

OPTION A

31

34. Scarcity in economics means A. unavailability of goods and services B. limited wants and abundant resources C. limited resources and unlimited production capabilities D. limited resources and unlimited wants
35. If the price of salt decreases by 10%, and the quantity demanded increases by 10%, the demand is A. unitary inelastic B. unitary elastic C. military elastic D. elastic
36. Change in the quantity demanded is the same thing as A. movement along a demand curve due to a change in commodity's price B. movement along a demand curve due to changes in consumers income C. movement along a demand curve due to improvement in technological advancement D. as a change in demand
37. The GDP is: A. Measured in physical units. B. A measure of the economic growth rate C. A per capita measure. D. The total value of all final goods and services produced within a nation's borders in a given
38. In the equation $C = 50 + 0.9 Y_d$, C is Consumption and Y_d is disposable income (A) C is N 900 when Y_d is N 1,000 (B) C is N 750 when Y_d is N 3,000 (C) C is N 1,850 when Y_d is N 2,000 (D) C is N 1,000 when Y_d is N 5,000 (E) none of the above
39. If market demand is $Q_d = 80 - p$ and market supply is $Q_s = 30 + 9p$. The equilibrium price is? A. N2 B. N3 C. N5 D. N10
40. If the price of gari decreases by 10%, and the quantity demanded is less than 10%, the demand is A. Unitary B. Military C. inelastic D. elastic
41. Personal income is equal to A. national income minus taxes plus transfers B. consumption plus saving C. disposable income plus personal taxes D. none of the above.
42. If the cross elasticity of two commodities A and B is positive, A. it implies that as price of good B decreases, the quantity of commodity A demanded decreases. B. it implies that as price of good B increases, the quantity of commodity A demanded decreases C. it implies that as price of good B increases, the quantity of commodity A demanded increases D. it implies that as price of good B decreases, the quantity of commodity A demanded increases.
43. Disposable income is A. the same as real income B. the same as money income C. calculated by subtracting government purchases from NNP D. none of the above
44. The total value of goods and services produced by all residents of a country in a year is referred to as A. Gross National Product B. Gross Domestic Product C. Gross National Product D. National Income
45. In the determination of national income A. Only final goods and services are included B. Only final goods and services are excluded C. Only intermediate goods and services are included D. Only intermediate goods and services are not excluded
46. Immobility of labour causes A. Mass Unemployment B. Frictional Unemployment C. Seasonal Unemployment D. Residual Unemployment
47. At prices below the equilibrium there will be A. shortages B. surplus C. equilibrium D. substitution
48. Given the demand equation $q = 24 - 0.2p$ where q is the quantity of eggs demanded and p is the price, the price elasticity of demand when the price of egg falls from N70/crate to N50/crate is A. 1.4 B. 2.3 C. 4.4 D. 0.2
49. The branch of economics which deals with the studies of the economic actions of individuals, small groups of individuals and firms is referred to as... (a) Microeconomics (b) Macroeconomics (c) Inductive economics (d) Positive economics
50. Which of the following will not result in shift of the demand curve? (a) Price (b) Income (b) Taste (d) fashion and taste

$$80 - p = 30 + 9p$$

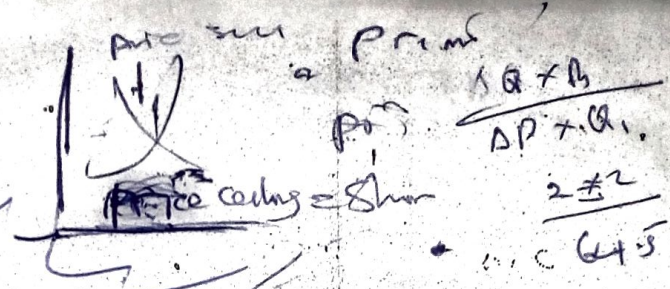
$$50 = 10p$$

$$p = 5$$

$$80 - 5 = 75$$

$$30 + 9(5) = 75$$

$$\frac{DQ \times P_1}{DP_2} \times \frac{2}{4.5} = \frac{2 \times 4.5}{4.5} = 2$$



