

eExam Question Bank

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<input type="checkbox"/>	Question Type ↓	Question ↑	A ↑	B ↑	C ↑	D ↑	Answer ↑	Remark ↑
<input type="checkbox"/>	FBQ	Factors of production are never demanded for their own sake thus the demand here is a <input type="text"/> demand.	derived					<input type="button" value="eExam"/>
<input type="checkbox"/>	FBQ	The theory of distribution is an attempt to explain how <input type="text"/> is distributed among the of production.	income	factors				<input type="button" value="eExam"/>
<input type="checkbox"/>	FBQ	The Bertrand model is essentially the Cournot-Nash model except the strategic variable is price rather than <input type="text"/> .	quantity					<input type="button" value="eExam"/>
<input type="checkbox"/>	FBQ	The slope of the <input type="text"/> curve measures the MRS.	indifference					<input type="button" value="eExam"/>
<input type="checkbox"/>	FBQ	An oligopoly is where there are a <input type="text"/> sellers with similar or identical products	few					<input type="button" value="eExam"/>
<input type="checkbox"/>	FBQ	These are few but very important features of monopolistic competition. Product <input type="text"/> using branding and advertisement	differentiation					<input type="button" value="eExam"/>
<input type="checkbox"/>	FBQ	Monopolistic Competition is one of the markets in-between perfectly <input type="text"/> market and monopoly market.	competitive					<input type="button" value="eExam"/>
<input type="checkbox"/>	FBQ	An example of price discrimination is quantity/bulk purchase <input type="text"/>	discount	discounts				<input type="button" value="eExam"/>

<input type="checkbox"/>								
<input type="checkbox"/>	FBQ	Price discrimination is a pricing strategy that enables monopolist to charge customers <input type="text"/> prices for the same good or service.	different					eExam
<input type="checkbox"/>	FBQ	The demand curve facing a monopoly firm is the <input type="text"/> demand curve	market					eExam
<input type="checkbox"/>	FBQ	In a monopoly the company is similar to the <input type="text"/> .	industry					eExam
<input type="checkbox"/>	FBQ	Monopolist <input type="text"/> profits.	maximises					eExam
<input type="checkbox"/>	FBQ	Perfect competition means there are few, if any, <input type="text"/> to entry for new companies, and prices are determined by supply and demand.	barriers					eExam
<input type="checkbox"/>	FBQ	Perfect competition exists in an industry where perfect competition is characterised by <input type="text"/> buyers and sellers, many products that are similar in nature and, as a result, many substitutes.	many					eExam
<input type="checkbox"/>	FBQ	Because the marginal utility of an additional diamond is higher than the marginal utility associated with an additional glass of water, diamonds have a <input type="text"/> value in exchange.	higher					eExam
<input type="checkbox"/>	FBQ	Since water is not very costly to acquire, people consume <input type="text"/> water. At this high level of consumption, the marginal utility of an additional unit of water is relatively low.	more					eExam
<input type="checkbox"/>	FBQ	Because diamonds are <input type="text"/> , consumers consume few diamonds and the marginal utility of an additional diamond is relatively high.	expensive					eExam

<input type="checkbox"/>								
<input type="checkbox"/>	FBQ	Exchange value, on the other hand, is tied to how much someone is willing to pay for an <input type="text"/> unit of the commodity.	additional					eExam
<input type="checkbox"/>	FBQ	When Adam Smith was referring to "value in use," he was actually referring to the concept of <input type="text"/> utility.	total					eExam
<input type="checkbox"/>	FBQ	These concepts of <input type="text"/> and marginal utility can be used to resolve Adam Smith's diamond-water paradox.	total					eExam
<input type="checkbox"/>	FBQ	Indifference curves are <input type="text"/> sloping	downward					eExam
<input type="checkbox"/>	FBQ	A higher indifference curve that lies above and to the <input type="text"/> of another indifference curve represents a higher level of satisfaction and combination on a lower indifference curve yields a lower satisfaction.	right					eExam
<input type="checkbox"/>	FBQ	Higher indifference curves are preferred to <input type="text"/> ones, since more is preferred to less (non-satiation).	lower					eExam
<input type="checkbox"/>	FBQ	Any two points on an <input type="text"/> curve generate the same level of utility.	indifference					eExam
<input type="checkbox"/>	FBQ	Consumer utility is achieved when the ratio of marginal utility of one commodity is equal to its price is equal to the <input type="text"/> of another to its price.	ration					eExam
<input type="checkbox"/>	FBQ	The law of <input type="text"/> marginal utility states that consumption of any item yields the consumer declining utility holding taste constant.	diminishing					eExam
<input type="checkbox"/>	FBQ	If a good causes problem for a consumer we say it has <input type="text"/> effect.	disutility					eExam

