

# Uganda Martyrs University

## Faculty of Agriculture

Final Examination 2021-2022

Bachelors of Science in Agriculture Year Three

Bachelors of Science in Ecological Organic Agriculture Year Three

**Module: BSAG 3222: Agricultural Economics**

**BSEOA 4123: Agricultural Economics**

Time: 09:30 am – 12:30 pm

Date: Sunday 07<sup>th</sup> August 2022

**Instructions:**

- **Answer any four questions.**
- **Question one is compulsory**
- *Read and understand each question before you attempt it.*
- *Do not write anything on the question paper*

**Question 1**

In a town market, the information bellow describes the demand and supply schedule for Irish potatoes is as follows

Price of ply in Ug shillings	Quantity denuded in kg	Quantity supplied in kg
10000	60000	0
50000	40000	4000
100000	15000	8000
150000	10000	10000
200000	9000	15000

- i. Plot the information on graph
- ii. A fall in cost causes supply increase by 7000 shillings at all levels of price per month. Illustrate this on a diagram
- iii. What is the new equilibrium price and quantity?
- iv. Using the principle of shift in supply describe how the market reached its new equilibrium position
- v. An increase in income causes demand to increase by 7000 shillings per month per price. Illustrate this on the same diagram using the shift in demand principle
- vi. What is the new equilibrium price and quantity?
- vii. Describe how the market reaches it new equilibrium position using the principle of shift in demand

**Question 2**

Critically assess the view that an understanding of the principles of 'scientific' decision-making is fundamental to the success of a modern economy. **25marks**

### Question 3

- a. With examples, describe how governments can correct market failures. 10marks
- b. Explain why a perfectly competitive firm will not charge a price which is higher or lower than the market determined price. **15 marks**

### Question 4

- a. Assuming avocado is sold in a purely competitive market, use a well-labelled demand and supply diagram model to explain how market equilibrium price and quantity for avocado are determined. Clearly explain the equilibrating process **10 marks**
- b. Discuss the two ways the government could intervene when they believe the prices are set unfairly to both the buyers and sellers. 10marks Discuss the problems that may occur. **5marks**

### Question 5

- a. Outline with examples how the principle of comparative advantage helps a nation in specialization of production of a specific good or service. **10 marks**
- b. Explain how import quotas will affect the supply of sugar on market **10 marks**
- c. Describe how comparative advantage is different from absolute advantage **(5 marks)**

### Question 6

Define the following concepts

- a. gross domestic products **(5 marks)**
- b. growth National Product **(5 marks)**
- c. Aggregate supply and Demand **(5marks)**
- d. Regional integration **(5 marks)**
- e. International Trade **(5 marks)**

### Question 7

- a. With the examples explain the advantages and disadvantages using of the growth domestic *prod (10)*
- b. Discuss how the states of East Africa would benefit from economic Integration of East Africa

### Question 8

- a. With examples how liberalization of the economy has affected the economic development of Uganda when there is a catastrophe like covid 19 (10 marks)
- b. Discuss the functions of commercial and central banks in Uganda today. (15 marks)