Name_____   Index No._____

2425/103   Candidate's Signature_____
AGRICULTURAL ECONOMICS I
AND EXTENSION EDUCATION   Date _____
June/July 2014
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 the spaces provided above.
Sign and write the date of the examination in the spaces provided above.
You should have a non-programmable calculator for this examination.
This paper consists of TWO Sections A and B.
Answer a total of FIVE questions, taking at least TWO questions from each Section in the spaces provided in this question paper.
Maximum marks for each part of a question are as shown.
Do NOT remove any pages from this booklet.
Candidates should answer the questions in English.

For Examiner's Use Only

Question	1	2	3	4	5	6	7	8	TOTAL SCORE
Candidate's Score									

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** questions from this section.*

1. (a) Describe **four** basic economic concepts. (4 marks)

   (b) Highlight the importance of economics. (6 marks)

   (c) Explain the advantages and disadvantages of a free market economy. (10 marks)

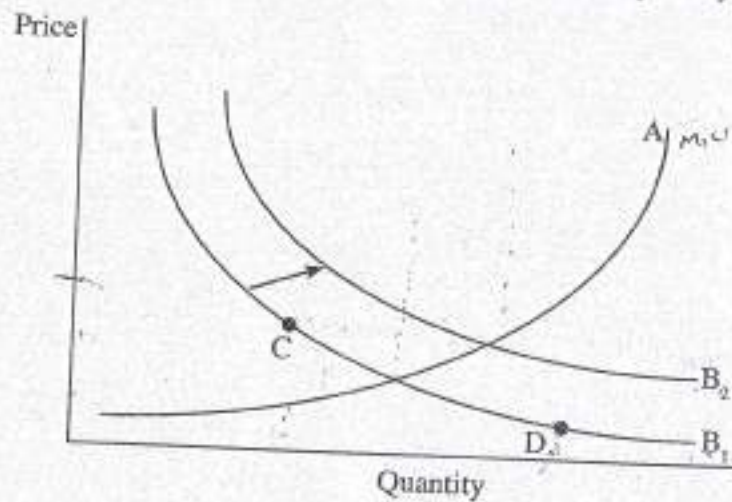2. (a) Figure 1 illustrates the relationships between price and quantity.

   Fig. 1

   (i) Identify the curves A, B_1 and B_2;

   (ii) Explain the changes from C to D and B_1 to B_2;

   (iii) Mention the factors that would change B_1 to B_2. (12 marks)

   (b) (i) Given the following equations:

   $$Q_d = 100 - 2P$$
   $$Q_s = 40 + 4P$$

   Note: Q_d is quantity demanded and Q_s is quantity supplied.

   Calculate the equilibrium price and quantity. (4 marks)

   (ii) Highlight the **four** basic laws of supply and demand. (4 marks)

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3. (a) Differentiate between perfectly elastic demand and perfectly inelastic demand. (4 marks)

    (b) Explain the factors that affect the price elasticity of demand. (10 marks)

    (c) In the production period, the quantity of a product increased from 100 to 200 and the price decreased from 60 to 50. Using the midpoint formula, calculate the elasticity coefficient of the price. (6 marks)

4. (a) State the **four** types of economic production. (4 marks)

    (b) Use the information provided in Table I below to answer the question that follow.

    Table I

Output	0	1	2	3	4	5	6
Fixed cost	5	5	5	5	5	5	5
Variable cost	0	4	10	14	20	24	30

    Calculate:

    (i) total cost;

    (ii) marginal cost. (6 marks)

    (c) Explain the barriers to geographical and occupational mobility of labour. (10 marks)

$Qd = 100 - 2P$
$Q_s = 40 + 4P$

$Qd = 100 - 2P = 40 + 4P$
$Qd = 100 - 40 - 2P + 4P$
$\dfrac{60}{6} = \dfrac{6P}{6}$
$P = 10$

SECTION B

Answer at least TWO questions from this section.

5. (a) Highlight the advantages of participatory extension approach.　(5 marks)

    (b) Explain the operational principles of extension.　(8 marks)

    (c) Distinguish primary social groups from secondary social groups.　(7 marks)

6. (a) Describe the **two** categories of workers that are involved in management and operations of extension services in Kenya.　(5 marks)

    (b) Outline any **five** qualities of a good leader in a rural community.　(5 marks)

    (c) Explain the reasons for the failure of the earlier conventional extension approaches in Kenya.　(10 marks)

7. (a) Highlight the importance of rural and urban sociology.　(5 marks)

    (b) Explain the meaning of social mobility.　(5 marks)

    (c) Highlight the functions of an extension worker.　(10 marks)

8. (a) Explain the functions of religious institutions in rural areas.　(10 marks)

    (b) Describe any **five** factors that enhance extension for agricultural development.　(10 marks)