

FEDERAL UNIVERSITY OF  
AGRICULTURE, ABEOKUTA (FUNAAB)

**SUNNYWISE EXPOSITORY CLASS  
(S.E.C.) EXAM GUIDE.**

**COURSE: AEM 102**

***NB: This piece was made available JUST as a guide with CAPITALIZED/BOLD correct options and never as an AREA OF CONCENTRATION. Good luck!***

1. 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**
2. If the price of sugar decreases by 10% and the quantity demanded increases by 10%, the demand is said to be \_\_\_\_ a. **UNITARY** b. inelastic c. unitary elastic c. military elastic d. elastic
3. Change in the quantity demanded is the same thing as a. **MOVEMENT ALONG A DEMAND CURVE DUE TO 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
4. In the equation  $C = 50 + 0.9y_d$ , C is consumption and  $y_d$  is disposable income a. C is N1,900 when  $y_d$  is N1,000 b. C is N750 when  $y_d$  is N3,000 c. C is 1,850 when  $y_d$  is N2,000.... d. none of the above
  5. 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....**
  6. If the price of floating berry decreases by 10% and the quantity demanded is less than 10%, the demand is said to be \_\_\_\_ a. unitary b. military c. **INELASTIC** d. elastic
  7. The GDP is \_\_\_\_ a. measured in physical units b. a measure of the economic growth rate c. a per capital measure d. the total value of all final goods and services produced within a nation's borders .....
  8. 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.....
  9. 42. If the cross elasticity of two commodities C and D is positive, it

- means \_\_ a. that as price of D decreases the quantity of C demanded decreases..... b. that as price of good D increases the quantity demanded of C decreases c. that as good price D increases the quantity of commodity C demanded increase d. that as price of good D decreases the quantity of commodity C demanded increases
10. The total value of goods and services produced by all residents of a country in a year is called \_\_  
a. gross national product b. gross domestic product c. gross national products..... d. national income
11. 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
12. Immobility of labour causes a. mass unemployment b. FRICTIONAL UNEMPLOYMENT c. seasonal unemployment d. residual unemployment
13. At prices below equilibrium there will be a. SHORTAGES b. surplus c. equilibrium d. substitution
14. The branch of economics which deals with the studies of economic actions of individuals, small groups of individuals and firms is termed \_\_ a. MICROECONOMICS b. macroeconomics c. inductive economics d. positive economics
15. Which of the will not result in shift of the demand curve? a. PRICE b. income c. taste d. fashion and taste
16. Limited resources + unlimited want a. possibility b. demand c. supply d. SCARCITY e. none of the above
17. The value of goods and services produced by the nationals of the country whether currently residing in the country or living abroad is \_\_ a. gross domestic product b. national income c. net national income d. GROSS NATIONAL INCOME
18. 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
19. Commodity whose demand varies inversely with consumer's income can be referred to as \_\_ a.

superior good b. normal good c.  
INFERIOR GOOD d.  
complimentary good

20. Which of the following does not  
cause a shift in the demand curve?

a. income of the consumers b.  
price of the related commodities c.  
taste of the consumers d. PRICE  
OF THE COMMODITY

21.66. The interaction of a market  
demand curve and 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 neither surplus nor  
shortage of the commodity d. ALL  
OF THE ABOVE

22. 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

23. 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 of price b.  
there is an increase in demand c.  
THERE IS SURPLUS IN THE  
MARKET d. there is excess supply

24. Market equilibrium occurs when  
\_\_\_ a. the quantity demanded of a

country 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

25. 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 for B also increases c.  
commodity A cannot be used in  
place of B d. commodity A and B  
are used together

26. The following but one is supply  
shifter a. resources prices b.

technology c. price of other  
commodities related in production  
d. THE PRICE OF THE  
COMMODITY

27. In economics, the term  
OPPORTUNITY COST refers to a.

the monetary cost of a good or  
services b. the money cost of  
hiring an economic resources c.  
THE VALUE OF GOODS OR  
SERVICES FORGONE d. the money  
of proving a good or service

28. The production possibility frontier  
PPF depicts a. THE MAXIMUM

AMOUNT OF ALTERNATIVE

COMBINATIONS OF TWO GOODS THAT AN ECONOMIC CAN PRODUCE AT A POINT IN TIME b. the limited amount of resources that an economic has at a point in time c. the alternative combinations of a capital and labour inputs used in producing goods and services over time d. the economy's employment

29.78. 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 towards consumption rather than saving d. WHICH OF THE PRODUCTION TECHNIQUES IS TO BE USED

30. Ceteris paribus is used in economics when \_\_\_ a. two variables are negatively related b. two variables are positively related c. the variables of the independent variable of affecting the dependent variables held constant d. THE VALUE OF THE DEPENDENT VARIABLE OF AFFECTING THE INDEPENDENT VARIABLE IS HELD CONSTANT (ALL OTHER FACTORS BEING THE SAME)

31. Consumption is equal to \_\_\_ a. national income less taxes transfers minus saving b. TOTAL HOUSEHOLD EXPENDITURE ON DURABLE AND NONDURABLE GOODS AND SERVICES c. personal income minus saving d. disposable income minus taxes

32. Consumption can increase with \_\_\_ a. INCREASE IN POPULATION b. decrease in population c. decrease in electoral value d. decrease in disposable income

33. The type of inflation obtained when all prices, include wages and other sources of income rise at equal rates is a. creeping inflation b. GALLOPING INFLATION c. pure inflation d. shock inflation

