

ECONOMICS

ECONOMICS 2012/2013 Question Paper Type:

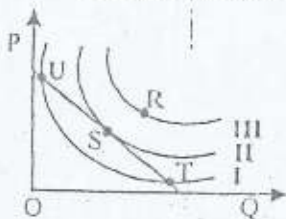
1. Which Question Paper Type of Economics is given to you?

- A. Type A B. Type B. C. Type C. D. Type D.

2.

Price(N)	Quantity (kg)
1	100
2	120
3	150
4	180
5	200

- A. a normal demand curve B. an abnormal demand curve
 C. a diminishing marginal utility curve D. a kinked demand curve.
3. If demand increases without a change in supply, equilibrium price and quantity will
 A. shift inward B. fall C. rise D. remain unchanged.
4. In the process of production, total output is at maximum when
 A. $MP > 0$ B. $A = 0$ C. $AP > 0$ D. $MP = 0$
5. The median of an odd-numbered set of scores is the
 A. highest value in the set B. arithmetic mean of the set
 C. most frequently occurring score D. middle value in the set.
6. If the demand for one commodity excludes another, it is said to be
 A. competitive demand B. composite demand
 C. derived demand D. complementary demand.
7. One of the limitations of PPC assumption is that there is
 A. no recognition of preferred goods for countries B. technical inefficiency
 C. abundant resources D. no indication of technological development.
8. Demand patterns are determined by the market on the basis of
 A. consumer sovereignty B. consumer rationality C. price of the commodity D. scale of preference.
9. A consumer surplus measures the
 A. excess of total expenditure over total utility B. difference between marginal utility and marginal cost
 C. excess of marginal utility over price D. benefits derived from consuming a cheap commodity.
10. A major disadvantage of the arithmetic mean is that it is
 A. not suitable for further statistical analysis B. cumbersome to determine the actual value
 C. affected by extreme data D. not useful for large data.
11. An effective way of controlling inflation in a mixed economy is to
 A. reduce income tax B. ration available output C. increase imports D. increase productivity.
12. The optimal range of output for a perfectly competitive firm is where
 A. AVC is lowest B. MC is rising C. MC is falling D. AC is lowest.
13. Ranking is the method used in measuring
 A. ordinal utility B. cardinal utility C. total utility D. marginal utility.
14. A firm will experience diseconomies of scale when
 A. there is shortage in labour supply. B. the size of market is small
 C. there is an increase in the price of raw materials D. there are difficulties in coordinating production.
- 15.



From the diagram above, the optimal point of production is

- A. T B. U C. S D. R

16. Minimum price legislation by government will

- A. increase supply B. reduce demand and create surplus
C. increase demand and create scarcity D. reduce supply.

17. The law of variable proportions is applicable only

- A. to large-scale enterprise B. to small 1-scale enterprises
C. in the short-run period D. in the long-run period.

18. When a consumer is at equilibrium, the MRS_{xy} is equal to the

- A. product of the two prices B. ratio of the two prices
C. difference of the two prices D. sum of the two prices.

19. If a firm is faced with an elastic supply curve, its revenue will

- A. double at a higher price B. increase by more than the percentage increase in price
C. equal percentage change in price D. be supplied at a higher price.

20.

Price (N)	Qty. / (bags)
1	60
2	120

From the table above, the price elasticity of supply is

- A. 25 B. 1 C. 2 D. 4

21. Bank consolidation policy in Nigeria is a measure to increase

- A. employment opportunities in banks B. the number of shareholders
C. the number of branches D. the capital base of banks.

22. In national income accounts, an item counted as part of government spending is

- A. pension B. scholarship C. social welfare D. salaries and wages.

23. The profit of a monopolist can be eliminated where price equals

- A. MC B. AC C. AVC D. AFC

24. An increase in the circulation of money without a corresponding increase in output will lead to

- A. stagflation B. deflation C. inflation D. a rise in income levels.

25. One of the characteristics of oligopoly is the Availability of

- A. few buyers B. many sellers C. a single seller D. few sellers.

26. During the era of barter, money was generally in the form of

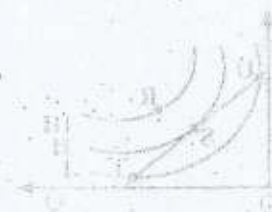
- A. precious metals B. coins C. commodities D. notes.

