Agricultural Economics & Marketing Reviewer

By Agriculture Review

1. Which of the following is an example of a variable cost in farm production?

a) Land rent
b) Labor wages
c) Depreciation of equipment
d) Farm insurance premium

2. What is the main purpose of a farm budget?

a) To record past expenditures only
b) To estimate production costs and expected income
c) To calculate taxes only
d) To set the selling price for crops

3. Which law states that as more units of a variable input are added to a fixed input, the additional output eventually decreases?

a) Law of Return to Scale
b) Law of Diminishing Returns
c) Law of Supply
d) Law of Demand

4. Which of the following is considered a direct agricultural marketing channel?

a) Farmer -> Local Trader -> Consumer
b) Farmer -> Consumer
c) Farmer -> Wholesaler -> Retailer -> Consumer
d) Farmer -> Cooperative -> Exporter

5. What is the main function of agricultural cooperatives in marketing?

a) To provide credit only
b) To organize farmers and improve marketing efficiency
c) To control weather risks
d) To process farm inputs only

6. Which of the following best describes 'price elasticity of demand'?

a) Change in demand due to change in income
b) Responsiveness of quantity demanded to price changes
c) Total revenue earned at a price level
d) Change in supply due to price change

7. Which government agency in the Philippines primarily manages rice buffer stocks and price stabilization?

a) Department of Trade and Industry (DTI)
b) National Food Authority (NFA)
c) Land Bank of the Philippines (LBP)
d) Bureau of Agricultural Statistics (BAS)

8. In farm production, which of the following is considered a fixed cost?

a) Seeds
b) Fertilizers
c) Land rent
d) Pesticides

9. Which of the following factors affects the farm price of crops the most?

a) Supply and demand
b) Soil type
c) Type of irrigation
d) Fertilizer brand

10. What is the main goal of farm management?

a) Maximize production regardless of cost
b) Optimize resources to maximize profit
c) Increase farm size only
d) Minimize labor use only

11. Which of the following is an example of a marketing intermediary?

a) Farmer
b) Wholesaler
c) Fertilizer supplier
d) Bank officer

12. What does the term 'supply chain' in agriculture refer to?

a) Sequence of production and marketing activities from farm to consumer
b) Method of storing seeds
c) Type of irrigation system
d) Fertilizer application schedule

13. Which of the following is a major source of agricultural credit in the Philippines?

a) Land Bank of the Philippines
b) Department of Education
c) Department of Trade and Industry
d) Philippine Statistics Authority

14. Which of the following best describes 'opportunity cost' in farm management?

a) Money spent on seeds
b) Value of the next best alternative foregone
c) Total profit earned
d) Government subsidy received

15. What is the main effect of seasonal price variation on farmers?

a) Stable income throughout the year
b) Fluctuating farm income depending on harvest time
c) Guaranteed government price support
d) Reduced production costs

16. Which marketing function involves sorting, grading, and standardizing farm products?

a) Buying
b) Selling
c) Assembling
d) Grading and standardization

17. In farm production, which factor of production is considered most flexible in the short run?

a) Land
b) Labor
c) Buildings
d) Farm machinery

18. Which of the following describes 'total cost' in farm production?

a) Sum of fixed and variable costs
b) Only labor cost
c) Only cost of seeds and fertilizers
d) Government taxes on farm products

19. Which of the following best describes 'farm profit maximization'?

a) Producing the maximum output possible regardless of cost
b) Using resources efficiently to achieve the highest net income
c) Minimizing labor use
d) Selling only to local markets

20. Which factor primarily determines the market price of agricultural commodities?

a) Supply and demand
b) Type of fertilizer used
c) Irrigation method
d) Land ownership

21. Which type of market structure is most common in agricultural products like rice and corn?

a) Monopoly
b) Perfect competition
c) Oligopoly
d) Monopolistic competition

22. What is the main role of the Department of Agriculture's Bureau of Agricultural Statistics?

a) Provide farm credit
b) Collect, compile, and analyze agricultural data
c) Set retail prices for crops
d) Train farmers on irrigation techniques

23. Which of the following is a primary function of agricultural marketing?

a) Manufacturing fertilizers
b) Moving products from farm to consumers
c) Constructing irrigation systems
d) Land preparation

24. What is the primary objective of price support programs in agriculture?

a) To increase farm inputs cost
b) To stabilize farmers' income and market prices
c) To reduce production
d) To privatize farms

25. Which of the following best explains 'marginal cost' in farm production?

a) Total cost divided by output
b) Additional cost of producing one more unit of output
c) Cost of fixed assets
d) Cost of labor only

