

**UNIVERSITY OF ESWATINI
FACULTY OF SOCIAL SCIENCE
DEPARTMENT OF ECONOMICS**

RE-SIT/SUPPLEMENTARY EXAMINATION PAPER: JANUARY, 2018

TITLE OF PAPER: ECONOMICS OF AGRICULTURE
COURSE CODE: ECON 407/410
TIME ALLOWED: THREE (2) HOURS

INSTRUCTIONS:

1. Answer Question **ONE** and any other **TWO** questions.
2. Show all relevant workings to your answer
3. All Questions carry a total of 25 marks

SPECIAL REQUIREMENTS: SCIENTIFIC CALCULATOR

Question1 (Compulsory)

- a) Why is the agricultural sector considered a unique sector? [5 marks]
- b) Why is the agricultural sector associated with a perfectly competitive industry? [5 marks]
- c) Name and discuss the five contributions that the agricultural sector could contribute to economic development. [15 marks]
- d) Explain the different sources of risk in the agricultural sector in the Kingdom of Eswatini. [20 marks]
- e) Why is over-taxation of the agricultural sector considered detrimental to the development of African economies? [5 marks]

Answer any two (2) questions from the following

Question2

- a) Outline the basic features of the Lewis model of development. [10 marks]
- b) What were the failures of the Lewis model in explaining economic development? [10 marks]
- c) What was the main focus of the growth with equity stage? [5 marks]

Question 3

Write short notes on the following concepts

- a) Expansion path and isoclines
- b) Complementary and joint products
- c) The Elasticity of Substitution
- d) Average Physical Product and (APP) and Marginal Physical Product (MPP)
- e) Production Possibility Curve and Law of Diminishing returns [5 marks each]

Question 4

- a) Explain the behaviour of a rational farmer with respect to the factor-factor relationship. [5 marks]
- b) Discuss the various types of uncertainties in agriculture and the factors affecting them. [12 marks]
- c) In what way could government help poor Swati farmers deal with risk? [8 marks]