27. If aggregate demand is lower than total output in an economy, national income will

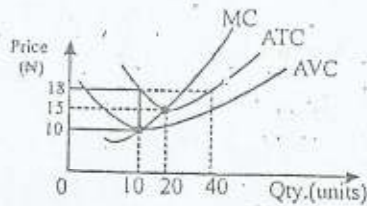
- A. be at equilibrium B. increase C. fall D. be constant.

28. If real income increases while nominal income remains the same, it can be inferred that

- A. general prices have fallen B. employment rate has risen
C. general prices have risen D. unemployment rate has decreased.

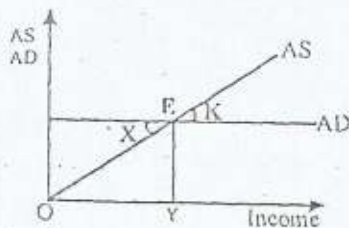


Use the diagram below to answer questions 29 and 30.



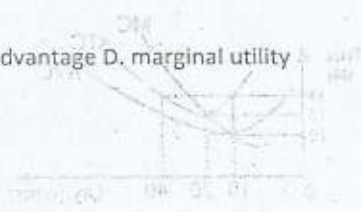
29. When 20 units of output is produced, TC will be
A. ₦300 B. ₦460 C. ₦400 D. ₦360
30. The average total cost when 20 units are produced is
A. ₦23.00 B. ₦13.00 C. ₦15.00 D. ₦20.00
31. Agricultural production in Nigeria is constrained by
A. inadequate demand B. poor implementation of policies
C. balance of payments deficits D. ineffective use of stabilization measures.
32. Upstream oil activities involve the
A. marketing of refined products B. exploration of crude oil
C. refining of crude oil D. management of pollution.
33. A country achieves economic development when there is
A. an increase in capacity utilization B. a sustained increase in per capita income
C. an even distribution of goods and services D. an increase in military expenditure.
34. The main function of NNPC is to
A. develop the oil producing areas. B. fix the prices of petroleum products
C. ensure regular supply of products D. oversee the development of the oil sector.
35. Industrial development in Nigeria can be encouraged through
A. granting subsidies B. the provision of efficient infrastructure
C. direct government participation D. signing WTO treaty.
36. An indicator of growth in an economy over a period of time is the
A. GDP at factor cost B. GDP at market price C. GDP deflator D. GDP gap.

Use the diagram below to answer questions 37 and 38.



37. The deflationary gap is defined by
A. K B. X+K C. X+ D. X
38. What does X represent?
A. GNP gap. B. Inflationary gap. C. Deflationary gap. D. Recessionary gap.
39. The import-substitution strategy of industrialization is to encourage
A. large-scale production B. importation C. exportation D. domestic production.
40. A country embarks on deficit financing in order to
A. reduce aggregate demand B. curb inflation C. stimulate investment D. marginal utility
41. Investing heavily in the agricultural sector will lead to
A. a vibrant commodity market B. capital inflow C. stable export prices D. food production.

42. A change from one industry to another by a worker is an example of
 A. horizontal mobility B. professional advancement C. vertical mobility D. geographical mobility.
43. Optimum population enables an economy to attain the highest level of
 A. income per head B. revenue generation C. economic development D. industrial development.
44. Trade takes place because of
 A. inefficiency in production B. opportunity cost C. comparative advantage D. marginal utility
45. The money paid per hour for work done is
 A. wage rate B. cost C. bonus D. salary
46. A condition in which official and autonomous exchange rates coexist is
 A. managed floating rate system B. market determined exchange rate system
 C. multiple exchange rate system D. dual exchange rate system.
47. The World Trade Organization is responsible for
 A. ensuring equal participation of countries in trade B. modernizing world economies
 C. minimizing obstacles to international trade and investment D. stabilizing and harmonizing oil prices.
48. The record of a country's transactions in international trade is her
 A. balance of payments B. current account C. balance of trade D. capital account.
49. In modern economies, the Malthusian theory of population is ineffective because of
 A. technical progress B. government policies C. natural disasters D. birth control measures.
50. The transfer of public shareholding in corporations to private enterprises is
 A. incorporation B. commercialization C. privatization D. concession.



