



**COLLEGE OF AGRICULTURE, FISHERIES & FORESTRY**  
**SCHOOL OF AGRICULTURE SCIENCES AND FORESTRY**

**DEPARTMENT OF CROP PRODUCTION**

**AEC 411 INTRODUCTORY FARM BUSINESS MANAGEMENT**

Trade Diploma in Agriculture

Semester I, 2019 – Final Examination

**DURATION - 3 HOURS (extra 10 minutes is allowed for reading)**

**TOTAL MARKS: 100**

**INSTRUCTIONS:**

1. This paper consists of eight pages.
2. Please check to see that your question paper is complete.
3. Answer all the questions in the answer book provided.
4. Write your student number on all the pages that you use including any additional sheet of paper used.
5. Printed or written material is not allowed into the examination hall.
6. Mark values appear at the beginning of each question or part thereof.
7. Silent, non-programmable calculators are permitted.

**“MOBILE PHONES ARE STRICTLY NOT ALLOWED”**

**Summary of Questions**

<b>Section A</b>	<b>(40 marks)</b>	There are three questions in this section. All questions are <b>compulsory</b> .
		<b>Question 1</b> Multiple Choice 10 marks
		<b>Question 2</b> True or False 10 marks
		<b>Question 3</b> Fill in the blanks 10 marks
		<b>Question 4</b> Labelling 10 marks
<b>Section B</b>	<b>(40 marks)</b>	There are four questions in this section. All are compulsory.
<b>Section C</b>	<b>(20 marks)</b>	There are four questions in this section. Answer any two questions.

**Section A**

**(40 marks)**

**Question 1**

**Multiple Choice**

**(10 marks)**

**The multiple choice questions in this section is compulsory. Each question is worth 1 mark. In your answer booklet, write the alphabets that best represents the answer beside each numeral.**

1. Agriculture sector contributes approximately \_\_\_\_\_ towards Fiji's GDP.
  - A. 9 percent<sup>3</sup>
  - B. 7 percent
  - C. 3 percent
  - D. 2 percent
  
2. The law of demand states that as \_\_\_\_\_
  - A. the price increase, demand also increases.
  - B. the price increase, demand decreases.
  - C. the demand increases, price also increases.
  - D. the price has no effect on supply and demand.
  
3. In economics the term equilibrium means:
  - A. quantity demanded equals to quantity supplied.
  - B. quantity demanded is less than quantity supplied.
  - C. quantity demanded is more than quantity supplied.
  - D. demand and supply follows independent pattern.
  
4. In economics, the cost which has already been incurred and cannot be recovered is known as \_\_\_\_\_
  - A. accounting cost.
  - B. economics cost.
  - C. sunken cost.
  - D. hidden cost.<sup>3</sup>
  
5. An economy where organizations are characterized by the private ownership and use of capital with profit motive can be characterised as \_\_\_\_\_
  - A. capitalist economy.
  - B. communalism economy.
  - C. socialism economy.
  - D. mixed economy.

6. If price elasticity of demand is less than 1, we can say:
- A. demand is unit elastic.
  - B. demand is price elastic.
  - C. demand is price inelastic.
  - D. demand is perfectly inelastic.
7. Which of the following factors causes movement along the supply curve?
- A. Improvement in technology
  - B. Reduction in tax
  - C. Subsidy provided by government
  - D. Increase in price.
8. Suppose the supply curve of good X is perfectly elastic. If there is an increase in demand for good X, then the equilibrium price:
- A. and quantity will both increase.
  - B. will remain unchanged but equilibrium quantity will increase.
  - C. will increase but equilibrium quantity will be unchanged.
  - D. and quantity will both decrease.
9. \_\_\_\_\_ is described as a social process involving responsibility for economical and effective planning & regulation of operation of an enterprise in the fulfillment of given purposes.
- A. Budgeting
  - B. Planning
  - C. Management
  - D. Agribusiness
10. The state owned land in Fiji can be classified as \_\_\_\_\_
- A. freehold land
  - B. native land
  - C. state land
  - D. reserve land

**Question 2****True or False****(10 marks)**

**Write T if you think the statement is correct or F if you think the statement is incorrect.**

- \_\_\_\_\_ 1. Positive economics is concerned with the development and testing of positive statements about the world that are objective and verifiable.
- \_\_\_\_\_ 2. Another name for average costs is unit costs.
- \_\_\_\_\_ 3. Energy Fiji limited is an example of monopoly in Fiji.
- \_\_\_\_\_ 4. Depreciation is an expense for any agribusiness enterprise.
- \_\_\_\_\_ 5. Factor-factor relationship is concerned with the possibilities of substituting one input for another output.
- \_\_\_\_\_ 6. If the supply elasticity value is less than 1, the supply elasticity is said to be elastic.
- \_\_\_\_\_ 7. A profit is the value of money that has been used up to produce something.
- \_\_\_\_\_ 8. Market demand curve illustrates the total number of goods and services supplied to the market.
- \_\_\_\_\_ 9. When the elasticity of coefficient is greater than 1, it is regarded as unitary elastic.
- \_\_\_\_\_ 10. Fixed costs changes with level of output generated.

**Question 3****Fill in the Blanks****(10 marks)**

**Fill in the blank spaces in the sentence with correct word(s).**

1. \_\_\_\_\_ deals with the entire national economy.
2. \_\_\_\_\_ is the science which is concerned with making decisions and choices about combining different enterprises and optimal utilization of resources available.
3. The cost incurred in losing the next best option is known as \_\_\_\_\_.
4. \_\_\_\_\_ is a process through which some goods and services called inputs are transformed into other goods called products or output.
5. \_\_\_\_\_ is market where there is one buyer and many sellers.
6. \_\_\_\_\_ assets are goods that can be quickly converted to cash.

