



**National Open University of Nigeria**  
**Plot 91, Cadastral Zone, Nnamdi Azikiwe Expressway, Jabi, Abuja**  
**Faculty of Agricultural Sciences**  
**October/November, 2016**

**Programme: Agricultural Extension and Management**

**Course Code: AEM751**

**Course Title: Microeconomics**

**Credit Unit: 2**

**Total Score: 100 Marks**

**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.