

AGRICULTURE ECONOMIC III- PRODUCTION ECONOMICS

1 **1995**

(a) State four ways of improving the labour productivity of farm labour. (2 marks)

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(b) What is increasing returns in a production? (1 mark)

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(c) What are three classifications of farm credits according to the repayment periods? (1½ marks)

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2. **1996**

a) Define the term opportunity cost as used in economics. (1 mark)

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b) What is working capital in a farming situation (1 mark)

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c) Define the term utility of a commodity as used in agriculture economics. (1 mark)

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3. **1997**

(a) State any two sources of capital for farming

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(b) Explain the advantages of budgeting in farm business. (5 marks)

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4. 1998

a) Explain the difference between fixed costs and variable costs in farming.

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b) Give four variable costs in the production of coffee in an established field of coffee. (2 marks)

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c) Give 3 advantages of planning in a farm business. (3 marks)

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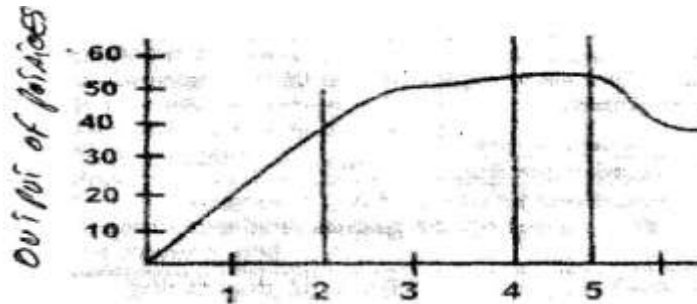
5. 1999

Give two uses of gross margin analysis in farm business.

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6. 1999

a) Below is a graphical representation of the law of diminishing returns.



a) Explain what happens in each of the Zones marked I, II and III in relation to output. (3 marks)

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b) Which of the three is a rational zone of production? (1 mark)

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- c) State any three precautions a potatoes farmer would take to minimize risks in the production of potatoes. (2 marks)

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7. 2000

- a) State three ways of improving labour productivity in a farm.

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- b) Give two changes that would indicate improvement of labour efficiency in farm. (2 marks)

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- c) State two ways of determining the rate of payment of casual labour in a farm. (2 marks)

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8. 2001

- a) State four factors that influence the supply of casual labour in a farm. (2 marks)

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- b) State six ways by which a farmer can risk and uncertainties.

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- c) State six reasons why agriculture is important in Kenya economy. (3 marks)

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9. 2002

State 2 reasons for choosing the right enterprise combination in farming business.

(1 mark)

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10 2003

a) Give four examples of joint products in livestock production.

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b) List four variable inputs in poultry production.

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c) A farmer can combine dairy meal and home made feed in ratios

Dairy meal (kg)	Homemade feed (kg)	Marginal rate of substitution
1	48	O
2	39	V
3	32	7
4	27	W
5	23	4
6	21	X
7	20	1
8	19	y

i) Given the above information, calculate the marginal rate of substitution and give values of V, W, X and X (4 marks)

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ii) Given that the price of dairy meal is Ksh. 8.00 per kilogram and that of homemade feeds is Ksh. 2.00 per kilogram, calculate the least cost combination. (1 mark)

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11. 2004

a) Name three – product relationship in agriculture economics.

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b) Explain the following terms as used in agriculture economics.

i) Production function

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ii) Equi–marginal returns.

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12. 2005

Name five sources of agriculture credit in Kenya

(1 ½ marks)

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13. 2005

Give two examples in each case of the following costs incurred in the production of milk.

a) Variable costs

(1 mark)

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b) Fixed costs

(1 mark)

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14. 2005

a) Differentiate between partial budget and complete budget. (2 marks)

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b) Explain how factors may adjust uncertain rules in farming business (2 marks)

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The cost of fertilizer is Kshs. 1500 per unit and the price of maize in Ksh. 1200 per bag.

i) At what unit of fertilizer input should the farmer be advised to stop applying any more fertilizer to the maize.

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ii) Give two reasons for your answer in b (i) above.

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iii) Calculate the marginal return at the point of optimum production.

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15. 2006 Q13 P1

Define the following terms as used in agriculture economics

(a) Gross domestic product (GDP) (1 ½ marks)

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(b) Per capita income (½ marks)

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16. **2006 Q14 P1**
 What is profit maximization in agriculture economics? (½ marks)

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17. **2006 Q15 P1**
 State four benefits of budgeting to a farm manager (2 marks)

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18. **2006 Q21 P1**
 (a) State the law of diminishing returns in a production process

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(b) Use the information on the table below to answer the questions that follow

Fertilizer input (units)	Maize yield (bags)	Marginal productions (bags)
0	50	12
1	62	12
2	66	4
3	68	2
4	69	1
5	69	0

The cost of fertilizer is Kshs 1500 per unit and the price of maize is Kshs 1200 per bag.

(i) At what unit of fertilizer input should the farmer be advised to stop applying any more fertilizer to the maize? (1 mark)

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(ii) Give a reason for your answer in (b) above

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(iii) Calculate the marginal return at the point of optimum production (1 mark)

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19. 2006 Q25b, c P1

b) Explain how farmers overcome risks and uncertainties in a farming business.

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c) Describe the steps farmers should follow when planning a farm business

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20. 2007 Q8 P1

Outline **four** observable indicators of economic development of a nation (2 marks)

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21. 2007 Q23b P1

(b) Discuss the importance of budgeting in agricultural production (10 marks)

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22. **2008 Q6 P1**
List two examples of working capital in crop production. (1 mark)

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23. **2008 Q8 P1**
State three ways by which land as a factor of production could be made more productive. (1½ marks)

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24. **2009 Q30a P1**
(a) Explain Ten roles of a farm manager in agricultural production (10 marks)

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25. **2010 Q24c P1**
(c) Explain **eight** factors that should be considered when planning to set up a farm business. (8 marks)

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26. **2011 Q2 P1**
Give two examples for each of the following types of costs incurred in broiler production.

a) Variable costs; (1 mark)

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b) Fixed costs (1 mark)

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