34. Basic economic decisions as a result of problem of scarcity include all but one a. what to produce b. how to produce c. for whom to produce d. HOW TO CONSUME

35. Which income elasticity of demand of a commodity is greater than one, the commodity is said to be \_\_\_ a. normal good b. inferior good c. LUXURIOUS GOOD d. inelastic

36. In the equation  $Q_d = f(p)$ , the variable  $p$  is \_\_\_ a. dependent b.

INDEPENDENT c. economic d.  
sunnywise

37. A change in supply implies a.  
change in the quantity b. a shift in  
the demand curve c. change in  
price d. A SHIFT IN THE SUPPLY  
CURVE

38. The income elasticity for a luxury  
good is \_\_ while that of necessity  
is \_\_ a.  $>1, >0$ .... b.  $>1, <0$  c.  $<1, >0$   
d.  $=1, >0$

39. In the equation  $C = 50 + 0.9Y_d$ , the  
autonomous  
consumption(intercept) is \_\_ a. 0.9  
b. 50... c. 45 d. 59

40. The ability of labour to increase  
output without increasing the  
quality of labour is called labour \_\_  
a. demand b. supply c. scarcity d.  
EFFICIENCY

41. The final goods and services are  
included in the measurement of  
national income in order to \_\_ a.  
ensure that non-market  
transactions are included b.  
AVOID DOUBLE COUNTING c.  
devalue intermediate goods d.  
appreciate intermediate goods

42. GNP simply means \_\_ 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 nation's  
output d. all of the above

43. In the consumption equation  $C =$   
 $a + by$ , b represents \_\_ a.  
consumption b. autonomous  
consumption c. MARGINAL  
PROPENSITY TO CONSUME (MPC)  
d. disposable income

44. In the national 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

45. The following but one is income  
determinant a. PRICE LEVEL b.  
interest rate c. credit availability d.  
none of the above

46. 119. During inflation \_\_ a.  
borrowers gain b. borrowers lose  
c. lenders gain d. LENDERS GAIN

47. A price floor results in \_\_ a.  
shortages b. EXCESS SUPPLY c.  
excess demand d. black market

48. The slope of the PPF at any point  
is called the \_\_ a. marginal rate of  
transformation b. MARGINAL  
RATE OF SUBSTITUTION c.  
marginal rate of income d.  
marginal rate of translation

49. The broadest measure of a  
nation's output is a. NI b. GNP..  
c. NNP d. PL

50.29. A point inside the production possibility curve indicates \_\_ a. INEFFICIENCY b. unemployed resources c. the existing resources can produce at a higher level output d. all of the above

51. The following but one is feature of land a. minerals b. LAND c. rivers d. forest

52. A shift to the right by the entire demand curve implies a. decrease in demand b. INCREASE IN DEMAND c. increase in quantity demanded d. at each price, individuals demand fewer units of the commodity

53. The burden of 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

54. "QUANTITY DEMANDED IS A FUNCTION OF PRICE" depicts that \_\_ a. quantity demanded varied b. QUANTITY DEMANDED IS THE DEPENDENT VARIABLE c. quantity and price are not related d. quantity and price are both independent variables

55. Supply curve is upward sloping because \_\_ a. it is negative b. it is

neither negative nor positive c. IT IS POSITIVE d. none of the above

56.53. Unemployment as a result of technological improvement leading to the replacement of labour by machinery is termed a. frictional unemployment b. seasonal unemployment c. residual unemployment d. STRUCTURAL UNEMPLOYMENT

57. If increase in the price of garri causes the quantity of yam demanded to rise, then yam and garri are said to be \_\_ a. complements b. SUBSTITUTES c. luxury d. inferior

58. NOTE  
SUPPLY IS ELASTIC;  $E_s > 1$   
SUPPLY IS INELASTIC;  $E_s < 1$   
SUPPLY IS UNITARY;  $E_s = 1$

59. NOTE  
WHEN ELASTICITY OF DEMAND ( $E_d$ ) is  $= 1$ , goods is a NORMAL GOOD  
WHEN ELASTICITY OF DEMAND ( $E_d$ ) is  $< 1$ , the goods is an INFERIOR GOOD  
WHEN ELASTICITY OF DEMAND ( $E_d$ ) is  $> 1$ , good is a LUXURIOUS GOOD

60. NOTE  
INELASTIC DEMAND occurs when large % change in price brings

about smaller % change in quantity demanded.  $E_d < 1$

61. NOTE

UNITARY ELASTICITY ( $E_s=1$ ) occurs when %change in price is the same as % change in quantity supplied/demanded

62. Micro economics deals with study of behaviour of individuals, firms, demand, supply, consumer surplus et cetera

FACTS!

63. Taxing a commodity at the production level decreases supply

64. Quantity demanded falls when the government imposes a price floor

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

66. Economic policy is directed toward reducing frictional, structural, and cyclical unemployment

67. The average propensity consume (APC) is constant along a linear consumption line

68. Unemployment imposes cost upon both the unemployed and employed

69. The labour force consists of the working age population

70. CHOICE is made as a result of LIMITED RESOURCES while

SCARCITY results from UNLIMITED WANTS.

Success is addition of all your consistent inputs. May all your efforts be crowned with God's mercy — *from your gallant, serving, and humble SUNNYWISE(09131127291).*

Persistence, consistence and commitment are the key factors of success. Never give up! — *from your darling Cutie Posh.*