Agricultural Economics & Marketing Reviewer

By Agriculture Review

1. How is the price elasticity of demand calculated?

a. Percentage change in quantity demanded divided by percentage change in income
b. Percentage change in quantity demanded divided by percentage change in price
c. Change in price divided by change in quantity
d. Percentage change in quantity supplied divided by percentage change in price

2. What is the expected cross-price elasticity of demand for two goods that are substitutes?

a. Negative
b. Zero
c. Positive
d. Infinite

3. If a good is classified as an inferior good, its income elasticity of demand will be:

a. Positive and greater than 1
b. Positive and less than 1
c. Zero
d. Negative

4. What market structure is characterized by the presence of many sellers but only a single buyer?

a. Monopoly
b. Oligopoly
c. Monopsony
d. Perfect competition

5. Which of the following is a primary characteristic of a perfectly competitive agricultural market?

a. High barriers to entry
b. Highly differentiated products
c. Many buyers and sellers trading homogeneous products
d. Firms acting as price makers

6. How is an oligopolistic market structure best described?

a. A single seller dominating the market
b. A market with only two buyers
c. A market characterized by a few large sellers and mutual interdependence
d. Free entry and exit of an unlimited number of firms

7. Which statement accurately defines Gross Domestic Product (GDP)?

a. The total value of goods produced by a country's citizens regardless of global location
b. The total market value of all final goods and services produced within a country's borders in a specific time period
c. The measure of a country's total net agricultural exports
d. The total government expenditure over a fiscal year

8. Fiscal policy primarily involves the government's use of:

a. Regulating the money supply and interest rates
b. Taxation and public spending decisions
c. Setting international trade tariffs
d. Controlling corporate monopolies

9. Which entity is generally responsible for formulating and managing a country's monetary policy?

a. The Department of Agriculture
b. The Central Bank
c. The Department of Finance
d. The Legislature

10. In macroeconomics, how is inflation defined?

a. A sustained increase in the general price level of goods and services over time
b. A sudden decline in the gross domestic product
c. An overall increase in the purchasing power of money
d. A continuous decrease in the national unemployment rate

11. What does the Law of Diminishing Marginal Returns state?

a. As more variable inputs are added to fixed inputs, total output will always increase at an increasing rate
b. As successive units of a variable input are added to a fixed input, the marginal product will eventually decline
c. Costs will always decrease proportionally as production scales up
d. Total Physical Product will immediately decrease upon adding the first unit of variable input

12. In production economics, which stage is considered the 'rational stage' where a profit-maximizing farmer will choose to operate?

a. Stage I
b. Stage II
c. Stage III
d. Stage IV

13. To maximize profit in resource allocation, a farmer should continue adding inputs until:

a. Total Revenue equals Total Cost
b. Marginal Physical Product equals Average Physical Product
c. Marginal Value Product equals Marginal Factor Cost (MVP = MFC)
d. Product Price equals Average Variable Cost

14. Stage III of the classical production function is characterized by which of the following?

a. Increasing Marginal Physical Product
b. Maximum Average Physical Product
c. Negative Marginal Physical Product
d. Constant Total Physical Product

15. Which of the following is a classic example of a fixed cost in farm management?

a. Fertilizer application costs
b. Wages for hired seasonal labor
c. Fuel for operating a tractor
d. Property taxes on farm land

16. In break-even analysis, the break-even point occurs exactly when:

a. Marginal Cost equals Marginal Revenue
b. Total Revenue equals Total Cost
c. Average Variable Cost is at its absolute minimum
d. Total Physical Output is maximized

17. What is the definition of opportunity cost in agricultural economics?

a. The out-of-pocket expenses required for purchasing farm inputs
b. The depreciation of farm machinery over its useful life
c. The value of the next best alternative forgone when a choice is made
d. The interest cost of borrowing money from a financial institution

18. How is the Marginal Value Product (MVP) calculated?

a. Total Revenue divided by Total Output
b. Marginal Physical Product multiplied by the price of the output product
c. Total Cost divided by Marginal Physical Product
d. Marginal Factor Cost minus the product price

19. Under the Comprehensive Agrarian Reform Program (CARP) of the Philippines, what is the standard retention limit for a landowner?

a. 3 hectares
b. 5 hectares
c. 7 hectares
d. 12 hectares

20. Which system of land tenure describes an arrangement where the farmer pays a predetermined, fixed rental fee (in cash or in kind) to the landowner?

