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2425/103
AGRICULTURAL ECONOMICS I
AND EXTENSION EDUCATION
Oct./Nov. 2018
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) Differentiate between each of the following terms:
- (i) economic resource and non-economic resource;
 - (ii) microeconomics and macroeconomics;
 - (iii) positive economics and normative economics;
 - (iv) normal goods and inferior goods.
- (8 marks)
- (b) With the aid of a diagram, describe the concept of production possibility frontier.
- (12 marks)
2. (a) Highlight the features of a planned economic system. (6 marks)
- (b) Using the information in table I below:

Table I

Price	50	40	30	20	15	10	5
Quantity	10	20	30	40	50	60	70

- (i) plot a demand curve;
 - (ii) explain the curve. (6 marks)
- (c) Explain the factors affecting the changes in supply. (8 marks)
3. (a) Explain the factors determining the elasticity of supply. (10 marks)
- (b) Outline the merits of monoculture. (5 marks)
 - (c) Highlight the features of partnership. (5 marks)
4. (a) Explain the characteristics of agricultural production. (6 marks)
- (b) Table II refers to labour used in the production of commodity Y.

Table II

Units of labour	0	10	20	30	40	50	60
Yields of Y in kg	0	240	640	1200	1800	2200	2400

Given that the price of Y is Ksh 20 per kg and the cost of labour is Ksh 40 per man-day, calculate each of the following at each level of production:

- (i) total cost;
- (ii) total revenue;
- (iii) marginal cost;
- (iv) marginal revenue.



(14 marks)

(6 marks)

7. (a) Highlight the roles of Central Bank of Kenya.

(b) Explain the following technical relationships:

- (i) input - input;
- (ii) product - product.

(6 marks)

(c) Using an illustration, explain how profits are maximized in agricultural production.

(8 marks)

SECTION B: AGRICULTURAL EXTENSION EDUCATION (40 marks)

Answer any **TWO** questions from this section

6. (a) Explain the importance of a group to an individual farmer.

(10 marks)

(b) Highlight the importance of social institutions to extension work.

(5 marks)

(c) Highlight any **five** functions of culture.

(5 marks)

7. (a) Describe the meaning of agricultural extension education.

(6 marks)

(b) Highlight the characteristics of non-formal education.

(6 marks)

(c) Explain any **four** problems experienced in agricultural extension education.

(8 marks)

8. (a) Describe the effects of good leadership to agricultural development.

(5 marks)

(b) Explain the professional code of ethics that guides and regulates the behaviour of agricultural extension workers.

(10 marks)

(c) Highlight the merits of single commodity approach.

(5 marks)

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