1405/313
AGRICULTURAL ECONOMICS AND
FARM MANAGEMENT
Oct./Nov. 2022
Time: 3 hours

THE KENYA NATIONAL EXAMINATIONS COUNCIL

CRAFT CERTIFICATE IN GENERAL AGRICULTURE

AGRICULTURAL ECONOMICS AND FARM MANAGEMENT

3 hours

INSTRUCTIONS TO CANDIDATES

You should have the following for this examination:
Non-programmable scientific calculator;
Answer booklet.
This paper consists of SIXTEEN questions in TWO sections, A and B.
Answer ALL questions in section A and any FOUR questions from section B in the answer booklet provided.
Each question in section A carries 4 marks while each question in section B carries 15 marks.
Maximum marks for each part of a question are indicated.
Candidates should answer the questions in English.

This paper consists of 4 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 (40 marks)

Answer ALL questions in this section.

1. Name **four** key areas that are studied in macroeconomics. (4 marks)

2. State **four** reasons for government intervention in an economic system. (4 marks)

3. Identify **four** types of demand. (4 marks)

4. Table I shows the demand schedule for commodity X.

   Table I

Price	Quantity
10	100
5	500

   Calculate the price elasticity of demand for the commodity. (4 marks)

5. State **four** characteristics of oligopoly market structure. (4 marks)

6. List the **four** components of development economics. (4 marks)

7. Highlight **four** characteristics of capital. (4 marks)

8. Identify **four** basic product-product relationships. (4 marks)

9. State the operational farm management decisions. (4 marks)

10. Highlight **four** benefits of farm planning. (4 marks)

SECTION B (60 marks)

*Answer any **FOUR** questions from this section.*

11. (a) State **five** challenges faced by the agricultural marketers. (5 marks)

    (b) Explain the process of marketing agricultural produce. (10 marks)

12. (a) List **three** stages of money development. (3 marks)

    (b) Explain **six** features of underdeveloped countries. (12 marks)

13. (a) Define the term 'demand'. (2 marks)

    (b) Table II shows the relationship between price of mangoes and consumer demand.

    Table II

Price of mangoes	Consumer demand
6	65
5	70
4	80
3	90
2	100
1	115

    (i) Using the information, plot a demand curve.

    (ii) State the law illustrated by the curve.

    (iii) Describe the exceptions of the law.

    (iv) Highlight **five** factors that will shift the curve.

    (13 marks)

14. (a) Highlight **five** effects of seasonal fluctuation of agricultural production. (5 marks)

    (b) State **five** advantages of a planned economy. (5 marks)

    (c) Highlight **five** disadvantages of owner operated farming business. (5 marks)

15. (a) List **five** methods of calculating depreciation. (5 marks)

    (b) Explain **five** functions of farm management. (10 marks)

16. (a) Highlight **five** characteristics of a suitable budget. (5 marks)

    (b) The following information appeared in the books of Raha farm for the year ended 31st December 2020.

Item	Amount (Ksh)
Buildings	20,000
Machinery	2,000
Livestock	40,000
Perennial crops	30,000
Capital	80,000
Stock in hand	6,000
Debtors	10,000
Cash at hand	1,800
Cash in bank	3,000
Creditors	10,000
Bills payable	5,000

Use the information to prepare a balance sheet of the farm. (10 marks)

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