

2425/103
AGRICULTURAL ECONOMICS I
AND EXTENSION EDUCATION
June/July 2019
Time: 3 hours



THE KENYA NATIONAL EXAMINATIONS COUNCIL

DIPLOMA IN AGRICULTURE

MODULE I

AGRICULTURAL ECONOMICS I AND EXTENSION EDUCATION

3 hours

INSTRUCTIONS TO CANDIDATES

You should have the following for this examination:

Answer booklet;

Non-programmable scientific calculator.

*This paper consists of **TWO** sections: A and B.*

*Answer any **THREE** questions from section A and any **TWO** questions from section B in the answer booklet provided.*

All questions carry equal marks.

Maximum marks for each part of a question are indicated.

Candidates should answer the questions in English.

This paper consists of 3 printed pages.

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

SECTION A: AGRICULTURAL ECONOMICS I (60 marks)

Answer any THREE questions from this section.

1. (a) State the **four** basic economic concepts. (4 marks)
 - (b) Highlight the importance of economics. (6 marks)
 - (c) Explain the advantages of a free market economy. (10 marks)
2. (a) (i) State the law of demand.
 - (ii) Explain the factors affecting demand changes. (12 marks)
 - (b) Differentiate between a change in supply and a change in quantity supplied. (4 marks)
 - (c) State **four** characteristics of money. (4 marks)
3. (a) Explain the **three** types of price elasticity of demand. (6 marks)
 - (b) When the income of a consumer increases from Ksh. 1000 to Ksh. 1200, the demand increases from 5 units to 7 units. Determine the income elasticity of the consumer. (4 marks)
 - (c) Explain the factors considered when selecting a particular farming system. (10 marks)
4. (a) State the advantages of division of labour. (5 marks)
 - (b) Highlight the assumptions of the law of diminishing returns. (4 marks)
 - (c) Table I shows the relationship between input and output.

Table I

Input (X)	0	10	20	30	40	50	60	70	80	90
Output (Y)	0	40	100	150	180	220	240	250	250	240

- (i) Calculate Marginal Physical Product (MPP) and Average Physical Product (APP).
- (ii) Plot a production function curve.
- (iii) Explain the shape of the curve obtained in 4(c)(ii) above.

(11 marks)

5. (a) Explain the characteristics of sole proprietorship. (10 marks)
- (b) Table II represents quantities of total fixed costs and total variable costs of a given farm.

Table II

Quantity	0	1	2	3	4	5
Total Fixed Cost	40	40	40	40	40	40
Total Variable Cost	0	30	45	80	100	120

Given that the price is Ksh. 50, calculate at each level of production:

- (i) total cost;
 (ii) total revenue;
 (iii) profit.

(10 marks)

SECTION B: AGRICULTURAL EXTENSION EDUCATION (40 marks)

Answer any TWO questions from this section.

6. (a) State the characteristics of urban societies. (6 marks)
- (b) Explain the characteristics of culture. (6 marks)
- (c) Describe the ways of getting a leader in a group. (8 marks)
7. (a) Explain the causes of cultural changes in societies. (10 marks)
- (b) Describe five social institutions that are involved in rural development. (10 marks)
8. (a) Describe the functions of agricultural extension. (10 marks)
- (b) Highlight the advantages of participatory approach. (5 marks)
- (c) Explain the role of agricultural administrators. (5 marks)

THIS IS THE LAST PRINTED PAGE.