a. Share tenancy
b. Leasehold tenancy
c. Corporate farming
d. Communal land ownership

21. In production economics, an isoquant is defined as:

a. A curve showing all combinations of two inputs that produce the same level of output
b. A line showing all combinations of inputs that cost the exact same amount
c. A curve showing the maximum profit achievable at different output price levels
d. A graph depicting the consumer demand for various agricultural products

22. What does an isocost line represent?

a. The physical biological limits of crop production
b. All possible combinations of two inputs that can be purchased for a given total cost
c. A sequence showing equal profit levels across different enterprise combinations
d. The trajectory of falling input prices in a highly competitive market

23. If an increase in the production of one enterprise results in an increase in the production of another enterprise, the two are considered:

a. Competitive enterprises
b. Supplementary enterprises
c. Complementary enterprises
d. Antagonistic enterprises

24. The fundamental Law of Demand states that:

a. As price increases, the quantity demanded increases
b. As price increases, the quantity demanded decreases, assuming other factors remain constant (ceteris paribus)
c. Demand is determined exclusively by consumer income elasticity
d. Supply directly dictates the demand for all agricultural goods

25. Which of the following events would cause a shift in the agricultural supply curve to the right?

a. A devastating typhoon hitting major agricultural regions
b. A sudden, sharp increase in the price of chemical fertilizers
c. A significant improvement in farming technology and seed genetics
d. An overall increase in median consumer income

26. Which of the following activities is classified as a physical function in agricultural marketing?

a. Financing
b. Market intelligence
c. Standardization
d. Storage

27. Which of the following activities is classified as an exchange function in agricultural marketing?

a. Transportation
b. Buying and selling
c. Processing
d. Risk bearing

28. Which of the following falls under the facilitating functions of agricultural marketing?

a. Packaging and labeling
b. Retailing to end consumers
c. Standardization and grading
d. Harvesting the mature crop

29. What is the primary characteristic that distinguishes merchant middlemen from agent middlemen?

a. Merchant middlemen only negotiate sales contracts
b. Merchant middlemen take title to (own) the products they handle
c. Merchant middlemen strictly avoid assuming any market risks
d. Merchant middlemen are involved exclusively in international trade

30. Which of the following is an example of an agent middleman?

a. A local agricultural wholesaler
b. A grocery retailer
c. A produce broker
d. A multi-national supermarket chain

31. In agricultural marketing, the price spread or marketing margin is defined as:

a. The difference between the international export price and the domestic import price
b. The difference between the price paid by the final consumer and the price received by the primary producer
c. The total combined cost of production for the farmer
d. The net profit margin earned solely by the retail sector

32. The concept of 'farmer's share' is best described as:

a. The percentage of total arable land currently owned by the farmer
b. The proportion of the final consumer's peso that ultimately reaches the farmer
c. The fixed tax rate applied to gross agricultural income
d. The amount of the harvested crop retained by the farmer for home consumption

33. Which of the following is a universally recognized core principle of agricultural cooperatives?

a. Profit maximization directly for the board of directors
b. Democratic member control (One member, one vote)
c. Voting power distributed proportionally based on the number of capital shares owned
d. Exclusive membership heavily restricted to wealthy landowners

34. How is a patronage refund typically distributed within a cooperative?

a. Equally among all members regardless of their economic participation
b. Based on the volume of transactions or patronage a member has with the cooperative
c. Based on the member's age, seniority, and tenure in the cooperative
d. It is retained completely by the cooperative manager as a performance bonus

35. According to Davis and Goldberg, how is 'agribusiness' defined?

a. Strictly the direct cultivation of crops and raising of livestock on a farm
b. The sum total of all operations involved in farm supply, on-farm production, and the storage, processing, and distribution of farm commodities
c. The specialized international trading of raw agricultural bulk materials
d. The government regulatory bodies overseeing the entire agricultural sector

36. In the McKinsey 7-S framework frequently applied to agribusiness management, which of the following is NOT one of the 7 S's?

a. Strategy
b. Structure
c. Salaries
d. Shared values

37. In the context of international trade, what is a tariff?

a. A quantitative physical limit strictly capping imports
b. A tax imposed by a government on imported goods and services
c. A direct government grant distributed to local farmers
d. A complete legislative ban on exporting specific agricultural products

