



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE
AND TECHNOLOGY
UNIVERSITY EXAMINATIONS 2012/2013
1ST YEAR 1ST SEMESTER EXAMINATIONS FOR THE DEGREE
OF BACHELOR OF SCIENCE (AGRIBUSINESS
MANAGEMENT)
(REGULAR)**

COURSE CODE: AAE 3111

**COURSE TITLE: FUNDAMENTALS OF DEVELOPMENT IN
AGRIBUSINESS**

DATE: 25/4/2013 TIME: 9.00-11.00AM

DURATION: 2 HOURS

INSTRUCTIONS

- 1. This paper contains TWO sections.**
- 2. Answer ALL questions in section A (Compulsory) and ANY other Two questions in section B.**
- 3. Write all answers in the booklet provided.**

SECTION A [30 MARKS]

Answer ALL questions from this section.

Question 1

According to Rowstow's doctrine, the transition from underdevelopment to development can be described in terms of a series of steps or stages through which all countries must proceed.

- a) Identify the five stages in which all countries are likely to be found in their economic dimensions. (5 marks)
- b) Give an interpretation of the Rowstow's doctrine. (3 Marks)
- c) (i) Assume that the national Capital - Output ratio in some developing country is four (4) and the aggregate savings ratio is 8% of the GNP. What would be the growth rate of this country per year? (1 Mark)
- (ii) If the national net savings rate can be increased from 8% to say 20% through increased taxes, foreign aid and/or general consumption sacrifices, what would be the % increase in the GNP growth? (1 Mark)

Question 2

Development is a concept which is contested both theoretically and politically, and it is inherently both complex and ambiguous.

- a) Distinguish between "development as a long-term process of structural societal transformation" and "development as a short-to-medium term outcome of desirable targets". (4 Marks)
- b) Schematically, illustrate the interactive components of Economic growth and Human development. (3 Marks)
- c) State and briefly explain the three contemporary United Nations Development Programme (UNDP) indices which are now among the most commonly cited and widely used development indicators. (3 Marks)

Question 3

Traditional production and distribution methods are being replaced by more closely coordinated and better planned linkages between Firms \leftrightarrow Farmers and \leftrightarrow Traders.

- a) Give a generic value chain mapping of an agricultural commodity. (2 Marks)
- b) Use a matrix to present a production constraint analysis in the commodity value chain. (6 Marks)
- c) Identify any two actors in each segment of the value chain and state their functions. (2 Marks)

SECTION B [40 MARKS]

Answer ANY TWO Questions

Question 4

A positive development for Sub - Saharan Africa (SSA) and other regions in terms of modernization and economic growth in agribusiness has been a growing acknowledgment that agricultural development has changed over the past 25 years with new markets, innovations, and roles for the state, the private sector, and civil society.

- a) Briefly discuss the characteristics of the new agriculture under the following perspectives: i) increasing complexity; ii) rapidly advancing technological frontier; and iii) global link. (6 Marks)
- b) State and briefly explain the different approaches that have emerged to promote agriculture since the 1980s. (9 Marks)
- c) Compute the income elasticity of demand of T-bone meat if, in response to a 10% increase in income, the demand for T-bone increased by 25%. (5 Marks)

Question 5 (20 Marks)

Food and agricultural systems in developing countries and economies-in-transition are undergoing profound changes. These changes include: rising per capita incomes, technological advances, trade liberalization and increased role of the private sector.

- a) Discuss the following two perspectives, “Agro-Industry value chain programmes (7 Marks) and Industry standards and Quality requirements”, (6 Marks) as important roles played by the government in agribusiness development.
- b) Briefly discuss “Enabling Policies and Institutions” as an important role of the Government in relation to Agribusiness development (7 Marks)

Question 6

Majority of businesses in Kenya are Micro and Small Enterprises (SMEs), both in the formal and informal sector. They constitute an important factor in the Kenyan economy and labour market. The sectors play a vital role in employment creation, production and income generation.

- a) State and briefly explain the three commonly used and recognized variables for defining SMEs. (9 Marks)
- b) Identify any three legislative cum policy reforms that the Kenyan Government has undertaken to promote of SMEs participation in public procurement. (6 Marks)
- c) Define the following in the context of Fundamentals of Development in Agribusiness (5 Marks)
 - (i) Economic growth; (ii) Sustainable development; (iii)HPI-1; (iv) Agribusiness; and (v) Inferior good.