



**NATIONAL OPEN UNIVERSITY OF NIGERIA
14-16 AHMADU BELLO WAY, VICTORIA ISLAND LAGOS
SCHOOL OF AGRICULTURAL SCIENCES
SEPTEMBER/OCTOBER 2015 EXAMINATION**

Course Code: AEM 751

Course Title: Micro Economics

Time Allowed: 2 Hours

Instruction: Answer any four (4) Questions

1. (a)i. What do you understand by the term “economic resources”?

ii. List the various types of economic resources.

iii. Outline the main economic problems that may face developed or developing countries.

(b)i. Explain the term scarcity and choice.

ii. What is the purpose of a model in economic analysis?
2. (a) What do you understand by the term consumer surplus?

(b) State five assumptions of cardinal utility.

(c) Explain the terms utility and utility maximization.

(d) What does indifference curve show?

(e) State the characteristics of the indifference curve.
3. (a) Write short notes on the following:
 - I. Income elasticity of demand
 - II. Effective demand
 - III. Price elasticity of demand
 - IV. Cross elasticity of demand
 - V. Supply

VI. Price elasticity of supply.

(b) i. Outline five factors that determine the elasticity of demand

ii. State the law of diminishing returns.

4. (a) i. What do you understand by price discrimination?

ii. State the two conditions that must be fulfilled for price discrimination to be possible under monopoly.

4bi. Identify four different market structures.

ii. Enumerate the characteristics of each of the markets.

5. Write short notes on the following:

- I. Total cost(TC)
- II. Total fixed cost(TFC)
- III. Total variable cost(TVC)
- IV. Isocost
- V. Expansion path
- VI. Marginal rate of technical substitution
- VII. Change in demand
- VIII. Change in quantity demanded.

6. (a) I. Define the law of variable proportion and

ii. Industry.

(b) List and briefly explain the different types of resources.