Using the schedule below, answer questions 31-40,

Quantity Demanded, kg/ month	Price, Naira/kg	Quantity supplied, kg/month
A.2	4	H.7
B.3	3	G.6
E.4.5	2	E.4.5
C.6.5	1	F.2.5

31. The elasticity of demand between points E and C using the original quantity and original price is: A. 2/4.5
 B. 1/4.5 C. 1/6.5 D. 6/6.5
32. The elasticity of demand between points E and C using the new quantity and the new price is: A. 2/6.5
 B. 1/4.5 C. 1/6.5 D. 1/4.5
33. The average elasticity of demand between points E and C is: A. 3/11 B. 2/11 C. 3/5.5 D. 2/5.5

34. If total revenue remains unchanged when price changes, the demand curve is: A. elastic B. unitary elastic
 C. inelastic D. any of the above

35. If total revenue rises when price falls, the demand curve is: A. elastic B. unitary elastic
 C. inelastic D. any of the above

36. If total revenue rises when price rises, the demand curve is: A. elastic B. unitary elastic
 C. inelastic D. any of the above

37. The demand curve for a commodity is more elastic: A. The greater the number of good substitutes available
 B. The greater the proportion of income spent on the commodity C. The longer the time period considered
 D. All of the above

38. The average elasticity of supply between points G and H is: A. 3.5/13 B. 3.5/6.5 C. 4/13 D. 7/6.5

39. When farm harvests are bad, A. The supply of farm products decrease B. The farm price rise
 Farmers' income usually rise D. All of the above

40. The burden on consumers of a per unit tax collected from producers is greater: A. The more elastic the demand curve
 B. The more inelastic the demand curve C. The more inelastic the supply curve D. None of the above.

41. Personal income is equal to: A. national income minus taxes plus transfers B. consumption plus saving
 disposable income plus personal taxes D. none of the above

42. The broadest measure of a nation's output is: A. NI B. GNP C. NNP D. PI

43. Which of the following is not a limitation to national income accounting?

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MATRICULATION NUMBER:

NAME:

DEPT:

OPTION: D

- The following statements show that fuel and motor engine oil are complements except:
 - a. The price of fuel and the demand of the engine oil move in the same direction.
 - b. The price of fuel and the demand of the engine oil move in opposite directions.
 - c. Fuel and engine oil are jointly demanded.
 - d. An increase in the price of fuel will cause an increase in the price of engine oil.
- In the consumption equation $C_t = a + bY_t$, "b" represents:
 - A. Consumption
 - B. Autonomous consumption
 - C. Marginal propensity to consume
 - D. Disposable Income
- In the consumption equation $C_t = a + bY_t$, "a" represents:
 - A. consumption
 - B. autonomous consumption
 - C. marginal propensity to consume
 - D. disposable income
- Autonomous income can be financed from accumulated in the past:
 - A. National Income
 - B. National expenditure
 - C. Asset or wealth
 - D. Investment
- Consumption can increase with:
 - A. Increase in population
 - B. Decrease in population
 - C. Increase in electoral votes
 - D. Decrease in disposable income
- In the national income equation, $Y = C + I + G + (X - M)$, (X-M) represents:
 - A. Export and Consumption
 - B. Import and Investment
 - C. Export and Import
 - D. Net export
- When there is a marked period of gentle but continuous rise in the general price level we have:
 - A. Creeping Inflation
 - B. Higher Inflation
 - C. pure Inflation
 - D. shock Inflation
- The burden on consumers of a per unit tax collected from producers is greater:
 - A. The more elastic the demand curve
 - B. The more inelastic the demand curve
 - C. The more inelastic the supply curve
 - D. None of the above
- Personal income is equal to:
 - A. national income minus taxes plus transfers
 - B. consumption plus saving
 - C. disposable income plus personal taxes
 - D. none of the above
- If income rises from 200 to 220 while consumption rises from 180 to 186, the marginal propensity to consume is approximately:
 - A. 0.3
 - B. 0.3
 - C. 0.3
 - D. falls from 0.9 to 0.845
- In the national income equation, $Y = C + I + G + X - M$, C and I represent:
 - A. Investment and Consumption
 - B. Consumption and Investment
 - C. Export and Import
 - D. Consumption and expenditure

