



**MURANG'A UNIVERSITY OF TECHNOLOGY**  
**SCHOOL OF AGRICULTURE AND ENVIRONMENTAL**  
**SCIENCE**

DEPARTMENT OF AGRICULTURAL STUDIES

UNIVERSITY ORDINARY EXAMINATION

2023/2024 ACADEMIC YEAR

**FOURTH YEAR SECOND SEMESTER EXAMINATION FOR BACHELOR**

OF EDUCATION, AGRICULTURAL EXTENSION, AGRIBUSINESS  
MANAGEMENT AND ENTREPRISE DEVELOPMENT

GAA 414 / GAE 411 – AGRICULTURAL MARKETING AND  
INTERNATIONAL TRADE

DURATION: 2 HOURS

**INSTRUCTIONS TO CANDIDATES:**

1. Answer question ONE any other two questions.
2. Mobile phones are not allowed in the examination room.
3. You are not allowed to write on this examination question paper.

## **SECTION A (30 MARKS) – ANSWER ALL QUESTIONS IN THIS SECTION**

### **QUESTION ONE (30 MARKS)**

- a) Distinguish the following terms as used in agricultural marketing and international trade
  - i. Closed economy and open economy (2 marks)
  - ii. Perfectly competitive markets and imperfect markets (2 marks)
  - iii. Import tariffs and export subsidies (2 marks)
- b) Describe four principles of the world trade organization. (4 marks)
- c) With an example in Kenya, describe how hedging strategies helps address the challenges of price variation in agricultural markets. (4 marks)
- d) Describe three roles of prices in a market-based economy. (6 marks)
- e) It is often agreed that any economy left to the market forces is unlikely to operate efficiently. Discuss this statement. (10 marks)

## **SECTION B (40 MARKS) – ANSWER ANY TWO QUESTIONS IN THIS SECTION**

### **QUESTION TWO (20 MARKS)**

- a) Middlemen are an ability to fairness in agricultural market systems in Kenya. Discuss this statement. (10 marks)
- b) Using an appropriate graph, describe the Heckschr Ohlin (H-O) theory of international trade. (10 marks)

### **QUESTION THREE (20 MARKS)**

- a) Describe five types of agricultural marketing organization providing relevant examples in each case. (10 marks)
- b) Describe the welfare effects of quantitative restriction of agricultural products from a foreign country. (10 marks)

### **QUESTION FOUR (20 MARKS)**

- a) The Kenya government often imposes a price ceiling on maize flour to cushion vulnerable consumer's. describe welfare effects of the policy intervention. (10 marks)
- b) Describe five non-tariff measures that hinder international trade of agricultural products. (10 marks)