



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**14-16 AHMADU BELLO WAY, VICTORIA ISLAND LAGOS**  
**MARCH/APRIL 2016 EXAMINATION**  
**SCHOOL OF ARTS AND SOCIAL SCIENCES**

**Course Code:** ECO431

**Course Title:** Advanced Micro economic Theory

**INSTRUCTION:** Answer any 3 Questions

**Time Allowed:** 2hrs

1. Assuming that the market demand function of a perfectly competitive industry is given by  $QD = 4750 - 50P$  and the market supply function is given by  $QS = 1750 + 50P$ , and  $P$  is expressed in Naira.

a. Find the market equilibrium price (7.5 Marks)

b. Find the quantity demanded and supplied in the market at  $P = N50, N40, N30, N20$ , and  $N10$  (10 Marks)

c. Write the equation of the demand curve of the firm (6 Marks)(**23.5 Marks**)

2a. Why is it that the price elasticity of demand for Honda Accordcar greater than the price elasticity for Automobiles in general? (10 Marks)

2b. Is there any general rule one can infer from this?(12.5 Marks) (**23.5 Marks**)

3(a) Oligopoly as an imperfect market possess some peculiar features that differentiate from all other market structures, state at least three of them. (12.5 Marks)

(b) What is the single most important characteristic in oligopolistic markets?(10 Marks) (**23.5 Marks**)

4. Compute Marginal Product and Marginal Revenue Product schedules given the following information:(23.5 Marks)

| No of workers(L) | Total Product (Q) | Total Revenue (R) |
|------------------|-------------------|-------------------|
| 30               | 530               | 5830              |
| 40               | 730               | 7300              |
| 50               | 910               | 8190              |
| 60               | 1070              | 8560              |
| 70               | 1210              | 8470              |
| 80               | 1330              | 7890              |

5(a). Define pure monopoly in a way analogous to the definition of perfect competition.(12.5 Marks)

(b). Nigeria Railway Corporation is currently enjoying the status of monopoly in Nigeria, suggest and discuss those conditions that might give rise to this status?(10 Marks)(23.5 Marks)