



**NATIONAL OPEN UNIVERSITY OF NIGERIA  
FACULTY OF AGRICULTURAL SCIENCES  
SECOND SEMESTER EXAMINATION  
JANUARY/FEBRUARY, 2018**

**PROGRAMME: AGRICULTURAL EXTENSION AND MANAGEMENT**

**COURSE CODE: AEM751**

**COURSE TITLE: MICROECONOMICS**

**CREDIT UNIT: 2**

**TOTAL SCORE: 70 MARKS**

**TIME ALLOWED: 2 HOURS**

**INSTRUCTION: ANSWER QUESTION ONE (1) AND ANY OTHER THREE (3) QUESTIONS**

1a. Explain the meaning of utility and state the assumptions of Cardinal Utility **(11marks)**

1b. Explain using mathematical derivation the equilibrium and utility maximization of Mallam Musa of a particular good **(9marks)**.

1c. What do you understand by the term Consumer Surplus? **(5marks)**

2a. Explain the terms market and market structure **(5marks)**.

2b. Outline the characteristic features of the following market structures

i. Perfect competition **(3marks)**

ii. Monopoly **(3marks)**

iii. Monopolistic competition **(2marks)**

iv. Oligopoly **(2marks)**

3. Write short notes on the following.

i. Price elasticity of demand **(5marks)**

ii. Income elasticity of demand **(5marks)**

iii. Cross elasticity of demand **(5marks)**

4. Explain the following terms

a. Law of diminishing return **(5marks)**.

b. Price discrimination **(5marks)**

c. Expansion Path **(5marks)**

5. Abioedun is a student of history Department and his inquisitive to know what a model is. Prove to him that you are a microeconomics student **(15marks)**.

6. Write short notes on the following

a. Resources **(9marks)**

b. Increasing cost industry **(3marks)**

c. Decreasing cost industries **(3marks)**