

Agriculture Review

Agricultural Economics and Marketing Reviewer

| Test Questions

1. Economics is of Greek origin derived from the Greek word 'oikonomia' which means

- a. business management
- b. classroom management
- c. crop management
- d. household management

2. The objective or goal of a rational producer or firm is

- a. benefit maximization
- b. cost maximization
- c. profit maximization
- d. sales maximization

3. In public law, in its widest sense, the right or power to take private property for public use is

- a. due process of law
- b. easement
- c. eminent domain
- d. injunction

4. The economic system under which private individuals and businesses carry on the production and exchange of goods and services through a network of markets

- a. Capitalism
- b. merchantism
- c. socialism
- d. syndicalism

5. These are considered scarce and to be paid for and are produced and needed by men to satisfy their wants

- a. markets goods
- b. economic goods
- c. intangible goods
- d. tangible goods

6. From the production equation $Q = f(X_1, X_2, X_3)$; X_1 , X_2 and X_3 represent the

- a. production costs
- b. production inputs
- c. production output
- d. production function

7. In production, this is the input considered as the organizer and coordinator of labor, land and capital

- a. cooperative
- b. corporation
- c. management
- d. firm

8. In economics, the term used to describe the persistent increase in the general price level

- a. inflation
- b. flux
- c. interest
- d. coordinate

9. The financial arm of the Agrarian Reform program

- a. Land Bank of the Philippines
- b. Metro Bank
- c. Development Bank of the Phil.
- d. Bank of the Philippine Islands



10. Form of business organization created by operation of law with not less than 5 and not more than 15 members.

- a. cooperative
- b. partnership
- c. corporation
- d. sole proprietorship

11. These are taxes imposed on goods exported from imported into a country

- a. energy taxes
- b. value-added taxes
- c. Customs Duties
- d. income taxes

12. A grant of immunity to particular persons or corporations from a tax which they are obliged to pay.

- a. tax avoidance
- b. tax amnesty
- c. tax evasion
- d. tax exemption

13. Also called as equal product curves

- a. demand curves
- b. indifference curves
- c. isoquant curve
- d. isocost curve

14. Total revenue is derived by using this formula (where P = Price, Q = Output)

- a. P / Q
- b. $P * Q$
- c. $P - Q$
- d. Q / P



15. Point where profit is zero

- a. break even point
- b. MC is constant
- c. $MR > MC$
- d. $MR = P$

16. Cost of the self-owned, self employed resources used by a firm in the production process

- a. cash cost
- b. explicit cost
- c. fixed cost
- d. implicit cost

17. Costs that do not vary with output

- a. explicit cost
- b. fixed cost
- c. implicit cost
- d. variable cost

18. The additional cost incurred from producing an additional unit of output

- a. marginal cost
- b. marginal avenue
- c. total cost
- d. total revenue

19. It refers to the unintended effect (beneficial or harmful) of production or consumption on other individuals not involved in production or consumption

- a. externality
- b. pollution
- c. side effects
- d. social cost



20. A market characterized by the presence of many buyers and sellers selling identical products

- a. monopoly
- b. monopolistic competition
- c. oligopoly
- d. pure competition

21. Condition for profit maximization regardless of market structure

- a. $MR = MC$
- b. $P = MC$
- c. $ATC = MC$
- d. Profit is zero

22. The price that is equal to a firm's average variable cost, wherein the firm will no longer produce any output

- a. break-even price
- b. marginal price
- c. market price
- d. shut down price

23. If the firm stops operating, the loss is equal to

- a. marginal cost
- b. opportunity cost
- c. total fixed cost
- d. total variable cost

24. Which is a characteristic of an oligopolistic industry?

- a. market situation with only a few competing sellers
- b. market situation with only one seller
- c. market situation with one buyer
- d. open market



25. Non-price competition often takes the form of

- a. collusion
- b. homogenous products
- c. price wars
- d. product differentiation

26. Average cost eventually increases as output increases because

- a. AFC continuously decreases
- b. AVC eventually increases
- c. MC increases
- d. MC is constant

27. In long-run equilibrium, the pure monopolist can make pure profits because of

- a. advertising
- b. blocked entry
- c. high selling price
- d. low production cost

28. A tax imposed upon the monopolist regardless of the output level

- a. ad valorem tax
- b. lumpsum tax
- c. profit tax
- d. specific tax

29. Occurs when expanding plant size reduces cost per unit because of, among others, specialization and division of labor and technological factors.

