

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

SECOND YEAR EXAMINATION FOR THE AWARD OF CERTIFICATE IN ANIMAL HEALTH

AGEC 00243: ENTREPRENEURSHIP AND FARM MANAGEMENT

STREAMS: CERT (AGEC, AGED & AGBM) Y2S1

TIME: 2 HOURS

DAY/DATE: MONDAY 6/08/2018

8.30 A.M - 10.30 A.Q.M.

INSTRUCTIONS:

- QUESTION ALL Questions in Section A and any other THREE in Section B
- Do not write anything on the question paper.

SECTION A

QUESTION ONE

1. (i) Define the following terms;

- |                                       |           |
|---------------------------------------|-----------|
| (a) Entrepreneurship                  | [2 Marks] |
| (b) Marketing                         | [2 Marks] |
| (c) Farm management                   | [2 Marks] |
| (d) The Marginal Rate of Substitution | [1 Mark]  |
| (e) Complete budget                   | [1 Mark]  |
| (f) The law of Equi-Marginal Returns  | [2 Marks] |

(ii) Give the four categories of business ideas. [4 Marks]

(iii) What leads a person to become an entrepreneur? [4 Marks]

(iv) Outline the decision making process. [3 Marks]

(v) With the aid of well-labeled diagrams, differentiate between Increasing Marginal Rate of Substitution and Decreasing Marginal Rate of Substitution. [4 Marks]

SECTION B

QUESTION TWO

2. (a) Briefly describe the advantages of starting a firm with other entrepreneurs. [5 Marks]

**AGEC 00243**

(b) A farmer has 30 acres of arable land, 20 acres of which is under maize and 10 acres under grass ley. He wishes to know whether replacing 10 acres of maize with Irish Potatoes would be worthwhile. The fertilizer rate would have to be increased from one (1) bag per acre for maize to two (2) bags per acre for potatoes and an extra 20 man days of casual labour at the rate of Kshs.40/MD will be necessary as a result of the change.

Average yields of maize and potatoes are 15 and 50 bags per acre respectively. The output prices are Kshs.220 per bag of maize and Kshs.180 per bag of potatoes. Seeds cost Kshs.20 per acre for maize and Kshs.320 per acre of potatoes.

Fertilizers cost Kshs.850 per bag. Using these information,

(i) Draw up a partial budget.

(ii) Indicate the effect of the change and advise the farmer.

[10 Marks]

**QUESTION THREE**

(a) Give three advantages of statutory companies and its two disadvantages.

[5 Marks]

(b) Briefly describe the goals of farm management.

[4 Marks]

(c) Given the table below, maize yield responses to varying amount of N fertilizers. Fill in the blank spaces.

[6 Marks]

Units of fertilizers (kg)	TPP	MPP	APP
0	0	-	-
1	10	-	-
2	23	-	-
3	38	-	-
4	54	-	-
5	70	-	-
6	85	-	-
7	99	-	-
8	110	-	-
9	117	-	-
10	120	-	-
11	118	-	-

**QUESTION FOUR**

(a) A dairy farmer is contemplating whether to engage in veal production, i.e. fatten his bull calves and sell at Kshs.33,280 (160 kg) live weight @ Kshs.208) or sell the new born calves at

**AGEC 00243**

Kshs.1600. To attain the required weight, the calf will have consumed 1800kg of milk. Other costs include labour and housing costs which are estimated at Kshs.3200

**Required:**

Use this information to advise the farmer on the merits or demerits of veal production. [5 Marks]

(b) What are the personal attributes that are shared by most successful entrepreneurs? [5 Marks]

(c) Briefly explain the fundamental functions of management. [5 Marks]

**QUESTION FIVE**

(a) What are the factors to consider in planning a farm layout? [5 Marks]

(b) Briefly describe the sources of farm management data. [4 Marks]

(c) Briefly explain the need for planning and budgeting. [3 Marks]

(d) Farm management as a problem solving activity that involves three types of economic problems. Explain the economic problems. [3 Marks]

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