ELIZADE UNIVERSITY

FACULTY: SOCIAL & MANAGEMENT SCIENCES
DEPARTMENT: ECONOMICS
FIRST SEMESTER EXAMINATIONS
2014/2015 ACADEMIC SESSION

COURSE CODE: ECO 201
COURSE TITLE: MICROECONOMICS
DURATION: 2 HOURS 15 MINUTES

HOD's SIGNATURE

INSTRUCTION: ANSWER ALL QUESTIONS IN SECTION A AND ANY THREE QUESTIONS IN SECTION B.
SECTION A: 30 MARKS ALL QUESTIONS CARRY EQUAL MARKS
SECTION B: 30 MARKS. QUESTIONS CARRY 10 MARKS EACH

SECTION A: ALL QUESTIONS ARE COMPULSORY
ANSWER TRUE OR FALSE

Question No.		Total Mark
1	If four firms operate on the telecommunications sector and each has sales of ₦ 25 billion, then each firm has a concentration index of 0.25	15
2	The income effect is represented on a higher indifference curve	
3	An individual spends its income between consumption and savings, if her total income is I, then her savings are I – C	
4	Marginal Rate of Substitution is to individuals, what Marginal Rate of Technical substitution is to firms	
5	The two effects that describe the impact of changes in real wages on labour supplied are the income effect and the price effect	
6	The savings plan represents the allocation of income between consumption and production	
7	In the long run marginal revenue exceeds marginal cost for a competitive firm	
8	A firm with a patent belongs to the monopoly market structure	
9	Oligopoly seems to be the market structure most conducive to innovation because they have the economic profit that can be invested and have the motivation to improve.	
10	An externality is the negative effect of a decision maker on a third party that was not taken into account by the decision maker	
11	For a perfectly competitive firm AR = P *Q/Q, so AR = P; where AR = average revenue and P = price	
12	A firm with differentiated products is a monopoly	
13	On a savings plan the consumption of present goods is inversely related to that of future goods	
14	An isocost shows the different combinations of two commodities with which a particular output can be produced	
15	When the budget line intersects with the indifference curve the consumer is in equilibrium	