Name_____   Index No_____/_____

2425/103   Candidate's Signature_____
AGRICULTURAL ECONOMICS I
AND EXTENSION EDUCATION   Date_____
Oct/Nov 2012
Time: 3 hours

THE KENYA NATIONAL EXAMINATIONS COUNCIL

DIPLOMA IN AGRICULTURE

MODULE I

AGRICULTURAL ECONOMICS I AND EXTENSION EDUCATION·

3 hours

INSTRUCTIONS TO CANDIDATES

Write your name and index number in spaces provided above.
Sign and write the date of the examination in the spaces provided above.
You should have the following for this examination:
Non programmable calculator.
This paper consists of TWO sections A and B.
Answer a total of FIVE questions taking at least TWO questions from section A and TWO questions
from section B in the spaces provided in this question paper.
All questions carry equal marks. Maximum marks for each part of a question are as shown.

For Examiner's Use Only

SECTION A

Question	1	2	3	4	5	TOTAL
Marks						

SECTION B

Question	6	7	8	TOTAL
Marks				

GRAND
TOTAL

This paper consists of 16 printed pages.

Candidates should check the question paper to ascertain that
all the pages are printed as indicated and that no questions are missing.

Turn over

SECTION A

Answer at least TWO question from this section.

1. (a) Describe **four** forms of utility. (4 marks)

   (b) Highlight the characteristics of centrally planned economy. (5 marks)

   (c) Explain the characteristics of agricultural production. (11 marks)

2. (a) State **four** agricultural production decisions. (4 marks)

   (b) Table I below, shows the quantities and the corresponding prices of a demand schedule. Calculate the elasticity in-between the schedules.

   Table I

Quantity	100	200	300	400	500	600
Price	60	50	40	30	20	10

   (10 marks)

   (c) From the calculations in 2(b) explain the factors that will influence the answers. (6 marks)

3. (a) Use the information provided in table II below to answer the questions that follow.

   Table II

Output	0	1	2	3	4	5	6
Fixed cost	10	10	10	10	10	10	10
Variable cost	0	9	12	15	20	30	42

   Calculate;

   (i) Total Cost (TC);
   (ii) Average Fixed Cost (AFC);
   (iii) Average Variable Cost (AVC);
   (iv) Average Total Cost (ATC);
   (v) Marginal Cost (MC).

   (10 marks)

(b)   Figure 1 illustrates the relationship between input, output, total, average and marginal physical product.
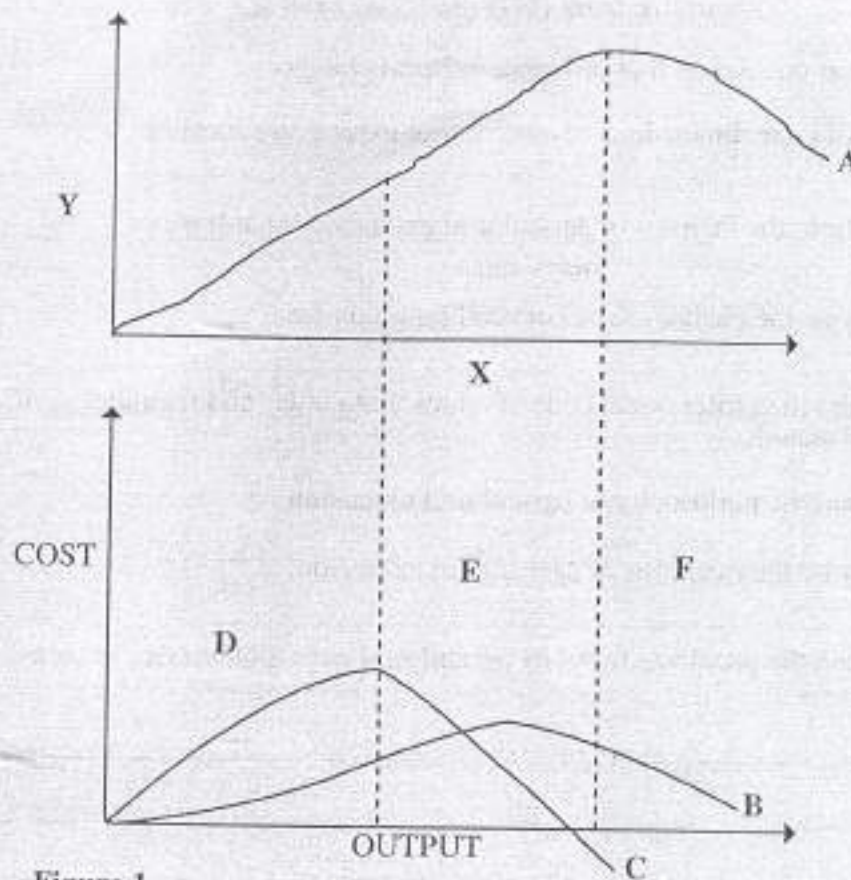

Figure 1

(i)   Identify regions D, E and F.
(ii)   Name the curves A, B and C.
(iii) Explain the characteristics of regions D and E.   (10 marks)

4.   (a)   Table III shows price (Ksh.) and demand (Kg) for ostrich meat.

Table III

Price (Ksh)	1000	900	800	700	600	500	400
Demand (Kg)	10	20	30	40	50	60	70

(i)   Use the information to plot a demand curve.
(ii)   Explain the relationship exhibited by the curve in 4(a) i.   (6 marks)

(b)   Explain the factors that affect the demand of an agricultural commodity.

                                                                          (9 marks)

(c)   Explain the primary functions of money.

                                                                          (5 marks)

SECTION B

*Answer at least **TWO** questions from this section.*

5. (a) Explain the factors that influence cultural change. (16 marks)

   (b) Describe the dimensions of agricultural extension education. (4 marks)

6. (a) Highlight the features of agricultural extension organizations. (10 mark)

   (b) Describe the characteristics of rural communities. (10 marks)

7. (a) Discuss the professional code of ethics that guides and regulates agricultural professionals. (10 marks)

   (b) Explain the philosophy of agricultural extension. (10 marks)

8. (a) Describe the functions of agricultural extension. (10 marks)

   (b) Explain the problems faced by agricultural extension service in Kenya.

   (10 marks)