



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY

SCHOOL OF AGRICULTURAL AND FOOD SCIENCES

**THIRD YEAR SEMESTER TWO EXAMINATION FOR THE DEGREE OF
BACHELOR OF SCIENCE IN AGRIBUSINESS MANAGEMENT
2020/2021 ACADEMIC YEAR**

REGULAR

COURSE CODE: AAE 3324

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 [30 MARKS]

Answer ALL questions from this Section.

- Q1. Briefly explain the terms Parity pricing and Predatory pricing [3marks]
- (a) Write brief notes on; buffer stocks, minimum prices, subsidies and tariffs [4marks]
- (b). Differentiate between commodity exchange and futures contract [2marks]
- (c) Explain the factors which cause variable supply of agricultural products [3marks]
- (d) (i) Citing examples, differentiate between soft commodities and hard commodities [3marks]
- (ii) Outline the meaning of commodity in agriculture [2marks]
- (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) Explain why the concept of Hedging is an important concept in pricing. [2marks]
- (g) Identify the factors for premium pricing of agricultural products [4marks]

SECTION B [40 MARKS]

Answer ANY TWO questions from this section.

- Q2. (a) Three features characterize competition in the current globalization context and this is also widely acceptable and called “global village,” Discuss [10marks]
- (b) The Law of demand and supply is fundamental in explaining the behavior of commodity markets. Explain. [10 marks]
- Q3 Government interventions come in different forms in agricultural markets. Discuss [10 marks]
- (b) Discuss the determinants of the quantity of marketable surplus [10marks]

Q4.(a) Explain problems of government intervention in agriculture. [10marks]

(b) Using an illustration explain cobweb theory and price divergence [10marks]



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF AGRICULTURAL AND FOOD SCIENCES**

**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF AGRICULTURAL AND FOOD SCIENCES**

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

COURSE OUTLINE

Week	Topic/Subject	Expected Learning Outcome	Activities
1	1.Financial services: a)Capital, Savings and credit in agriculture, b)Role of credit (utilization of funds within the farm business; c)Acquisition of funds through borrowing); Classification of credit;	Knowledge of basic concepts of borrowing credit, utilization and.	<ul style="list-style-type: none"> • Class discussion • brainstorming out examples
2&3	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;	Knowledge of the concept and application of feasibility tests In agricultural finance	<ul style="list-style-type: none"> • Class discussion • Citing out relevant practical examples in Kenya today
4	The Cs – Capacity, Collateral, Character, Condition and Common sense;	Appreciate the role Cs in agricultural credit.	<ul style="list-style-type: none"> • Class discussion • Working out examples
5&6	a) The Ps – Purpose, Person, Projections, Payments, Protection security); Interest rates and cost of borrowing / Lending; b) CAT	The concept of Ps and their application to agricultural finance	<ul style="list-style-type: none"> • Class discussion • Working out examples

7&8	a) Financial Leverage, Forward planning; Challenges and approaches to small farm finance;	Knowledge i financial Leverage in agriculture.	<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
