



2425/103 AGRICULTURAL ECONOMICS I AND EXTENSION Oct/Nov. 2010 Time: 3 hours

### THE KENYA NATIONAL EXAMINATIONS COUNCIL

## DIPLOMA IN AGRICULTURE MODULE I

AGRICULTURAL ECONOMICS I AND EXTENSION

3 hours

#### INSTRUCTIONS TO CANDIDATES

You should have the following for this examination:

Answer booklet:

Scientific calculator;

Drawing instruments.

This paper consists of TWO sections A and B.

Answer a total of FIVE questions: at least THREE from section A and TWO questions from section B.

ALL questions carry equal marks.

Maximum marks for each part of a question are as shown.

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

This paper consists of 3 printed pages.

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# SECTION A

Answer any THREE questions from this section.

1.	(a)	Explain four ways that can be used to improve labour productivity.	(10 marks)
	(b)	When the price of commodity X is Ksh 50, the demand for it is 100 units and its supply is 200 units. When the price of commodity X changes to Ksh demand shifts to 180 units and the supply changes to 120 unites.	30, its
		For commodity X, determine the elasticity of:	
		(i) demand; (ii) supply.	
	(c)	Determine what the type of elasticity in both b(i) and (ii).	(10 marks)
20	(a)	Explain the factors that influence the demand of a commodity	(10 marks)
	(b)	Describe the characteristics of variable inputs in a production function.	(5 marks)
		man the state of t	ation.
	(c)	Explain the factor-factor relationship as it applies in farm enterprise combin	(5 marks)
3.	(a)	Explain the cyclical nature of agricultural production.	(5 marks)
2.	(b)	By the use of illustrations, explain the following terms:	
		(i) increasing returns; (ii) constant returns;	
	£	(iii) decreasing returns; (iv) zero returns.	(12 marks)
	(c)	Highlight three features of a mixed farming system.	(3 marks)
4.	(a)	State the role of commercial banks.	(8 marks)
	(b)	Explain the term "social capital" in production context.	(12 marks)
5,	(a)	Explain the factors that may lead to the formation of a state or public owner.	d business (16 marks)
	(b)	Differentiate the term "economies of scale" from "Dis-economies of scale"	'. (4 marks)
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(10 marks)

## SECTION B

Answer any TWO questions from this section.

6-	(a)	Highlight the importance of Rural and Urban Sociology in extension.	(5 marks)
	(b)	Describe the characteristics of rural societies in Kenya.	(10 marks)
	(c)	State the indicators of social change in a society.	(5 marks)
7.	(a)	Explain how professional ethics may influence attitude change in a farming	community. (10 marks)
	(b)	Explain the philosophy under which extension education operates.	(10 marks)
_8.	(a)	Describe the functions of an extension agent.	(10 marks)
	(b)	Discuss five advantages and five disadvantages of individual extension appr	oach.