<input type="checkbox"/>								
<input type="checkbox"/>	FBQ	An inferior good may have an upward sloping demand curve if the income effect is larger in magnitude than the substitution effect. A good that exhibits such a demand curve is called a <input type="text"/> good.	Giffen	giffen				eExam
<input type="checkbox"/>	FBQ	When good X becomes relatively more expensive, the quantity of good X demanded falls as a result of the <input type="text"/> effect.	substitution					eExam
<input type="checkbox"/>	FBQ	Total utility will decline only if <input type="text"/> utility is negative.	marginal					eExam
<input type="checkbox"/>	FBQ	Marginal utility is equal to change in Total utility <input type="text"/> by change in quantity	divide	divided				eExam
<input type="checkbox"/>	FBQ	<input type="text"/> utility is a measure of the additional utility that is derived when an additional unit of the good is consumed.	Marginal					eExam
<input type="checkbox"/>	FBQ	There are two economic theories that exhibit how a person maximises utility namely; the <input type="text"/> and cardinal utility theory.	ordinal					eExam
<input type="checkbox"/>	FBQ	<input type="text"/> is defined as the level of happiness or satisfaction connected with alternative choices.	Utility					eExam
<input type="checkbox"/>	FBQ	The consumer preferences include decisiveness, consistency, non-satiation and <input type="text"/> .	convexity					eExam
<input type="checkbox"/>	FBQ	Consumer preferences are defined as the subjective (individual) tastes, as measured by utility, of various <input type="text"/> of goods.	bundles					eExam
<input type="checkbox"/>	FBQ	The consumer's desire is to choose the bundle of goods, which provides the <input type="text"/> level of satisfaction as they the consumer, define it.	highest	greatest				eExam

<input type="checkbox"/>									
<input type="checkbox"/>	FBQ	The essential foundation of demand, therefore, is a pattern of how <input type="text"/> behave in the choice of goods and services.	consumers						eExam
<input type="checkbox"/>	FBQ	Consumers are believed to engage in <input type="text"/> behaviour	rational						eExam
<input type="checkbox"/>	FBQ	An individual <input type="text"/> wants to get all to maximize their total utility.	consumer						eExam
<input type="checkbox"/>	FBQ	<input type="text"/> reflects the maximum amount of good Y the consumer would be willing to give up obtaining an additional unit of X	Marginal rate of substitution	MRS					eExam
<input type="checkbox"/>	FBQ	The true <input type="text"/> exists where there is only one seller of a product for which no close substitute is available.	monopoly						eExam
<input type="checkbox"/>	FBQ	The utility approach assumes that consumer satisfaction is measurable on a/(an) <input type="text"/> _scale.	cardinal						eExam
<input type="checkbox"/>	FBQ	The <input type="text"/> of a firm is the total amount of money that the firm receives by selling a certain quantity of output	total revenue						eExam
<input type="checkbox"/>	FBQ	There is no definite relationship between the supply of factors and the <input type="text"/> of fact.	Price						eExam
<input type="checkbox"/>	FBQ	This net cost of a monopoly is called <input type="text"/> _.	deadweight loss						eExam
<input type="checkbox"/>	FBQ	Perfect <input type="text"/> have right-angled indifference curves.	complements						eExam
<input type="checkbox"/>	FBQ	The price that someone is willing to pay for an additional unit of a good is related to its <input type="text"/>	marginal utility						eExam

<input type="checkbox"/>									
<input type="checkbox"/>	FBQ	Perfect substitutes have straight-line _____ curves.	indifference						eExam
<input type="checkbox"/>	FBQ	With the help of _____ theory we are able to expound both value in use and value in exchange.	marginal analysis						eExam
<input type="checkbox"/>	FBQ	The demand curve a monopolistically competitive firm faces is _____.	fairly elastic	negatively slope					eExam
<input type="checkbox"/>	FBQ	The demand curve for the pure monopolist is _____.	Downsloping	Downward slope					eExam
<input type="checkbox"/>	FBQ	The demand for input is called _____.	Derived demand						eExam
<input type="checkbox"/>	FBQ	The demand of factor of production is a _____.	Joint demand	Derived demand					eExam
<input type="checkbox"/>	FBQ	_____ occurs when two or more firms secretly agree to control prices, production or other aspect of the market.	Collusion						eExam
<input type="checkbox"/>	FBQ	The monopolist is a _____.	Price taker						eExam
<input type="checkbox"/>	FBQ	The relationship between wages and leisure time for a worker is _____.	Indirect						eExam
<input type="checkbox"/>	FBQ	The legal combination of two firms into a single firm is called _____.	Merger						eExam
<input type="checkbox"/>	FBQ	The slope of the demand curve for an input such as labour will be _____.	Negative						eExam
<input type="checkbox"/>	FBQ	The slope of the indifference curve measures the _____.	Marginal Rate of Substitution						eExam
<input type="checkbox"/>	MCQ	The short run profit maximisation in monopolistically competitive firm is the same as that of monopoly i.e. _____ this condition should hold.	MC=TR	AC=MR	MC=AR	MC=MR	D		eExam