26. Which of the following is considered an indirect marketing channel?

a) Farmer -> Consumer
b) Farmer -> Wholesaler -> Retailer -> Consumer
c) Farmer -> Cooperative -> Consumer
d) Farmer -> Local market

27. Which factor of production in farming is considered a 'fixed input' in the short run?

a) Labor
b) Fertilizer
c) Land
d) Seeds

28. Which of the following measures the responsiveness of supply to price changes?

a) Price elasticity of demand
b) Price elasticity of supply
c) Total revenue
d) Marginal cost

29. Which of the following best describes the term 'farm resource allocation'?

a) Planning how to use land, labor, and capital efficiently
b) Selling farm products
c) Constructing farm buildings
d) Transporting farm inputs

30. What is the purpose of grading agricultural products?

a) To increase production
b) To classify products based on quality and size
c) To reduce labor costs
d) To measure land productivity

31. Which of the following best describes 'returns to scale' in agricultural production?

a) Change in output when all inputs are increased proportionally
b) Output per unit of a single input
c) Cost per unit of production
d) Market price fluctuations

32. Which government agency provides credit assistance to farmers in the Philippines?

a) Philippine Statistics Authority
b) Land Bank of the Philippines
c) National Food Authority
d) Department of Trade and Industry

33. Which of the following best explains 'farm efficiency'?

a) Producing maximum output with minimum input
b) Increasing farm size only
c) Using only chemical fertilizers
d) Reducing labor cost only

34. Which of the following is a factor affecting the supply of agricultural products?

a) Technology and input costs
b) Consumer taste only
c) Government holidays
d) Soil type only

35. Which of the following best describes a cooperative's role in agricultural input supply?

a) Provides loans, seeds, fertilizers, and farm tools to members
b) Constructs irrigation canals only
c) Sets retail prices for all products
d) Controls land ownership

36. Which of the following best explains 'marginal revenue' in farm production?

a) Total revenue from all output
b) Additional revenue from selling one more unit of output
c) Total cost of production
d) Profit earned per hectare

37. Which type of agricultural market is characterized by many buyers and sellers and homogeneous products?

a) Monopoly
b) Perfect competition
c) Oligopoly
d) Monopolistic competition

38. Which of the following is a government measure to stabilize agricultural prices?

a) Price ceiling
b) Buffer stocking and price support
c) Tax holidays for farmers
d) Free trade of farm inputs

39. Which of the following best describes 'break-even point' in farm business?

a) Point where total revenue equals total cost
b) Maximum profit point
c) Minimum production point
d) Maximum labor utilization

40. Which of the following is an example of government intervention in agricultural marketing?

a) Providing training on crop production
b) Setting minimum farm gate prices for crops
c) Issuing land titles
d) Importing farm machinery

41. Which of the following best defines 'agricultural finance'?

a) Management of farm machinery
b) Provision and management of funds for farm production and marketing
c) Crop rotation planning
d) Soil fertility management

42. Which of the following is a major problem in agricultural marketing in developing countries?

a) Excessive use of fertilizers
b) Lack of storage, transportation, and market information
c) Over-irrigation
d) Excessive farm mechanization

43. Which of the following is an example of a forward marketing strategy for farmers?

a) Selling produce directly to consumers through farmers' markets
b) Applying fertilizers
c) Crop rotation planning
d) Land preparation

44. What is the main objective of contract farming?

a) Ensure a regular supply of agricultural produce to buyers
b) Reduce farm labor
c) Increase soil fertility
d) Limit use of machinery

45. Which of the following best explains 'break-even yield'?

a) Minimum output required to cover total cost
b) Maximum production possible
c) Output needed to achieve maximum profit
d) Output lost due to pests

46. Which of the following is an example of a post-harvest loss in agriculture?

a) Loss of grain quality during storage
b) Land preparation cost
c) Seed cost
d) Labor wages

47. Which of the following best describes 'agricultural risk management'?

a) Planning irrigation schedules
b) Identifying and minimizing uncertainties in farm production and marketing
c) Selecting crop varieties only
d) Grading products for market

48. Which of the following best describes 'agricultural price support'?

a) Payment to farmers to maintain farm land
b) Minimum price guaranteed by government for certain crops
c) Subsidy on fertilizers only
d) Loan to farmers

49. Which of the following is a key advantage of agricultural cooperatives?

a) Helps farmers access inputs and markets at better prices
b) Reduces soil erosion
c) Improves crop rotation
d) Provides irrigation facilities only

50. Which of the following best defines 'farm income'?

a) Total revenue from farm minus total cost
b) Total output of crops
c) Cost of seeds and fertilizers only
d) Land rent only

Answer Key

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