the price of gari decreases by 10%, and the quantity demanded is less than 10%, the demand is to be ~~(a) Unitary~~ (b) Inelastic (c) Elastic (d) Zero elastic (e) A and B

The point at which both demand and supply intersect is called
 (a) Intersection point (b) point of similarity (c) equilibrium point (d) equilibrium price

Given the demand equation $q = 24 - 0.2p$ where q is the quantity of eggs demanded, and p is the price, the price elasticity of demand when the price of egg falls from N70/crate to N50/crate is

- (a) 1.4 (b) 2.3 (c) 4.4 (d) 5.3

$$\frac{2.0}{2.0} \times \frac{2.0}{2.0}$$

At N200 a bottle, a palm oil seller was able to sell 200 bottles. He sold 220 bottles when the price fell to N180. The demand can then said to be (a) elastic (b) inelastic (c) complementary (d) Unitary

The Supply Curve is upward-sloping because: ~~the price~~ positive

As the price increases, so do costs. b. As the price increases, consumers demand less.
 As the price increases, suppliers can earn higher levels of profit or justify higher marginal costs to produce more. d. None of the Above

If the cost of computer components falls, then

- a. demand curve for computers shifts to the right. b. demand curve for computers shifts to the left.
 c. supply curve for computers shifts to the right d. supply curve for computers shifts to the left

What happens in the market for airline travel when the price of traveling by rail decreases?

- a. The demand curve shifts left. b. The demand curve shifts right.
 c. The supply curve shifts left. d. The supply curve shifts right.

Which of the following is not a factor affecting demand?

- a. household income b. consumers taste c. technological advancement d. prices of good

If market demand is $Q_d = 80 - p$ and market supply is $Q_s = 30 + 9p$. The equilibrium price is?

- a. N2 b. N3 c. N5 d. N10

$$Q_d = Q_s$$

$$80 - p = 30 + 9p$$

$$80 - 30 = 9p + p$$

$$50 = 10p$$

$$p = 5$$

At prices lower than the equilibrium price we have.....

- a. surplus of output b. shortage of output c. breakeven d. None of the above

If total revenue remains unchanged when price changes, the demand curve is

- a. elastic b. unitary elastic c. inelastic d. any of the above

Demand for salt is.....

- a. elastic b. inelastic c. unitary elastic d. non of the above

If the cross elasticity of C and D is -5.4. How are C and D related?

