

MANICALAND STATE UNIVERSITY OF APPLIED SCIENCES

FACULTY OF AGRIBUSINESS AND COMMENCE

Agriculture Economics and Development Department

Introduction to Agriculture Economics

CODE: HACE 101

SESSIONAL EXAMINATIONS

December 2019

DURATION: 3 HOURS

EXAMINER: Ms. P. Dube

INSTRUCTIONS

- 1. Answer four questions.*
 - 2. Each question carries 20 marks*
 - 3. Total marks 100*
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Section A

Answer three questions from this section

Question 1

- a) Differentiate between
 - i. Macroeconomics and microeconomics [4 marks]
 - ii. Positive and Normative economics [4 marks]
 - iii. Inductive and deductive approach [4 marks]
- b. With the aid of a diagram explain the concept of opportunity cost, choice, scarcity and production efficiency [8 marks]

Question 2

Using a circular flow diagram explain how goods move from the factor market to the product market. [20 marks]

Question 3

Define the following terms

- i. Total Fixed [1 mark]
 - ii. Average Fixed Cost [1 mark]
 - iii. Total Variable Cost [1 mark]
 - iv. Average Variable Cost [1 mark]
 - v. Average Total Cost [1 mark]
 - vi. Marginal Cost [1 mark]
- a) Distinguish between the very short run, the short run and the long run, [6 marks]
 - b) Explain the three stages of production in a factor-product relationship [9 marks]

SECTION B

Answer two questions from this section

Question 4

- a) Explain the expenditure and product method in measuring the Gross

Domestic Product.

[10 marks]

- b) Explain the problems associated with Gross Domestic Product as a measure of economic welfare. **[10 marks]**

Question 5

- a) Define inflation **[2 marks]**
b) State and describe four types of inflation **[8 marks]**
c) State at least five consequences of inflation **[5 marks]**
d) With the aid of a diagram illustrate how demand-pull inflation and cost push inflation occur. **[5 marks]**

Question 6

- a) Define the term unemployment **[4 marks]**
b) Briefly explain at least four causes of unemployment **[8 marks]**
c) With the aid of a graph explain difference between disequilibrium unemployment and equilibrium unemployment. **[8 marks]**

END OF EXAMINATION