

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

**SECOND YEAR EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR
OF ANIMAL SCIENCE**

AGEC 243: PRINCIPLES OF FARM MANAGEMENT

STREAMS: ANSC Y2S2

TIME: 2 HOURS

DAY/DATE: MONDAY 1/8/2016

2.30 P.M. – 4.30 P.M.

INSTRUCTIONS:

- **Answer question one and any other two questions.**

1. (a) Mr. Karimi has 10 acres of land ,4 acres of which is under coffee, of the remaining 6 acres, at least one half must be resting at any one time . This year he intends to use 3 acres for sunflower with the previous sunflower crops he used casual labor at the rate of 40 non days per acre at ksh 20 per man day. He is considering replacing casuals labor with hired tractor doing the work at ksh 1100 per acre. He anticipates that by working with the tractor there will an increase in average sunflower yield from 7000 to 8000 kg per acre. The sunflower would fetch ksh 0.5kg, harvesting costs are ksh 100 per 1000kg of sunflower seeds.

Required:

- (a) Prepare a partial budget and budget and advise the farmer whether the change is worthwhile or not. (10marks)
- (b) Explain the benefits farmers get from practicing specialized farming. (5marks)
2. (a) Discuss the information required for program planning. (10marks)
- (b) Describe clearly the decision making process that farmers use in making decisions. (10marks)
3. (a) Describe what occurs at the 3 stages of production . At what stage of productions is the optimal input combination obtained. (10marks)

AGEC 243

- (b) State the law of diminishing returns and explain its importance to farmers. (4marks)
- (c) Explain 3 functions that farm managers perform. (6marks)
4. (a) Discuss the importance of farm management in Kenya. (15marks)
- (b) In Chuka University farm, the current assets are worth ksh 34,983 while the current liabilities amount to ksh 16,960. Determine the current ration and explain what it implies. (3marks)
- (c) What is farm management? (2marks)
-