$$80 - p = 30 + 9p$$

$$80 + 30 = 9p + p$$

$$110 = 10p$$

$$p = 11$$

15. Consequences of unemployment include (a) divestment (b) instability (c) high dependency (d) migration
16. The standard of living of a country can be measured using per capita (a) income (b) tax (c) policy (d) index
17. All the following are markets except (a) labour market (b) capital market (c) retail market (d) Price market
18. When income elasticity of demand of a commodity is greater than one, the commodity is (a) normal good (b) inferior good (c) Giffen good (d) inelastic
19. Basic economic decisions as a result of Problem of scarcity does not include (a) what to produce (b) how to produce (c) for whom to produce (d) how to consume.
20. In the equation $C = 50 + 0.9Y_d$, consumption is 950 when Y_d is (a) 2000 (b) 250 (c) 1000 (d) 1050
21. The demand curve is negative because as the price increases, the quantity demanded (a) decreases (b) increases (c) all of the above (d) none of the above
22. In the equation $Q_d = f(p)$, the variable P is the (a) dependent (b) independent (c) economic (d) dummy
23. The income elasticity for a luxury good is > 1 while that of a necessity is < 1 .
- (a) $> 1; > 0$ (b) $> 1; < 0$ (c) $< 1; > 0$ (d) $= 1; > 0$
24. Frictional unemployment exists when (a) there is a fall in aggregate demand (b) workers are seasonally unemployed (c) workers lack the skills necessary to be employed (d) None of the above
25. Individuals, firms, governments and societies make choices due to (a) Scarcity (b) Supply (c) demand (d) none of the above
26. The total number of workers that are being engaged by employers at a particular time is referred to as labour (a) Demand (b) Supply (c) scarcity (d) equilibrium.
27. A change in supply denotes (a) change in the quantity (b) a shift in the demand curve (c) change in the price (d) a shift in the supply curve
28. Profit is a major feature of (a) a market economy (b) a socialist economy (c) a traditional economy (d) an authoritarian economy.
29. The consumer must possess a coupon in addition to having the willingness and financial capacity to purchase a good or service under (a) government regulation (b) capitalism (c) rationing (d) socialism.
30. When the quantity demanded equals quantity supplied there is (a) substitution (b) equilibrium (c) transformation (d) marginalization.

45. Including the value of flour, the baker uses to make bread in gross national product is an example of: A. the expenditure approach to calculating GNP B. double counting in calculating GNP C. counting only market transactions in NNP D. recording a nonproductive transaction.
46. Consumption is equal to: A. national income less taxes plus transfers minus saving B. total household expenditures on durable and nondurable goods, and services C. personal income minus saving D. disposable income minus taxes.
47. If income rises from 200 to 220 while consumption rises from 180 to 186, the marginal propensity to consume: A. is 0.9 B. is approximately 0.845 C. is 0.3 D. falls from 0.9 to 0.845
48. In the national income equation, $Y = C + I + G + X - M$, C and I represent: A. Investment and Consumption B. Consumption and Investment C. Export and Import D. Consumption and expenditure
49. Which of the following is not a determinant of income? A. Price level B. Interest Rate C. Credit availability D. None of the above
50. Given that the disposable income increased from N85,000 to N90,000 and the level of consumption increased from N84,000 to N85,000, the marginal propensity to consume is: A. 0.8 B. 0.2 C. 0.4 D. 0.6 $= 0.5$
51. Government can increase or decrease consumption in a country through: A. Physical and monetary policies B. Advertisement and announcement C. Fiscal and monetary policies D. None of the above
52. Consumption can increase with: A. Increase in population B. Decrease in population C. Increase in electoral votes D. Decrease in disposable income.
53. When there is a marked period of gentle but continuous rise in the general price level we have: A. creeping inflation B. Higher inflation C. pure inflation D. shock inflation
54. The type of inflation obtained when all prices, includes wages and other sources of income rise at equal rate as: A. creeping inflation B. Galloping inflation C. Pure inflation D. shock inflation
55. An annual rise of 5% in the general price level will result in: A. Hyper inflation B. chronic inflation C. pure inflation D. shock inflation
56. Excessive growth in the demand for goods and services can cause: A. cost-push inflation B. demand push inflation C. demand pull inflation D. cost pull inflation.
57. Rapid increase in the cost of production of goods and services can cause: ^{Supply push} A. cost push inflation B. cost pull inflation C. demand pull inflation D. demand push inflation
58. Which of the following is a cause of inflation: A. expenditure B. income C. warf D. war
59. During inflation ~~A~~ borrowers gain B. Borrowers lose C. Lenders gain ~~D~~ lenders lose
60. Which of the following is not a method of inflation control: A. Increase in production of goods and services B. total ban on the importation of certain items C. Price control ~~D~~ Electoral Control.

micro

~~10000~~
5000

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UNIVERSITY OF AGRICULTURE, ABEOKUTA

