**AGRICULTURE ECONOMICS (V)**

1. a) the principle that govern the operations of farmers’ co-operative societies

* Open membership
* Equal rights
* Share limit
* Neutrality
* Non- profit motive
* Loyalty
* Withdrawal of membership

b) the role of agricultural cooperatives in Kenya

* Provide education/ technical information to members
* Negotiate for higher prices for members products
* Market farmers produce
* Help to negotiate for loans for members without security
* Provide inputs to members at lower prices
* Invest and pay out returns to members in form of dividends
* Provide transportation, storage and use of machinery to farmers

c) various functions of agricultural marketing

* Advertising: They advertise farm products in order to increase demand
* Financing: Provide capital to carry out agricultural activities
* Transportation: Provide transport to farm produce to the areas of consumption
* Storage: store farm produce after harvest in order to minimize losses
* Selling: Sell on behalf of the farmer
* Packing: pack the farm produce to reduce storage space and make transportation easy
* Processing: process the farm produce in order to provide a variety, increase value and prolongs shelf life
* Grading: putting into grades to provide uniform standards
* Assembling: gathering the farm produce for bulking and transportation
* Insurance: Bearing risks by protecting farm damage

d) Explain five problems farmers face in marketing agricultural products

* Perishability: detoxation of quality
* Seasonability: affect price and storage problems
* Bulkiness: occupy large space hence problems of handling and storage
* Storage: lack of storage facilities on farms
* Poor transport system: Lead to spoilage of farm produce
* Change in market demand: time between planning and actual production create lack of market
* Lack of market information: concerning prices, how much to produce, where to sell goods; farmers end up disposing of the surplus at throw away prices
* Fluctuation in market price due to seasonality in nature of agricultural products
* Poor marketing systems for some produce: Result in lack of market

2. a) four marketing functions (4mks)

* Buying and assembling
* Transportation and distributing
* Storage
* Packing
* Processing
* Grading
* Marketing research
* Selling
* Financing
* Bearing risk (4x1=4mks)

b) Outline four problems associated with marketing of agricultural products. (4mks)

* perishability
* seasoning
* bulkiness
* poor storage facilities
* poor transport system
* lack of market information
* limited elasticity of demand

3. Two roles of agricultural society of Kenya

- Promotes the agricultural industry

* Organizes national ploughing competitions
* Publish the Kenya farmer magazine
* Improve useful indigenous animals
* Publish a ‘stud’ book
* Hold competitive shows
* Hold trade fairs on livestock
* Demonstration on how to use agricultural machinery

- Encourage breeding and importation of pure breed stock

4. (a) Elasticity of demand for a commodity is the degree of responsiveness of demand to price

OR - The sensitivity of demand to change in price (1mk) (mark as a whole)

(b) Calculation of the elasticity of demand:- (4mks)

Pmk

Elasticity of demand = % D Quantity

% D price

% DQuantity = Change in quantity x 100

Quantity

Pmk

= (1000 – 800 ) x 100 = 25%

800

% DPrice= Change in price x 100

price

Pmk

= (20- 22) x 100 = 9%

22

Pmk

Ed = 25 = 2.8

9

(c) Six problems of marketing maize as an agricultural product

* Bulkiness
* Poor storage
* Seasonality of crops hence demand
* Perishability of farm produce
* Poor transport system
* Delayed payments
* Competition from cheap imports ( 1mk x any6pts = 6mks)

(d) Nine principles governing cooperatives in Kenya

* Open membership- voluntarily joining on payment of membership fees
* Equal rights – One man one vote run democratically
* Share limit – A member buys shares up to a specific maximum limit.
* Interest on shares – Any money distributed according to shares
* Withdrawal form ownership – voluntarily
* Loyalty – Members to be faithful and loyal
* Education – continuously educating its members
* Co-operative principle- cooperative members joint cooperative movement

- Non-profit motive – cooperatives are non-profit making organizations

5. Four reasons why training is important in some crops

* Facilitate field practices of spraying and harvesting
* Improves crop quality by preventing solving
* Enable crop grow in the required direction
* Improve yield
* Control pest and diseases