38. What is an agricultural subsidy?

a. A punitive tax levied heavily on agricultural greenhouse gas emissions
b. A direct legal restriction on total imported quantities
c. Financial assistance given by the government to producers to lower production costs or support farmer income
d. A mandatory fee paid by farmers to utilize public irrigation systems

39. What does an import quota directly impose?

a. A strict percentage tax based on the total value of an import
b. A direct physical limit on the total quantity of a specific good that can be imported during a given period
c. A rigorous quality standard required for all agricultural imports entering the country
d. A financial subsidy given indirectly to foreign agricultural producers

40. What is the primary objective of the World Trade Organization (WTO)?

a. To unilaterally establish a single global agricultural currency
b. To provide low-interest agricultural loans specifically to developing nations
c. To ensure that global trade flows as smoothly, predictably, and freely as possible by reducing trade barriers
d. To heavily regulate and standardize global environmental and climate policies

41. What does the acronym GATT stand for in international trade history?

a. Global Agricultural Trade Treaty
b. General Agreement on Tariffs and Trade
c. Government Agency for Trade and Technology
d. Global Alliance for Transparent Trade

42. In Philippine agricultural policy, Republic Act No. 8178 is commonly known as:

a. The Comprehensive Agrarian Reform Law
b. The Agricultural Tariffication Act
c. The Local Government Code
d. The Cooperative Development Authority Code

43. Under WTO trade rules, what does Minimum Access Volume (MAV) refer to?

a. The absolute minimum yield required for a commercial farm to be deemed profitable
b. The volume of a specific agricultural product that is allowed to be imported at a lower tariff rate under a country's WTO commitments
c. The minimum water volume legally required to sustain lowland rice irrigation
d. The legally mandated lowest price a commercial middleman can pay a smallholder farmer

44. The Law of Comparative Advantage suggests that:

a. A country should produce and export only goods it can produce faster and larger than anyone else
b. A country should specialize in producing and exporting goods for which it has a lower opportunity cost than its trading partners
c. A country should strictly aim to be completely self-sufficient in total food production
d. A country should impose high protective tariffs on all imported agricultural goods

45. An agricultural price floor is best defined as:

a. A maximum allowable price rigidly set by the government to protect consumers from inflation
b. The absolute lowest possible cost of producing a specific crop
c. A government-imposed legal minimum price for a product, often set above the market equilibrium to protect producer incomes
d. The initial starting bid required in a formal agricultural commodity auction

46. An agricultural price ceiling is best defined as:

a. A government-imposed maximum price that can be legally charged for a good, usually set below the market equilibrium to protect consumers
b. The highest historical price reached by a commodity during a single trading day
c. A guaranteed minimum price established solely for the benefit of farmers
d. The maximum potential yield a crop can physically achieve under ideal environmental conditions

47. If the income elasticity of demand for a specific food item is positive and greater than 1, the good is economically classified as a:

a. Basic necessity
b. Luxury good
c. Inferior good
d. Giffen good

48. When a very small percentage change in the price of an agricultural product leads to a very large percentage change in the quantity demanded, the demand is considered:

a. Inelastic
b. Unitary elastic
c. Perfectly inelastic
d. Elastic

49. Which of the following is a classic example of a variable cost in agricultural production?

a. Annual depreciation of a harvest combine
b. Annual lease payment for 10 hectares of farm land
c. The cost of livestock feed
d. The fixed monthly salary of a permanent farm manager

50. The standard agricultural supply curve generally exhibits which of the following characteristics?

a. It slopes downward from left to right, indicating an inverse relationship
b. It is always perfectly horizontal in the short run
c. It slopes upward from left to right, indicating a positive relationship between price and quantity supplied
d. It represents consumer purchasing behavior rather than producer behavior

Answer Key

1. b	**14.** c	**27.** b	**40.** c
2. c	**15.** d	**28.** c	**41.** b
3. d	**16.** b	**29.** b	**42.** b
4. c	**17.** c	**30.** c	**43.** b
5. c	**18.** b	**31.** b	**44.** b
6. c	**19.** b	**32.** b	**45.** c
7. b	**20.** b	**33.** b	**46.** a
8. b	**21.** a	**34.** b	**47.** b
9. b	**22.** b	**35.** b	**48.** d
10. a	**23.** c	**36.** c	**49.** c
11. b	**24.** b	**37.** b	**50.** c
12. b	**25.** c	**38.** c	
13. c	**26.** d	**39.** b	