profitabilit</b>
	<b>s</b>	<b>inputs</b>	<b>c factors</b>	<b>y</b>
Private prices	10500	5500	4000	D
Social prices	5500	3000	2000	H
Effects of divergences/efficient policy	I	J	K	L

Calculate the following policy analysis matrix identities and explain their significance.

i. Output transfer

**Mark)**

**(1**

- ii. Input transfer **(1 Mark)**
- iii. Factor transfer **(1 Mark)**
- iv. Net transfer **(1 Mark)**
- v. Subsidy ratio to producers (SRP) **(2 Marks)**
- vi. Nominal protection coefficient (NPC) **(2 Marks)**
- vii. Effective protection coefficient (EPC) **(2 Marks)**

b) Explain the modes for exploiting food production potential in a country.

**(5 Marks)**

### **QUESTION THREE**

a) "Agricultural policies are generally geared towards addressing national economic and social objectives in Kenya." Discuss **(9 Marks)**

b) Explain the impacts of Structural Adjustment Programmes (SAPs) on food and agricultural production in Kenya. **(6 Marks)**

### **QUESTION FOUR**

a) Using a relevant diagram, explain the effects of a tariff on domestic production, consumption and imports of agricultural food products.

**(9 Marks)**

b) Differentiate between target-instrument and institutional approach to evaluating agriculture and food policies. **(6 Marks)**

### **QUESTION FIVE**

Food policy instruments can be classified based on their levels of imposition. Discuss the merits and demerits of the following policy

instruments while explaining their levels of imposition.  
**(15 Marks)**

- a) Deficiency payment
- b) Production subsidy
- c) Compulsory food requisition
- d) Intervention buying
- e) Import quotas

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