



NATIONAL OPEN UNIVERSITY OF NIGERIA
14/16, Ahmadu Bello Way, Victoria Island

SCHOOL OF SCIENCE AND TECHNOLOGY
October, 2013 Examination

Course Code: AEM 751
HOURS

TIME: 2

Course Title: MICROECONOMICS

INSTRUCTION: ANSWER ONLY 4 QUESTIONS

1. a. State the law of demand.
b. Define the following short cost components:
 - i. Total Cost;
 - ii. Total Fixed Cost;
 - iii. Total Variable Cost;
 - iv. Isorevenue line; and
 - v. Production possibility curve;
- c. What is market structure?
2. a. Define production function.
b. State the law of diminishing returns.
c. Define the marginal rate of product transformation.
d. What do you understand by marginal rate of technical substitution?
3. a. Distinguish between market period and the short run period of a firm.
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.
4. a. Outline the characteristics of an indifference curve?
b. Define consumer surplus.
c. What is subsidy?
d. What is the effect of subsidy on consumer surplus?
5. 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?
6. a. Define Resources?
b. What is a Productive Resource?
c. List the various types of productive resource.
d. What is the purpose of Model in economic analysis?