KISII UNIVERSITY
UNIVERSITY EXAMINATIONS

**FOURTH YEAR EXAMINATION FOR THE AWARD OF THE DEGREE OF BACHELOR OF SCIENCE IN AGRICULTURAL EDUCATION AND EXTENSION SECOND SEMESTER, 2023/2024
(JANUARY-APRIL, 2024)**

AGEC 331: AGRICULTURAL MARKETING

STREAM: Y4 S2   **TIME: 2 HOURS**

DAY: MONDAY, 12:00 – 2:00 P.M.   **DATE: 08/04/2024**

INSTRUCTIONS
1. *Do not write anything on this question paper.*
2. *Answer Question ONE (Compulsory) and any Other TWO Questions.*

QUESTION ONE (30 MARKS)

1. Consider a market with two firms (1 and 2) that face a linear inverse demand function $p = a – bQ$ and a total cost function $TC = cq_i$, $c > 0$. Find the Cournot equilibrium output for each firm. How will your answer change if $TC = c_2 q_i$? (15 marks)

2. Suppose that in the labour market for soccer players we have the following equations: Supply Curve: W = 4,050,000 + 2000L; Demand Curve: MRP = 6,000,000 – 1000L Marginal Cost Curve: MC = 4,050,000 + 4000L

a) If the labour market for soccer players was competitive, determine the equilibrium wage (W) and employment level.

b) If the labour market for soccer players was controlled by a monopsony determine the wage (W) and employment level (L). (15 marks)

QUESTION TWO (20 MARKS)

Consider one agricultural commodity in your area and analyze the performance of the market using S, C, P (structure-conduct-performance) paradigm.

QUESTION THREE (20 MARKS)

A firm sells one million units at a price of $100 each. The firm's marginal cost is constant at $40, and its average cost (at the output level of one million units) is $90. The firm estimates that its elasticity of demand is constant at 2.0. Should the firm raise price, lower price, or leave price unchanged? Explain.

QUESTION FOUR (20 MARKS)

Compare and contrast the marginal revenue, the average revenue, the price in a perfect competition market and a monopoly market.