



College of Agriculture Fisheries and Forestry

School of Agricultural Science

Department of Crop Production

Trade Diploma in Animal Husbandry – Year 2

AEC 506 – Introduction to Livestock Economics and Marketing

TRIMESTER 2 - 2017

Final Examination

Time Allowed: 3 hours

(An extra 10 minutes is allowed for reading this paper)

Total marks: 100

INSTRUCTIONS

1. This paper has **three (3)** sections, A, B and C. **All are compulsory.** The paper has 9 pages.
2. Answer all your questions in the answer booklet provided.
3. Show all you're working where necessary.
4. Silent and non-programmable calculators are permitted.

Summary of questions

Section	Guideline	Marks
A	10 multiple choice questions. All are compulsory.	10
B	There are 5 short answer questions. All are compulsory.	50
C	4 questions. All are compulsory.	40

Turnover

Section A

Multiple Choice

(10 marks)

1. The Government of Fiji protects the development of agricultural enterprises by preventing the glut of cheap imports. This is known as:
 - A. subsidy.
 - B. tariffs.
 - C. bonus.
 - D. quota.

2. In economics the term marginal cost can be best defined as;
 - A. Costs that are incurred independent of the quality of goods or services supplied.
 - B. Costs that change according to quantity of goods and service produced.
 - C. Is change in total cost that arise when quantity produced changes by one unit.
 - D. Costs that are expenses/expenditures that are actually paid by the firm.

3. If price elasticity of demand is greater than 1
 - A. Demand is price inelastic
 - B. Demand is price elastic.
 - C. Demand is unit elastic.
 - D. Demand is perfectly inelastic.

4. are expenses associated with the maintenance and administration of a business on a day-to-day basis.
 - A. Fixed cost.
 - B. Operating cost.
 - C. Total cost.
 - D. Variable cost.

Turnover

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5. A market which has 1 seller with many buyers is classified as:
- A. Oligopoly.
 - B. Monopolistic.
 - C. Monopsony.
 - D. Monopoly.
6. In normal goods the income elasticity is greater than zero. $\{E > 0\}$. This implies that consumption of these goods
- A. Increase with increase in income.
 - B. Decrease with increase in income.
 - C. Increase but an amount smaller than increase in income.
 - D. Remains unchanged with rise or fall in income.
7. The marketing function in which goods are traded among the buyers and sellers is an example of:
- A. Facilitating function.
 - B. Exchange function.
 - C. Storage function.
 - D. Physical function.
8. Which of the following listed below is not a characteristic of a perfectly competitive market?
- A. Many buyers and many sellers.
 - B. Products sold are standard.
 - C. Freedom to enter and exit the market.
 - D. Are price determinants.

Turnover

9. Which of the following listed below best gives the description of macroeconomics?
- A. Branch of economics that analyzes the market behavior of individual firms.
 - B. Studies the behavior of overall level of nation's production, employment, price and foreign trade.
 - C. Attempts to understand the decision making process of firms and households.
 - D. Concerned with interaction between individual buyers and sellers.
10. are wholesales who take the title of the good, assume certain risk and can suffer losses if products get damaged is an example of:
- A. Merchant wholesalers.
 - B. Independent wholesalers.
 - C. Agent wholesalers
 - D. Brokers.

Section B

(compulsory)

(50marks)

There are 5 questions in this section. Each question carries 10 marks. Attempt all questions.

Question 1

True or False

(10marks)

Write 'T' if you think statement is correct and 'F' if you think statement is incorrect.

- 1. Scarcity is where our wants are greater than our limited resources.
- 2. Macroeconomic covers roles of fiscal and monetary policies.
- 3. When a fall in the price of one good reduces the demand for another good, the two goods are called substitutes.

Turnover

- 4. Marginality is addition change in cost or revenue as a result of additional change in input.
- 5. Demand and price of any commodity are indirectly proportional.
- 6. Price of related good is one of the determinants of demand curve.
- 7. Substitute goods are those which are used together.
- 8. Price responsiveness is a measure used in economics to show the responsiveness of quantity demanded of a good or service to change in its price.
- 9. In thumb rule of demand elasticity, if the calculated PED is > 1 , then we conclude demand is price inelastic.
- 10. A right shift in demand curve indicates that demand is increasing.

Question 2

Matching

(10marks)

Match the terms in the left column with the descriptions given in the right column. With every term write an alphabet from column B against the numeric from column A.

Terms	Description
----- 1. Sunken cost	A. Quantity demanded equals quantity supplied.
----- 2. Peddling	B. Determinant of demand.
----- 3. Normative economics	C. Cost that had incurred and cannot be recovered.
----- 4. Inferior good	D. Is subjective and value based.
----- 5. Consumer preference	E. Market system which has many buyers and many sellers.
----- 6. Complementary goods	F. selling small goods by going from house to house.
----- 7. Equilibrium	G. Example is butter and margarine.

Turnover

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Question 4

(10marks)

1. What is the difference between Microeconomics and Macroeconomics? **(1m)**
2. On the pair of axis in your answer booklet, draw demand and supply curve and indicate the following zones:
 - I. Point of equilibrium. **(1m)**
 - II. Surplus zone. **(1m)**
 - III. Shortage zone. **(1m)**
3. Comment on the following, Use suitable example to demonstrate your understanding.
 - a) Normal goods – Income elasticity is greater than zero ($E > 0$). **(2m)**
 - b) Necessity good – Income elasticity less than one. ($E < 1$). **(2m)**
 - c) Inferior good – income elasticity less than zero. ($E < 0$) **(2m)**

Question 5

(10) marks)

1. Price of dalo raises from \$15 per bundle to \$20 a bundle. The corresponding change in quantity demanded is 150 bundles to 90 bundles.
 - I. Calculate price elasticity of demand. **(3m)**
 - II. What type of elasticity is this? Justify. **(1m)**
2. The quantity demanded of product A has increased by 10% in response to a 15% increase in price of product B. Calculate the cross elasticity of demand. **(1m)**
3. Explain the term production possibility frontier in your own words. **(2m)**
4. Describe how market margin is different form market cost. **(2m)**
5. Define the term marketing plan. **(1m)**

Turnover

Section C**(40 marks)**

There are 4 questions in this section. Each question worth's 10 marks. Attempt all. Show all you're working where necessary. This section contains long answer questions.

Question 1**(10 marks)**

1. The data provided in the table was obtained from fertilizer trial on dalo grown on fixed area of one hectare of arable land. Use the data to answer the question that follow.

Fertilizer rate (kg/ha)	Total production (kg)	Average production (kg)	Marginal production (kg)
0	0	0	
1	3	3	3
2	8	4	5
3	12	4	4
4	14	3.5	2
5	15	3	1
6	14	2.5	-1
7	12	1.7	-2
8	8	1	-4

- A. On the graph paper provided with answer booklet, sketch the following:
- I. Total Production curve (T.P.C). (2m)
 - II. Average production curve (A.P.C). (2m)
 - III. Marginal product. (M.P). (2m)

Turnover

B. Determine the value of the:

- I. Point of diminishing return. (2m)
- II. Economic efficiency stage. (2m)

Question 2

(10 marks)

List and describe the importance of agricultural sector to Fiji's economy.

Question 3

(10 marks)

List and describe 5 factors that affect the supply of any livestock products to local markets around.

Question 4

(10 marks)

List and describe common marketing problems faced by livestock farmers in Fiji.

THE END