2008/2009 CONTINUOUS ASSESSMENT IN PRINCIPLES OF ECONOMICS-AEM102, TIME-1HR

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1. Consumption is equal to : A. national Income less taxes plus transfers minus savings B. Total household expenditures on durable and non-durable goods, and services C. Personal income minus saving D. disposable income minus taxes.
 Handwritten: = $\frac{A}{B}$ 203
2. If income rises from 200 to 220 while consumption rises from 180 to 186, the marginal propensity to consume: A. is 0.9 B. is approximately 0.845 C. is 0.3 D. falls from 0.9 to 0.845
3. In the national Income equation, $Y = C + I + G + X - M$, C and I represent: A. investment and consumption B. Consumption and Investment C. Export and Import D. Consumption and expenditure
4. Which of the following is not a determinant of income? A. Price level B. Interest Rate C. Money availability D. None of the above
5. Given that the disposable income increased from ₦84,000 to ₦85,000 and the level of consumption increased from ₦84,000 to ₦85,000, the marginal propensity to consume is: A. 0.8 B. 0.2 C. 0.4 D. 0.6
 Handwritten: $\frac{100}{500} = 0.2$
6. Government can increase or decrease consumption in a country through: A. Physical and monetary policies B. Advertisement and announcements C. Fiscal and monetary policies D. None of the above
7. Consumption can increase with: A. Increase in population B. Decrease in population C. Increase in electoral votes D. decrease in disposable income
8. When there is a marked period of gentle but continuous rise in the general price level we have: A. creeping inflation B. Higher inflation C. pure inflation D. shock inflation
9. The type of inflation obtained when all prices, includes wages and other sources of income rise at the same rate as: A. creeping inflation B. Galloping inflation C. Pure Inflation D. shock inflation
10. An annual rise of 5% in the general price level will result in: A. Hyper inflation B. chronic inflation C. pure inflation D. shock inflation
11. Excessive growth in the demand for goods and services can cause: A. cost push inflation B. demand pull inflation C. demand pull inflation D. cost pull inflation
12. Rapid increase in the cost of production of goods and services can cause: A. cost push Inflation B. demand pull inflation C. demand pull inflation D. demand push Inflation
13. Which of the following is a cause of inflation: A. expenditure B. income C. what D. war
14. During Inflation: A. borrowers gain B. Borrowers lose C. lender's gain D. lenders lose
15. Which of the following is not a method of inflation control: A. Increase in production of goods and services B. total ban on the importation of certain items C. Price control D. Electoral Control.

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51. Limited resources + Unlimited wants = what? A. possibilities B. demand C. supply D. scarcity E. none of the above.
52. The value of goods and services produced by the nationals of the country whether currently residing in the country or living abroad is referred to as (a) Gross Domestic Product (b) National Income (c) Net National Income (d) Gross National Product
53. Unemployment as a result of technological improvement leading to replacement of labour by machinery is called (a) Frictional unemployment (b) Seasonal unemployment (c) Residual unemployment (d) Structural unemployment
54. Which of the following is true? (a) Price ceiling is usually fixed above equilibrium price (b) Price floor is usually fixed below equilibrium (c) price floor is usually aimed at protecting consumer (d) price ceiling is usually aimed at protecting consumer
55. Given that $Q_d = 20 - 4P$ and $Q_s = 6P + 12$, determine the equilibrium quantity? (a) 14.2 (b) 16.8 (c) 20.8 (d) 30.2
56. If consumption C is expressed as a function of disposable income Y_d written as $C = f(Y_d)$, it can be inferred that (a) Y_d is the independent variable (b) C is the independent variable (c) f is the independent variable (d) C is the random variable.
57. A commodity whose demand varies inversely with consumers' income can be described as (a) superior good (b) normal good (c) inferior good (d) complementary good
58. The following must be specified when using tables in economics except (a) title (b) interpretation of the table (c) source of data (d) table number
59. If the federal government of Nigeria comes up with a policy that will encourage the production of capital goods rather than consumer goods, it can be said that the government is solving the problem of (a) for whom to produce (b) how to produce (c) what to produce (d) where to produce.
60. In the national income equation, $Y = C + I + G + X - M$, C and I represent: A. Investment and Consumption B. Consumption and Investment C. Export and Import D. Consumption and expenditure

2010/102

Mohammed Zohullah

DEPARTMENT OF AGRICULTURAL ECONOMICS AND FARM MANAGEMENT

UNIVERSITY OF AGRICULTURE, ABOKUTA: AEM 102: PRINCIPLES OF ECONOMICS

Name.....Department.....Mat No.....

