



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY

SCHOOL OF AGRICULTURAL AND FOOD SCIENCES

**THIRD YEAR SEMESTER ONE EXAMINATION FOR THE DEGREE OF
BACHELOR OF SCIENCE IN AGRIBUSINESS MANAGEMENT
2017/2018 ACADEMIC YEAR**

REGULAR

COURSE CODE: AAE 3326

COURSE TITLE: AGRICULTURAL PRICE ANALYSIS

EXAM VENUE:

**STREAM: BSC. AGRIBUSINESS
MANAGEMENT**

DATE:

EXAM SESSION:

TIME: 2 HOURS

Instructions:

- 1. Answer ALL questions in section A and ANY other 2 Questions in section B**
- 2. Candidates are advised not to write on question paper.**
- 3. Candidates must hand in their answer booklets to the invigilator while in the examination room.**

SECTION A

Answer ALL questions in this section (30marks)

- Q1. Briefly explain the terms Parity pricing and Predatory pricing [3marks]
- (a) Explain the meaning of; Loss leaders and Competitive pricing [3marks]
- (b). Differentiate between commodity exchange and futures contract [3marks]
- (c) Using relevant examples, explain briefly the concept of marketing channels [3marks]
- (d) (i) Citing examples, differentiate between soft commodities and hard commodities [3marks]
- (ii) Outline the meaning of commodity in agriculture [3marks]
- (e) Differentiate between Marginal costs and Total costs [3marks]
- (f) (i) Identify the trends that shaped agricultural pricing in the near recent past [4marks]
- (ii) The concept of Hedging is an important concept in pricing. Explain [4marks]
- (g) Identify the factors for premium pricing of agricultural products [4marks]

SECTION B

Answer ANY TWO question 40marks

- Q2. (a) The concept of globalization has positive impacts in the development of agricultural trade, identify and explain **three** features characterize competition in the current globalization context . [10marks]
- (b) List and clearly explain the factors that affect the choice of distribution channels in agricultural pricing decisions. [10 marks]

Q3 Kenya has in the recent past experienced mixed conditions of glut in agricultural production and prolonged drought which brings down the quantities, coupled with protracted electioneering process, just before elections it was observed that prices of basic commodities like sugar and maize specifically rose drastically. Suppose you have recently graduated and have been selected to be CEC agriculture in one of the 47 Counties. Using graphical illustration, advice the governor on how well the TWO extreme conditions can be addressed [10 marks]

(b) Discuss the determinants of the quantity of marketable surplus [10marks]

Q4.(a) Discuss the role of cooperative societies as marketing tool for agricultural commodities [10marks]

(b) The Law of demand is fundamental in explaining the behavior of commodity markets.
Explain [10marks]



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COURSE OUTLINE

AAE 3223: AGRICULTURAL PRICE ANALYSIS

Lecturer: TOM OBADOH

Contact: Cell phone 0722 284297

Course Purpose

To impart knowledge of principles, theories and practice of agricultural finance and credit.

Learners are expected to be able to choose credit from financial institutions based on empirical approaches like basing their need for finance on mathematical reasoning.

Course description:

Financial services: Capital, Savings and credit in agriculture, Role of credit (utilization of funds within the farm business; Acquisition of funds through borrowing); Classification of credit; Economic feasibility tests of credit proposal (The Rs –Returns, Repayments, Risk bearing ability in credit analysis); The Cs – Capacity, Collateral, Character, Condition and Common sense; The Ps – Purpose, Person, Projections, Payments, Protection security); Interest rates and cost of borrowing / Lending; Financial Leverage, Forward planning; Challenges and approaches to small farm finance; Microfinance (issues to consider: designing and monitoring financial products and services; Measuring performance and monitoring financial products and services; Measuring Performance and managing Viability

Week	Topic/Subject	Expected Learning Outcome	Activities
1	1.Financial services: a)Capital, Savings and credit in	Knowledge of basic concepts of borrowing credit, utilization and.	<ul style="list-style-type: none"> • Class discussion • brainstorming

	<p>agriculture, b)Role of credit (utilization of funds within the farm business;</p> <p>c)Acquisition of funds through borrowing); Classification of credit;</p>		<p>out examples</p>
2&3	<p>1.Economic feasibility tests of credit proposal (The Rs –Returns, Repayments, Risk bearing ability in credit analysis); The Cs – Capacity, Collateral, Character, Condition and Common sense;</p>	<p>Knowledge of the concept and application of feasibility tests</p> <p>In agricultural finance</p>	<ul style="list-style-type: none"> • Class discussion • Citing out relevant practical examples in Kenya today
4	<p>The Cs – Capacity, Collateral, Character, Condition and Common sense;</p>	<p>Appreciate the role Cs in agricultural credit.</p>	<ul style="list-style-type: none"> • Class discussion • Working out examples
5&6	<p>a) The Ps – Purpose, Person, Projections, Payments, Protection security); Interest rates and cost of borrowing / Lending; b) CAT</p>	<p>The concept of Ps and their application to agricultural finance</p>	<ul style="list-style-type: none"> • Class discussion • Working out examples
7&8	<p>a) Financial Leverage, Forward planning; Challenges and approaches to small farm finance;</p>	<p>Knowledge i financial Leverage in agriculture.</p>	<ul style="list-style-type: none"> • Class discussion • Working out examples

9&10	a)Microfinance (issues to consider: designing and monitoring financial products and services; b)CAT	Principles, and concepts of financial products	<ul style="list-style-type: none"> • Class discussion • Working out examples
11&12	a)Measuring performance and monitoring financial products and services; b)Measuring Performance and managing Viability	Measuring and managing viability of credit.	<ul style="list-style-type: none"> • Class discussion • Working out examples

Mode of Course Delivery

1. Lecture will introduce material on the formal aspects of the unit. Notes will be given to students through E-learning and note taking during lectures.
2. Group discussions will be used to work out problems during lectures and practical sessions.

Course Evaluation

<u>Type</u>	<u>Weight (%)</u>
Examination	70
CATs	20
Assignments	10

Course Texts

- 1.Stephen G. Kellison, The Theory of Interest, 3rd ed., McGraw-Hill, 2009. ISBN 978-007-127627-6.
- 2.Kotler Philip, 2000. Marketing Management, 3rd edition

3.Crawford, I. M. 1997. *Agricultural and food marketing management*. FAO Regional Office for Africa.

4.Global Agricultural Marketing Management, 1992. *FAO Regional Office for Africa*.

5.8.Kotler Philip, Gary Armstrong and Peggy H. Cunningham, 1999.

Lecturer: Signature _____ **Date**_____

Chairman, DPAFS _____ **Date**_____