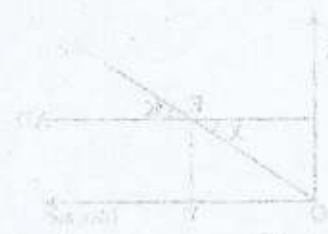
ECONOMICS ANSWER

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

ECONOMICS SET C 2011

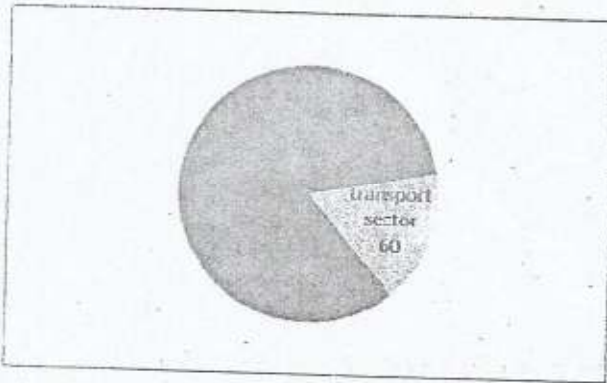
Questions

1. Musa has a choice of buying a shirt, a book and a bag. What is the opportunity cost of buying a book?
 (a) a bag only (b) A book and a bag (c) A shirt and a bag (d) A shirt only
2. A typical feature of market economy is that
 (a) all producers make profit (b) full employment exists
 (c) consumer sovereignty exists (d) There is equality of economic agents.



3. The privatization exercise in Nigeria is a move towards a
 (a) mixed economy (b) subsistence economy (c) market economy (d) command economy

Use the pie chart below to answer questions 4 and 5



4. The percentage contribution of the transport sector is
 (a) 600.0 (b) 166.7 (c) 60.0 (d) 16.7
5. If the contribution of the oil sector is N3.6 million, what is the contribution of the other sectors?
 (a) N10.8 million (b) N7.2 million (c) N3.6 million (d) N2.4 million
6. A cumulative frequency graph is
 (a) histogram (b) an ogive (c) a bar chart (d) a pie chart
7. a movement along the same demand curve is caused by the
 (a) price of the product (b) price of other products (c) income of the consumer (d) taste of the consumer
8. The demand curve for a luxury good is
 (a) negatively sloped (b) parallel to the price axis (c) parallel to the quantity axis (d) positively sloped.
9. Price elasticity of demand is expressed as
 (a) $\frac{\text{percentage change in price}}{\text{percentage change in quantity demanded}}$ (b) $\frac{\text{percentage change in quantity demanded}}{\text{percentage change in income}}$
 (c) $\frac{\text{percentage change in income}}{\text{percentage change in quantity demanded}}$ (d) $\frac{\text{percentage change in quantity demanded}}{\text{percentage change in price}}$
10. A major assumption in cardinal utility theory is that
 (a) Utility is measureable (b) utility is not measurable (c) total utility equals marginal utility (d) total utility is constant
11. A supply curve is positively sloped because
 (a) Supply always exceeds demand (b) demand always exceeds supply
 (c) Price is an incentive to consumer (d) price is an incentive to produces.
12. The short-run supply curve for medical is more likely to be.
 (a) Perfectly elastic (b) perfectly inelastic (c) fairly inelastic (d) fairly inelastic
13. If the price of an item change by 8% and quantity supplied changes from 600 to 660 units, the price elasticity of supply is
 (a) 1.25 (b) 2.00 (c) 0.80 (d) 10.00
14. In a regulated market, price is determined by
 (a) consumers (b) producers (c) auction (d) government
15. A decrease in supply without a corresponding change in demand will lead to
 (a) An increase in equilibrium price and a decrease in equilibrium quantity (b) A decrease in equilibrium price and an increase in equilibrium quantity
 (c) A decrease in equilibrium price and an increase in equilibrium quantity (d) An increase in equilibrium price and quantity.
16. Production takes place when
 (a) Output is transformed into effort (b) Machines replace human effort
 (c) Input is transformed into output (d) There is specialization and division of labour.