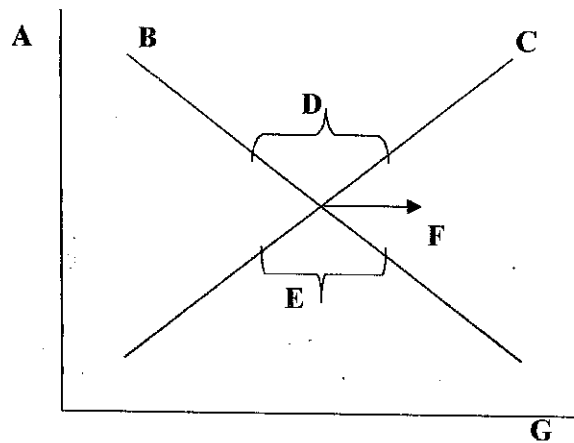
7. The loss of value of an asset over a period of time is known as \_\_\_\_\_.
8. \_\_\_\_\_ which protect your machinery investment is another cost that relates to the ownership.
9. \_\_\_\_\_ is access granted to right to use, control, and transfer land, as well as associated responsibilities and restraints.
10. \_\_\_\_\_ summarizes the financial condition of the business at a point in time.

**Question 4**

**Labelling**

**(10 marks)**

- i. Label the alphabet A – E in the graph below (1 mark each)



- ii. Name the graph above? (1 mark)
- iii. Illustrate on the graph an increase in supply and explain? (2 marks)

**Section B**

**Short Answers**

**(40 marks)**

There are 4 questions in this section. **All are compulsory.** Each question carries 10 marks

**Question 1**

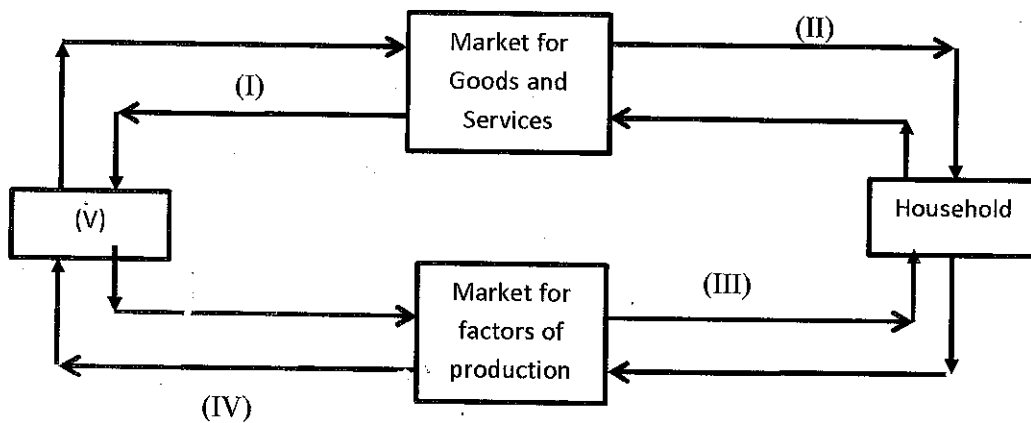
i. Demonstrate your understanding on the following terms:

- a. Mixed economy
- b. Normative economics.
- c. Total demand.
- d. Market equilibrium.
- e. Elasticity.

(2 marks each)

**Question 2**

A. Given below is a circular flow model of an economy.



i. Label the numerals I – V marked in the diagram.

(5 marks)

B. Differentiate between the following terms:

- i. Shortage and surplus.
- ii. Firms and households.

(5 marks)

**Question 3**

A. The table below shows the demand schedule of Sera and Ram for banana.

Price (\$)	Sera	Ram
2	1	3
4	2	4
6	3	5
8	4	6

- i. Draw the demand curve for Ram and Sera. (2 marks)
  - ii. Draw market demand schedule. (1 mark)
  - iii. Comment on the price elasticity of Ram and Sera's Curve. (2 marks)
- B. Apply your understanding on the following concepts using local examples:
- a. Substitute good.
  - b. Complementary good. (3 marks)
- C. Differentiate between change in supply and change in quantity supplied. (2 marks)

#### **Question 4**

Sketch the movement of shifts in the supply and demand graphs for the situations listed below:

- i. Supply Situation: Increase in cost of production for pawpaw, all other factors held constant.
- ii. Supply Situation: Decrease in import tax for oranges, all other factors held constant.
- iii. Demand Situation: Increase in price for cabbages, all other factors held constant.
- iv. Demand Situation: Increase in substitute for pawpaw, other factors held constant.
- v. Demand Situation: Increase in subsidy for mango, other factors held constant. (2 marks each)

**Section C**

(20 marks)

There are 4 essay questions in this section. **Answer any 2 questions only.** Each question is worth 10 marks.

**In this section, you are given the opportunity to show that you can:**

- I. Select ideas relevant to the topic**
- II. Use appropriate examples and**
- III. Communicate information clearly and logically.**

**Question 1**

An economy might be designed to depend exclusively either on the market or on government. Explain the three types of economy.

**Question 2**

**10 marks**

Demand is the quantity of goods buyers are willing to buy at particular price at particular time.

Apply your knowledge to discuss factors determining demand.

**Question 3**

Discuss the three different types of relationship in production economics.

**Question 4**

Distinguish and discuss any three types of market with examples.

**THE END**