Instruction: Answer ALL questions Time Allowed: 20 Minutes Option B

1. Disposable income is (a) the same as real income (b) the same as money income (c) calculated by subtracting government purchases from NNP (d) none of the above
2. At prices above the equilibrium there will be (a) shortages (b) surplus (c) equilibrium (d) substitution
3. A price floor results in (a) shortages (b) excess supply (c) excess demand (d) black market
4. When income elasticity of demand of a commodity is less than zero, the commodity is (a) normal good (b) inferior good (c) elastic (d) luxury good
5. If increase in the price of gari causes the quantity of yam demanded to fall, then yam and gari are said to be (a) Complements (b) Substitutes (c) luxury (d) Inferior
6. The slope of the PPF at any given point is called the (a) marginal rate of transformation (b) marginal rate of substitution (c) marginal rate of income (d) marginal rate of translation.
7. In the equation $C = 50 + 0.9Y_d$, the autonomous consumption (Intercept) is (a) 0.9 (b) 50 (c) 45 (d) 59
8. The ability of labour to increase output without increasing the quantity of labour is called labour (a) Demand (b) Supply (c) scarcity (d) efficiency.
9. Labour wages can be determined by (a) hours of work (b) cost of training (c) Job Demand (d) population
10. In the measurement of national income, only final goods and services are included to (a) ensure that non market transactions are included (b) avoid double counting (c) devalue intermediate goods (d) appreciate intermediate goods
11. The total value of goods and services produced by all residents of a country in a year is referred to as (a) personal income (b) Gross Domestic Product (c) Gross National Product (d) National income
12. The total value of goods and services produced by all nationals of a country in a year is referred to as (a) Gross National Product (b) Gross Domestic Product (c) National Income (d) Personal Income
13. GNP measures (a) the market value of all final output produced during a year (b) the amount of money received as wages and salaries (c) the total current annual expenditures for the nations output (d) all of the above

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AEM 102
Shonungbe - Lyjale

~~A/B~~

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MATRICULATION NUMBER: _____ DEPT: _____ NAME: _____ OPTION: A

The law of supply can be represented in the following ways except: A. Supply curve B. Supply schedule C. An equation in which price of the commodity and the quantity supplied are variables D. Production possibility frontier

Which of the following does not cause a shift in the demand curve? A. Income of the consumers B. Prices of related commodities C. The tastes of the consumers D. Price of the commodity *→ its answer*

Given that the market demand curve of a good X is given by $Q_d = 1000 - 20P$ and the market supply curve is $Q_s = 500 + 30P$, answer questions 3-5:

At the price of N12: A. The quantity demanded is higher than the quantity supplied B. There is a shortage in the market C. There is a surplus in the market D. There is market equilibrium.

The equilibrium price is: A. N12 B. N10 C. N100 D. N15

The equilibrium quantity is: A. 860 units B. 100 units C. 850 units D. 760 units

The interaction of a market demand curve and a market supply curve for a commodity determines: A. The equilibrium price for the commodity B. The equilibrium quantity of the commodity C. The point of equilibrium D. All the above.

When the demand of a good increases without a corresponding increase in supply, which of the following does not occur? A. Equilibrium price increases B. Equilibrium quantity supplied increases C. Quantity demanded increases D. Total expenditure increases

If the equilibrium price of a commodity is N120 and the government fixes its price at N110m the supply will be: A. Greater than the equilibrium quantity B. Smaller than equilibrium quantity C. Same as the equilibrium quantity D. A determinant of the market forces of equilibrium

The main function of the price system is to: A. Distribute resources equally among competing ends B. Ensure efficient allocation of resources in the economy C. Allocate goods and services equally D. Minimize cheating.

