SIR ARTHUR LEWIS COMMUNITY COLLEGE

DIVISION OF AGRICULTURE

CERTIFICATE IN GENERAL AGRICULTURE
2007/2008 ACADEMIC YEAR
END OF SEMESTER II EXAMINATION

COURSE: FARM BUSINESS MARKETING (FBM 108)

Instructions: Do any five (5) questions
TIME: 2HRS 30 mins

1. Man is considered to be an economic animal since he engages in production.

   (a) What is production?   **2 mks**

   (b) **List four** productive activities that farmers engage in.   **4 mks**

   (c) **State** the resources required for production to take place.   **8 mks**

   (d) **State three** ways in which the productivity of any of the resources identify in
       (c) above can be improved   **6 mks**


2. The essential principle of marketing is that businesses thrive by producing what can
   profitably be sold rather than easily be produced.

   (a) What is marketing?   **2 mks**

   (b) **List five** marketing activities   **5 mks**

   (c) **Identify three** approaches that a firm may use to take its product to the market   **3 mks**

   (d) **Show** how you will use the "marketing concept" to produce and market Romaine
       Lettuce for the up coming Carnival Season.   **10 mks**

3. Good management is a crucial factor in the success of any business.

   (a) **Define** the term "farm management."   **2 mks**

   (b) **State four** functions of a farm manager   **8 mks**

   (c) **List four** objectives that a banana farmer can pursue   **4 mks**

   (d) **State three** reasons why the farm manager should keep records of farm activities.

                                                                               6 mks

4. The following is a production function for a small enterprise. Use it to answer the questions
   which follow.

Variable input	1	2	3	4	5	6
Output	18	32	42	50	48	42

   (a) **Plot** the total product curve   **10 mks**

   (b) **Identify** on the curve, the section representing: increasing marginal returns; decreasing
       marginal returns; negative marginal returns.   **6 mks**

   (c) **Calculate** the marginal output and average output at 4 units of the variable input. **4 mks**
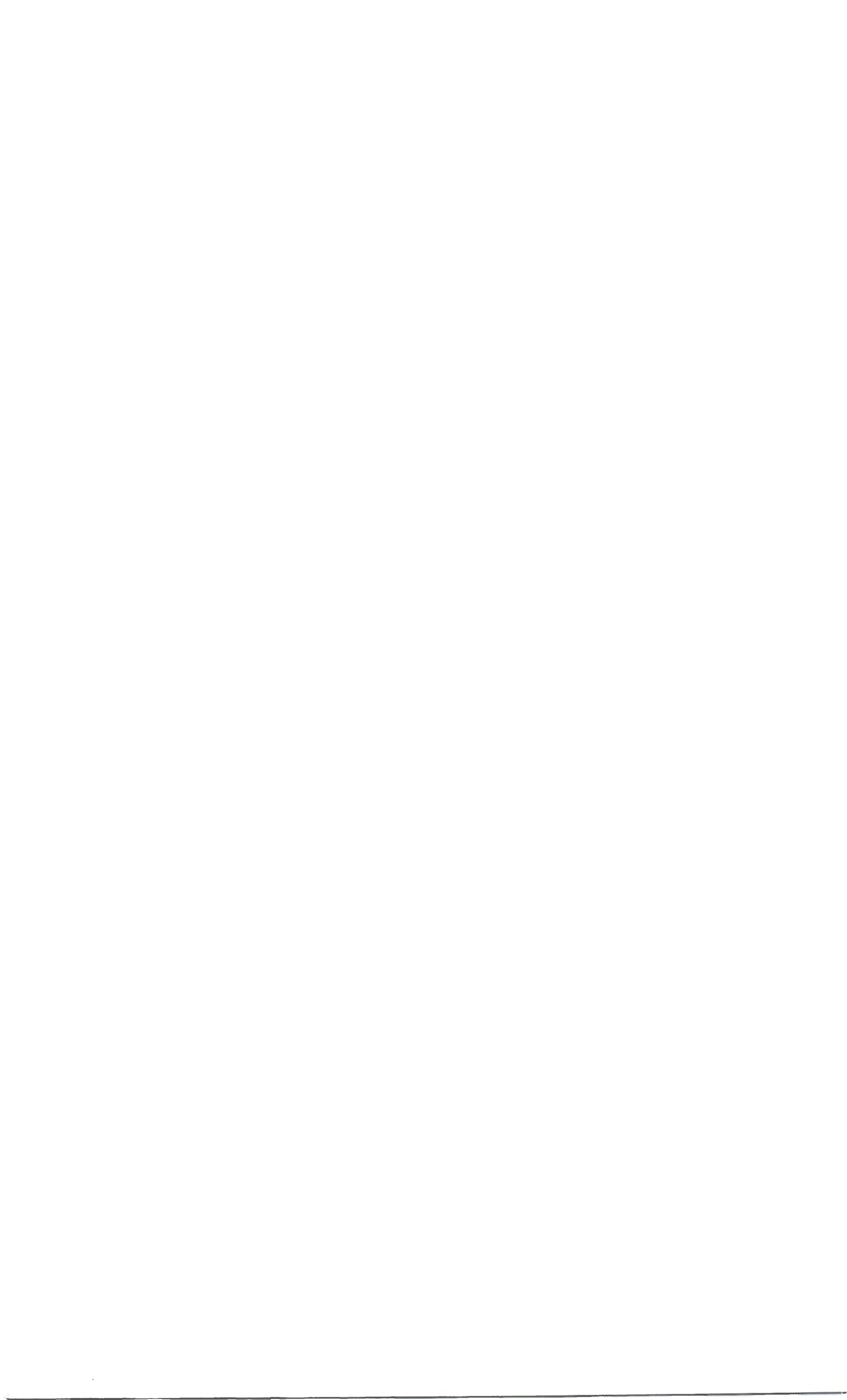
5. (a) **Define** gross margin.   **2 mks**

   (b) **State two** ways in which gross margin calculation can be of use to the farmer.   **4 mks**

   Use the information below to determine the gross margin for a 1-acre corn enterprise:
   Yield 2000kg at $1.50/bag; seed costing $ 114.00; fertilizer $291.00; chemicals $145.70;
   casual labour $450.00; transport $220.00. Land charges $200,00. Interest $400.00

   (c) What does the above represent?   **2 mks**   4

   (d) **Calculate** the gross margin on this enterprise?   **6 mks**

   (e) What is the overall profit?   **6 mks**

6.   (a) Represent each of the following on a diagram:
            (i)   A supply curve
            (ii) Market equilibrium
            (iii) Marginal product curve
            (iv) Fixed cost curve   **8 mks**

     (b) **Explain** the statement " the demand for agricultural produce is inelastic."   **5 mks**

     (c) **Identify four** factors that influence the demand for cabbages.   **4 mks**

     (d) **Show** how you will use one of the factors identified in (c) above to market
         cabbages from your back yard garden.   **3 mks**