Unit of capital	Total output(kg)
1	16
2	64

3	126
4	212
5	425
6	684

Use the table below to answer question 17 and 18

- 17 The marginal product 5th unit of capital is
 (a) 42 (b) 85 (c) 114 (d) 213
- 18 Determine the averages product of the 4th unit of capital.
 (a) 53 (b) 86 (c) 212 (d) 213
- 19 Which of the following can be deduced from the law of variable proportions when total output is rising?
 (a) MP is greater than AP (b) MP is less than AP (c) MP is less to AP (d) MP is equal to zero.
- 20 As the level of output increases, the average fixed cost of a firm will
 (a) Continue to increase (b) Remain unchanged (c) Continue to decrease (d) Be equal to the total
- 21 The shape of the long-run average cost curve is best explained by the
 (a) Law of diminishing returns (b) Law of returns to scale (c) Cost of fixed inputs (d) Cost of variable inputs.
- 22 The supply curve of a perfectly competitive firm is identical to its
 (a) Total cost (b) marginal cost (c) fixed cost (d) variable
- 23 If a monopolist is incurring short-run losses, this means that his
 (a) selling price is above the short-run marginal cost. (b) selling price is below the short-run marginal cost.
 (c) average revenue is greater than marginal revenue (d) average revenue is less than marginal revenue
- 24 In the long run, one of the characteristics of monopolistic competitive firms is that they
 (a) make abnormal profits (b) suffer losses (c) make normal profits (d) collude with each other
- 25 In developing countries, it is easier to obtain accurate national income estimates through national income
 A. (a) GNP (b) GDP (c) NDP (d) NNP

2006/2007
 ECONOMICS SET A

1. C When taxes are imposed on goods with inelastic demand, the response of consumers to price changes of such goods will be minimal or even non-existent. Hence when total revenue increases, tax receipts will also increase.
2. C
3. D
4. D
5. A In National Income Computation, transfer payments (i.e many that is not earned) is excluded. Pensions, falls other such category. Others are housewives allowance and gifts to a motherless babies home.

6. D $D = 20 - 1/2p$ ---(i)
 $S = 8 + 1/4p$ ---(ii)
 At equilibrium $D=S$

$$20 - 1/2p = 8 + 1/4p$$

$$20 - 8 = 1/4p + 1/2p$$

$$12 = 3/4p$$

$$P = 12 \times 4/3$$

..p=N16

- (i) Substitute p in any of the two equations above
 (ii) $D = 20 - 1/2p$ (ii) $S = 8 + 1/4p$
 $P=N16$ $p=N16$
 $D = 20 - Y_2(16)$ $S = 8 + Y_4(16)$
 $20-8$

8÷4

..D = 12 units.

.. S= 12units

Unit of capital	Total output (Q)
1	126
2	212
3	425
4	684

Note: equilibrium price = N16; Equilibrium quantity 12 units

7. B
8. D
9. B The monopolist can fix either price or output, but not both. If he manipulates one of the above factors, the market will decide the other. Thus he can only control one variable (price or quantities to offer for sale) in his quest to maximize profits.
10. D
11. B
12. C The price for land is rent, labour attracts wages at salaries, and capital receives interest.
13. A Opportunity cost is the alternative forgone in order to satisfy a want. It is choosing one good at the expense of another. The question now is what is the total number of oranges each costing 20 kobo was sacrificed to purchase one kilogram of beef costing N10 N10 = 1000 kobo
1 orange 20kobo
..1000/20 = 50 Oranges
14. D
15. Both goods and abstinence goods has its demand positively related to price
16. E
17. C
18. B Inferior goods are goods of necessity such as salt, gari etc. Low income earners prefer sacrificing other items to buy them. However the high income to buy them. Thus as one income rises one demands less of inferior goods.
19. C
20. D
21. D
22. B
23. A The Gross elasticity of demand is positive for substitute goods because an increase in the demand of another this substitute goods have positive Gross Elasticity of demand.
24. A
25. C

ECONOMICS 2007/2008

SETB

1. B
2. D
3. D
4. B
5. C
6. B
7. A
8. C
9. B
10. C
11. A

P=N10

23. A
24. C
25. B

2011 SET C ANSWER

1. Option C

The alternative forgone is the opportunity cost. Since musa chose to buy a book and leaving a shirt and a bag, then the opportunity cost of buying a book is 'a shirt and a bag'

2. Option C

3. Option C

In capitalist economy, most means of production are owned and controlled by private individuals with government involvement at the minimum. However, the privatization exercise in Nigeria makes publicly owned enterprises to be privately owned, and thereby allowing the means of production in the economy to be owned and controlled by private individuals with no government participation. In a nutshell, this step by the government of Nigeria would definitely give

birth to a new economic system 'market economy' in which all the means of production are owned and controlled by private individuals.