6 . a) - Buying and assembling – acquisitions from small scale farmers and accumulate

* Transporting and distribution – from area of production to areas of consumption and retailers
* Storage – kept to accumulate in amount before selling off or to wait for time of scarcity
* Packing- to protect agent damage, theft
* Processing – involve preparation of produce for consumption e.g. pasteurizing milk
* Grading and sorting – placing in groups according to size, colour e.t.c.
* Each group attracts different prices
* Packaging – presentation of produce in a way to attract consumers e.g. labeling, good packing materials
* Collecting marketing information – through media, on prices and demands of goods on markets
* Selling – Final presentation of produce to consumer’s e.g. advertising, display e.t.c.
* Financing – availing capital for marketing activities
* Bearing risks – at each stage of marketing, apart is to bear the cost of uncertainties

b) - Marketing problems of agri products

* Perishability – short life cycle
* Seasonality – supply depends on the season/ vary with season
* Bulkiness – demand for more space Vs value
* Storage – need costly storage e,g. cold rooms, refrigeration
* Poor transport system especially in rural areas
* Changes in market demand – take long to produce hence cannot meet changes in market
* Limited elasticity of demand – restrict supply
* Lack of market information

7. Is the degree of responsiveness of supply to change in price

8. - Giving subsidies by reducing the cost of production inputs

Fixes prices of the related products

b) The role of Agricultural Co-operatives in Kenya

* Co-operators pool their resources together to buy expensive machinery e.g. tractor for use by the members
* Provide education/ technical information to members
* Provide loans to members in form of inputs and cash
* Negotiate for higher prices for members
* Reduce overhead costs e.g. transportation, storage and use of machinery
* Bargain with supplier to give discount on seed, fertilizers and other farm inputs/ provide inputs at lower prices
* Provide employment for their members
* Benefit members from lower taxes charged
* Provide strong bargaining power for members on policy issues
* Market farmers produce
* Invest and pay out returns to members in form of dividends
* Help to negotiate for loans for members without security
* Some provide banking services to members

9. Law of demand – when the price of a good or service is low, many consumers are able and willing to

buy it and vice versa

* Law of supply – when the price of commodity is high, many sellers are able to provide the commodity in market for sale. (mark as a whole )

10. (i) K.N.F.U – Kenya National Farmers Union

(ii) H.C.D.A – Horticultural Crops Development Authority

11. a)- It is an organization of people who have joined together voluntarily with a common purpose

for a mutual economic benefit

b) Two functions of co-operatives

- Marketing farmers produce

- Negotiating for fair prices for farmers produce and also for Inputs

- Keeping records of the co-operative activities and informing the members accordingly

- Paying dividends to the members

- Giving loans in hand to the members

- Educating the members on matters relevant to their co-operative through field days, seminars, workshops and demonstrations

c) - Open and voluntary membership: Rights of anybody who fulfills the conditions set out by the

laws of co-operative society

* Democratic control: All members have equal rights to say on the affairs of the co-operative
* Each member is only allowed one vote regardless of shares possessed
* Share limit: All members should have equal chances of buying shares
* Distribution of dividends: Any profits should be distributed to members as dividends depending on their share contributions
* Withdrawal of membership: Should be voluntary
* Selling of produce: Only members can sell their produce through the co-operatives
* Loyalty: members are bound to be loyal to their co-operative society
* Non- profit motive: Co-operatives are not supposed to be profit motivated. They should sell their products to members at seasonable prices
* Co-operative organization: The co-operative should join the co-operative movement from primary level to national or international level
* Co-operative should sell on cash – goods sold on credit are sometimes not paid for
* Continuous expansion: Co-operatives should aim at continuous expansion in terms of membership and physical facilities
* Neutrality: Co-operatives should be neutral in terms of religion, politics or language

12. Four factors which influenced the demand of tomatoes in the market

* Quality of tomatoes
* Price of tomatoes
* Presence of other substitutes
* Price of the substitute