

2425/103

AGRICULTURAL ECONOMICS I AND  
EXTENSION EDUCATION

June/July 2022

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 EIGHT questions in 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) Explain the **four** divisions of economics. (8 marks)
- (b) Describe **six** characteristics of utility. (12 marks)
2. (a) Explain each of the following types of demand:
- (i) autonomous;
  - (ii) derived;
  - (iii) price;
  - (iv) income;
  - (v) cross. (10 marks)
- (b) Highlight **five** characteristics of a free market. (5 marks)
- (c) When the price of commodity X is Ksh 30 per unit its demand is 10 units. When the price rises from Ksh 30 to Ksh 40 per unit its demand decreases to 8 units. Determine the elasticity of demand of commodity X. (5 marks)
3. (a) Explain **five** effects of seasonal fluctuation in production of agricultural commodities. (10 marks)
- (b) Describe **five** characteristics of money. (10 marks)
4. (a) Table I shows information on output, fixed cost and variable cost in a production process.

**Table I**

Output	0	1	2	3	4	5	6
Fixed cost	5	5	5	5	5	5	5
Variable cost	0	4	7	10	15	25	37

Calculate the:

- (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) (i) Illustrate the long run average cost curve (LRAC) in relation to output. (10 marks)
- (ii) Explain how LRAC curve is arrived at.
- (iii) Explain the changes in economies of scale along the LRAC curve. (10 marks)
5. (a) State **five** functions of money. (5 marks)
- (b) Highlight **five** disadvantages of owner operated farming business. (5 marks)
- (c) Explain **five** economic factors influencing types of farming. (10 marks)

**SECTION B: AGRICULTURAL EXTENSION (40 marks)**

*Answer any TWO questions from this section.*

6. (a) Describe the following types of leadership styles: (6 marks)
- (i) authoritarian;
- (ii) Laissez-faire.
- (b) Explain endogenous social change under the following: (2 marks)
- (i) meaning;
- (ii) source.
- (c) Explain **six** sources of social change in a society. (12 marks)
7. (a) Highlight **five** features of professional ethics. (10 marks)
- (b) Explain **five** principles that guide extension education. (10 marks)
8. (a) Explain **five** reasons that led to the failure of conventional agricultural extension approach. (10 marks)
- (b) Differentiate between primary and secondary social groups. (10 marks)

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