4. Option D

Transport sectorial angle = 60°

% contribution of transport equals

$$\frac{60^\circ}{360^\circ} \times 100 = \frac{1}{6} \times 100 = 16.7$$

5. Option B

Let the total revenue be Nx.

The contribution of the oil sector is

N36 million i.e

$$\frac{120^\circ}{360^\circ} \times Nx = N 3.6 \text{ million}$$

$$Nx = \frac{3.6 \times 360}{120} = N10.8 \text{ million}$$

The contribution of the other sectors equals total revenue minus the contribution of the oil sector. That is, $N(10.8 - 3.6)$ million = N7.2 million.

5. Option B.

7. OPTION A

This is called a change in quantity demand and this is caused, by a change in price of the product.

3. Option A

3. Option D

Price elasticity of demand is the degree of responsiveness of demand to change in price of a commodity. This is mathematically represented in.

10. Option A

11. Option D

This producers supply more when price is higher and less when price is lower.

12. Option B

13. Option B

$$\begin{aligned} \text{Change in quantity} &= (660-600) \text{ units} \\ &= 60 \text{ units} \end{aligned}$$

$$\% \text{ change} = \frac{60}{600} \times 100 = 10\%$$

Price elasticity of supply equals

% change in quantity supplied

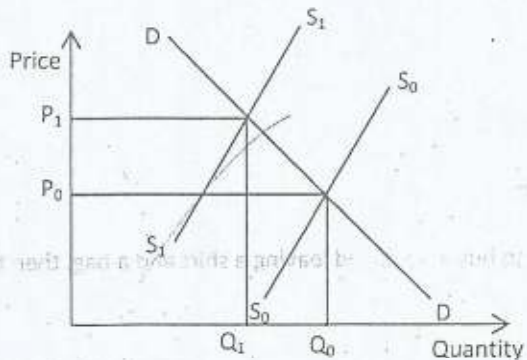
% change in price

$$= \frac{10\%}{8\%} = 1.25$$

14. Option D

15. Option A

This can be best described in the diagram below



16. Option C

Production can simply be defined as the transformation of raw materials (input) into a finished products (output).

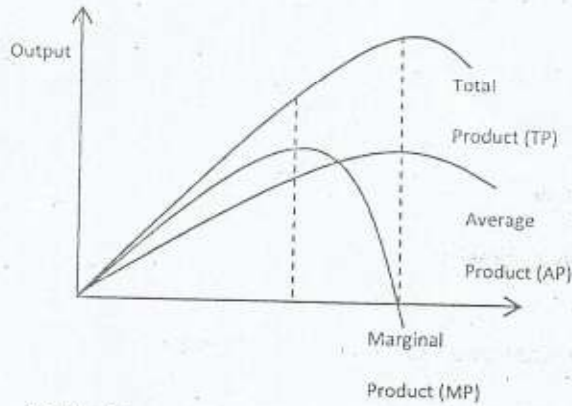
17. Option D

$$MP = \frac{\text{in total output}}{\text{in unit of capital}} = \frac{425 - 212}{5 - 4} = 213$$

18 Options A

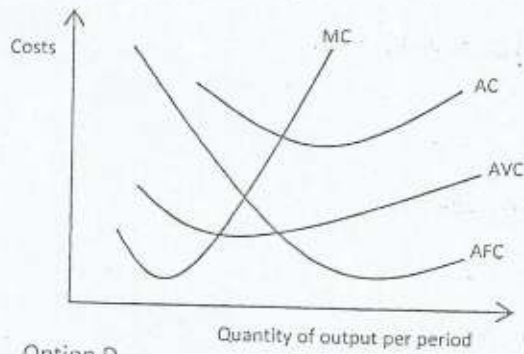
$$AP = \frac{\text{total output}}{\text{unit of capital}} = \frac{212}{4} = 53$$

19 Options A



20. Option C.

Average fixed cost will continue to decrease as seen in the diagram below



- 21. Option D
- 22. Option B
- 23. Option B
- 24. Option A
- 25. Option B