

FACULTY OF AGRICULTURE

DEPARTMENT OF AGRICULTURAL ECONOMICS AND EXTENSION

SUPPLEMENTARY EXAMINATIONS

AEC 426 AGRICULTURAL POLICY

JUNE, 2021

MARKS: 40

Question 1

If government of Lesotho imposes a tax on imported seeds and fertilizers, how does this affect production in the domestic market? Who gains from this taxation and who actually loses from the same scheme? Explain your answer. **(20marks)**

Question2

Discuss some of the most common state failures that are prevalent in less developed countries particularly Lesotho. **(20 marks)**