When the quantity supplied at a particular price is above the quantity demanded, which of these answers is not true? A. There is downward pressure on prices B. There is an increase in demand C. There is surplus in the market D. There is excess supply.

Market equilibrium exists when: A. The quantity demanded of a commodity is zero B. The price of the commodity is zero C. The quantity demanded of the commodity is equal to its supply D. The market is not cleared

A supply curve for a normal commodity is: A. Downward sloping B. Parallel to the x-axis C. Has a positive slope D. Decreases as the price of the commodity increases

When two goods A and B are substitutes: A. The price of A and the demand for B move in opposite directions B. As the price of A increases, the demand of B also increases C. Commodity A cannot be used in place of B D. Commodity A and B are used together.

Handwritten notes:
D. 2 = 160
 $1000 - 20P = 500 + 30P$
 $500 = 50P$
 $P = 10$

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26. Which of the following does not cause a shift in the demand related commodities.

A. Income of the consumers
B. Prices of
C. Price of the commodity

C. The tastes of the consu.
Given the initial Kottid demand curve for a good X is given
 $Q_x = 500 - 30P$, answer the next 3 questions:

1000 - 20P and the market supply curve is

27. At the price of N12: A. The quantity demanded is higher than the quantity supplied B. There is a shortage in the market
C. There is a surplus in the market D. There is market equilibrium.

$1000 - 20P = 500$
 $1000 - 20(12) = 500$
 $1000 - 240 = 500$
 $760 = 500$

28. The equilibrium price is: A. N12 B. N10 C. N100 D. N15

29. The equilibrium quantity is: A. 860 units B. 800 units C. 850 units D. 760 units

For questions 30-50, answer A. TRUE, B. FALSE, C. UNCERTAIN, D. NONE OF THE ABOVE

30. Microeconomics deals with concerns such as the price level and the level of employment. **F**

31. Quantity demanded falls when the government imposes a price floor. **T**

32. Taxing a commodity at the production level decreases supply. **T**

33. Demand is inelastic if the percentage increase in quantity demanded exceeds the percentage decrease in price. **F**

34. A decline in price leaves total revenue unchanged when the elasticity of demand equals one. **T**

35. Supply is said to be elastic if $E_s < 1$, unitary elastic if $E_s = 1$ and inelastic if $E_s > 1$. **F**

36. Demand and supply elasticities are always positive. **F**

37. The supply curve becomes more elastic the longer the time period under consideration. **T**

38. Concept of elasticity can be used to explain why farmers' income often rise during bad harvest. **T**

39. An inferior good has an elasticity of demand that is less than one. **F**

40. A good that is a necessity has an elasticity of demand that is less than one. **F**

41. A surplus exists when the market price is above the equilibrium price. **T**

42. Unemployment only imposes cost upon those who are unemployed. **F**

43. Economic policy is directed toward reducing frictional, structural and cyclical unemployment. **T**

44. The labor force consists of the working-age population. **T**

45. The average propensity to consume (APC) is constant along a linear consumption line. **T**

46. The circular flow depicts the alternative combinations of goods and services an economy can produce at a point in time. **F**

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Using the schedule below, answer questions 16-25

Quantity demanded, kg/month	Price, naira/kg	Quantity supplied, kg/month
A. 2	4	H. 7
B. 3	3	G. 6
E. 4.5	2 P_1	E. 4.5
C. 6.5	1 P_2	F. 2.5

