



NATIONAL OPEN UNIVERSITY OF NIGERIA
14/16 AHMADU BELLO WAY, VICTORIA ISLAND, LAGOS
SCHOOL OF SCIENCE AND TECHNOLOGY
JUNE/JULY EXAMINATION

COURSE CODE: AEM 751

COURSE TITLE: MICROECONOMICS

TIME ALLOWED: TIME: 2 ½ HOURS

INSTRUCTION: INSTRUCTION: ANSWER ONLY 4 QUESTIONS

1. a. Define production function.
b. State the law of diminishing returns.
c. Define an Isoquant map.
d. What is marginal rate of technical substitution?
e. Define an Iso-cost line.
f. Define the marginal rate of product transformation.
2. a. Distinguish between market period and the short run period.
b. At what level of output is the long run equilibrium of the industry attained?
c. What is price discrimination?
d. Define the short run equilibrium of level output for a monopolistic competitor.
3. a. What are the characteristics of an indifference curve?
b. In drawing a budget line, certain assumptions are made. What are these assumptions?
c. Define consumer surplus.
d. What is subsidy?
e. What is the effect of subsidy on consumer surplus?
f. State the law of demand.
4. a. Distinguish between individual and market supply curve.
b. Define equilibrium price and equilibrium quantity.
c. What is the effect of change in demand on the market equilibrium?
d. What is the effect of change in supply on the market equilibrium?
e. Define the following terms:
 - i. Income elasticity of demand;
 - ii. Price elasticity of demand; and
5. a. Define the following short cost component:
 - i. Total Cost;
 - ii. Total Fixed Cost; and
 - iii. Total Variable Cost.
b. Define the following:
 - i. Isorevenue line;
 - ii. Production possibility curve;
 - iii. Short run average cost; and
 - iv. Long run average cost.
c. What is market structure?
6. a. Define Resources?
b. What is a Productive Resource?

- c. List the various types of productive resource.
- d. What is the purpose of a Model in economic analysis?
- e. State the assumptions of the cardinal utility analysis.