- a. diseconomies of scale
- b. economies of scale
- c. monopoly
- d. oligopoly



30. Goods which do not satisfy consumption needs directly but are used to meet the requirement of other industries

- a. competitive goods
- b. consumption goods
- c. market goods
- d. productive good

31. The various quantities of a commodity which buyers are willing and able to purchase at a given price, time, and place

- a. demand
- b. shortage
- c. supply
- d. surplus

32. The various quantities of a commodity that sellers are willing to sell at a given price, place, and time

- a. demand
- b. shortage
- c. supply
- d. surplus

33. If the percentage increase in the quantity of a commodity demanded is smaller than the percentage fall in its price, the coefficient of price elasticity of demand is

- a. zero
- b. less than one
- c. equal to one
- d. greater than one

34. A rightward shift of the demand curve indicates

- a. a decreased in demand
- b. an increase in demand
- c. a decreased in quantity demanded
- d. an increase in quantity demanded



35. A measure of the degree of responsiveness of quantity demanded to changes in market price.

- a. price elasticity of demand
- b. price elasticity supply
- c. income elasticity demand
- d. income elasticity of supply

36. Meeting the needs of present generation without compromising the ability of future generation to meet their own

- a. economic growth
- b. economic freedom
- c. economic development
- d. sustainable development

37. Enterprises that utilize a high ration of labor or capital relative to a particular land resource

- a. extensive
- b. intensive
- c. subsistent
- d. sustainable

38. The principal determinant of supply elasticity is

- a. demand
- b. price
- c. supply
- d. time

39. A good for which demand decreases as consumers income increases

- a. abnormal goods
- b. inferior goods
- c. normal goods
- d. consumer goods



40. Is the amount of money charged for a product or service

- a. cost
- b. price
- c. value
- d. profit

41. It is a money wage expressed in terms of the goods and services it can purchase

- a. real wage
- b. money wage
- c. nominal wage
- d. minimum wage

42. Any paid form of nonpersonal presentation and promotion of ideas, goods or services by an identified sponsor

- a. promotion
- b. publicity
- c. advertisement
- d. personal selling

43. Economics is based on two fundamental facts. These are

- a. Consumers would like to maximize their satisfaction while producers would like to maximize profit
- b. Resources are scarce while human wants are unlimited
- c. Family income is limited while goods and services to buy are limited
- d. Resources are scarce and producers use more resources

44. Which of the following best defines bulkiness in agricultural products?

- a. low price in relation to weight or volume
- b. equal price in relation to weight and volume
- c. high price in relation to weight and volume
- d. all of the above



45. Which term best applies to a market with a single buyer?

- a. monopoly
- b. monopsony
- c. oligopoly
- d. oligopsony

46. The market for farm product is under pure competition. This means that:

- a. farm products are close substitutes
- b. there are a lot of similar products, each competing with one another
- c. prices of the products are held at market price
- d. all of the above

47. Denotes the consumers satisfaction out of consumption

- a. substitution effect
- b. consumers preference
- c. income effect
- d. utility

48. A study that deals with 'what is ought to be' in the economy

- a. microeconomics
- b. normative economics
- c. positive economics
- d. macroeconomics

49. Imposing a ceiling price will entail ___ in the market

- a. inflation
- b. shortage
- c. surplus
- d. benefit to producers

50. The addition of values to a product as it moves to the consumer is called

- a. Selling
- b. Distribution
- c. Marketing
- d. Production

Detailed Answer Key

| Q# | Key | Correct Answer / Explanation |
|----|-----|------------------------------|
| 1 | D | household management |
| 2 | C | profit maximization |
| 3 | C | eminent domain |
| 4 | A | Capitalism |
| 5 | B | economic goods |
| 6 | B | production inputs |
| 7 | C | management |
| 8 | A | inflation |
| 9 | A | Land Bank of the Philippines |
| 10 | C | corporation |
| 11 | C | Customs Duties |
| 12 | D | tax exemption |
| 13 | C | isoquant curve |
| 14 | B | $P * Q$ |
| 15 | A | break even point |
| 16 | D | implicit cost |
| 17 | B | fixed cost |
| 18 | A | marginal cost |
| 19 | A | externality |
| 20 | D | pure competition |
| 21 | A | $MR = MC$ |



| Q# | Key | Correct Answer / Explanation |
|----|-----|--|
| 22 | D | shut down price |
| 23 | C | total fixed cost |
| 24 | A | market situation with only a few competing sellers |
| 25 | D | product differentiation |
| 26 | B | AVC eventually increases |
| 27 | B | blocked entry |
| 28 | B | lumpsum tax |
| 29 | B | economies of scale |
| 30 | D | productive good |
| 31 | A | demand |
| 32 | C | supply |
| 33 | B | less than one |
| 34 | B | an increase in demand |
| 35 | A | price elasticity of demand |
| 36 | D | sustainable development |
| 37 | B | intensive |
| 38 | D | time |
| 39 | B | inferior goods |
| 40 | B | price |
| 41 | A | real wage |
| 42 | C | advertisement |
| 43 | B | Resources are scarce while human wants are unlimited |
| 44 | A | low price in relation to weight or volume |



| Q# | Key | Correct Answer / Explanation |
|----|-----|---|
| 45 | B | monopsony |
| 46 | C | prices of the products are held at market price |
| 47 | D | utility |
| 48 | B | normative economics |
| 49 | B | shortage |
| 50 | C | Marketing |