16. The elasticity of demand between points E and C using the original Quantity and original price is A. 2/4.5 B. 4/4.5 C. 4/6.5 D. 6/6.5
17. The elasticity of demand between points B and C using the new quantity and the new price is A. 2/6.5 B. 2/4.5 C. 1/6.5 D. 0.1/4.5
18. The average elasticity of demand between points E and C is A. 3/11 B. 2/11 C. 3/5.5 D. 2/5.5
19. If total revenue remains unchanged when price changes, the demand curve is: A. elastic B. unitary C. inelastic D. any of the above
20. If total revenue rises when price falls, the demand curve is A. elastic B. unitary C. inelastic D. any of the above
21. If total revenue rises when price rises, the demand curve is A. elastic B. unitary C. inelastic D. any of the above
22. The demand curve for a commodity is more elastic: A. The greater the number of good substitutes available B. The greater the proportion of income spent on the commodity C. The longer the time period considered D. All of the above
23. The average elasticity of supply between points G and H is: A. 3.5/13 B. 3.5/6.5 C. 4/13 D. 7/6.5
24. When farm harvests are bad: A. The supply of farm products decreases B. The farm price rise C. Farmers' income usually rise D. All of the above
25. The burden on consumers of a per-unit tax collected from producers is greater A. The more elastic the demand curve B. The more inelastic the demand curve C. The more inelastic the supply curve D. None of the above
26. Personal income is equal to A. national income minus taxes plus transfers B. consumption plus saving C. disposable income plus personal taxes D. non of the above
27. The broadest measure of a nation's output is: A. NI B. GNP C. NNP D. PI
28. Which of the following is not a limitation to national Income accounting? A. some output of new good and services is not included B. disposable Income cannot be separated from personal Income C. some output is illegally traded D. Some output do not increase the nation's welfare
29. Indirect business taxes include: A. corporate Income taxes B. sales and excise taxes C. social welfare taxes D. all of the above

14. The following factors are supply shifters except: A. Resource prices B. Technology C. Prices of other commodities related in production D. Price of the commodity
15. Which of the following is not the result of government intervention in the market?
A. Minimum wage B. Rent control C. Black market D. Market equilibrium
16. In economics, the term opportunity cost refers to:
A. The monetary cost of a good or service B. The money cost of hiring an economic resource C. The value of a good or service forgone D. The money cost of providing a good or service
17. The production possibility frontier depicts:
A. The maximum amount of alternative combinations of two goods that an economy can produce at a point in time B. The limited amount of resources that an economy has at a point in time C. The alternative combinations of capital and labour inputs used in producing goods and services over time D. The economy's employment level at a point in time
18. The economic problem of how to produce refers to the decision of:
A. Who should be given the opportunity to produce goods and services B. How many people in the population are to be employed C. How much of current production should go toward consumption rather than saving D. Which of the production techniques is to be used
19. Ceteris paribus is used in economics when:
A. Two variables are negatively related B. Two variables are positively related C. The value of the independent variable affecting the dependent variable is held constant D. The value of the dependent variable affecting the independent variable is held constant
- For questions 20-29, answer A. true B. false C. uncertain D. certain
20. Elasticity of demand measures the percentage change in the quantity demanded of a commodity as a result of a given percentage change in price. **false**
21. Demand is inelastic if elasticity of demand < 0 . **F**
22. Demand is inelastic if the percentage increase in quantity demanded exceeds the percentage decrease in price. **F**
23. A decline in price leaves total revenue unchanged when the elasticity of demand equals one. **T**
24. Supply is said to be elastic if $E_s < 1$, unitary elastic if $E_s = 1$ and inelastic if $E_s > 1$. **F**
25. Demand and supply elasticities are always positive. **F**
26. The supply curve becomes more elastic the longer the time period under consideration. **F**
27. Concept of elasticity can be used to explain why farmers' income often rise during bad harvest. **F**
28. An inferior good has an elasticity of demand that is less than one. **True**
29. A good that is a necessity has an elasticity of demand that is less than one. **True**
30. NNP is calculated by:
A. adding consumption to national income B. subtracting depreciation from gross national product C. aggregating investment, saving and net exports D. deflating gross national product by the consumer's price index