<input type="checkbox"/>								
<input type="checkbox"/>	MCQ	By selling 30 units, firm JKB make N300. After selling the 31st unit, firm's revenue increased to 318. What is the marginal revenue in this situation?	N18	N17	N16	N15	A	eExam
<input type="checkbox"/>	MCQ	Calculate the total revenue for a firm which is selling 10 television sets at N21,000 each.	N21,000	N2,100,000	N210,000	N210,100	C	eExam
<input type="checkbox"/>	MCQ	Note that this (MR) too is equal to price, so the marginal revenue is constant as well, and is equal to average revenue.	False	True	Maybe	all of the above	B	eExam
<input type="checkbox"/>	MCQ	If $TR/Q = (P \times Q)/Q = \text{Price}$, what is price?	average revenue	average cost	marginal cost	total revenue	A	eExam
<input type="checkbox"/>	MCQ	Market structure is the number of firms producing identical goods, which are _____ in nature.	segregated	differentiated	irregular	homogeneous	D	eExam
<input type="checkbox"/>	MCQ	If $P_b = N0.50/\text{milk}$ be the price of milk, and $P_o = N1.00/\text{bread}$ the price of bread. The relative price of a tin of milk in terms of bread is _____ a loaf of bread.	1	$\frac{1}{2}$	2	3	B	eExam
<input type="checkbox"/>	MCQ	Which equation is $Y = I/P_y - P_x/P_y \times X$?	budget line	budget constraint	budget limit	budget expenditure	A	eExam
<input type="checkbox"/>	MCQ	Expenditure on a particular good is the product of the amount of the good purchased times its price. We can then write the budget constraint as _____.	$I = P_x \times X + P_y \times Y$	$I = P_x \times X + y \times Y$	$I = P \times X + P_y \times Y$	$I = P_x \times X + P_y \times Y$	A	eExam
<input type="checkbox"/>	MCQ	The _____ would then say that income is equal to the sum of consumer expenditure.	budget line	budget money	budget constraint	budget restraint	C	eExam
<input type="checkbox"/>	MCQ	How did Adam Smith resolve the problem of low value for water and high value for diamond?	he proposed value in stock and value in exchange.	he proposed value in sale and value in exchange.	he proposed value in use and value in store.	he proposed value in use and value in exchange.	D	eExam
<input type="checkbox"/>	MCQ	What is the name for the paradox where water is essential for life and has a low market price (often a price of zero) while diamonds are not as essential yet have a very high market price?	diamond-water paradox	water-diamond paradox	diamond paradox	water paradox	A	eExam
<input type="checkbox"/>	MCQ	Consumer utility is achieved when the ratio of marginal utility of one commodity is equal to its price is equal to the ratio of another to its price. How is this equation derived?	$MU_x/P_x = MU_y/P_x$	$MU_x/P_x = MU_y/P_y$	$MU_x/P_y = MU_y/P_x$	$MU_y/P_x = MU_x/P_y$	B	eExam

<input type="checkbox"/>								
<input type="checkbox"/>	MCQ	What does convexity say?	that marginal utility declines as consumption increases.	that marginal utility increases as consumption increases.	that marginal utility declines as consumption decreases.	that marginal utility declines as consumption is proportional.	A	eExam
<input type="checkbox"/>	MCQ	Convexity is based on the notion that as a consumer consumes more and more of a particular good, the additional utility obtained _____.	decreases	proportional	neither decreases nor increases	increases	A	eExam
<input type="checkbox"/>	MCQ	What does the "non-satiation" expression connote?	"more is always better than excess"	"few is always better than less."	"more is always better than less."	"less is always better than more."	C	eExam
<input type="checkbox"/>	MCQ	The basis of consumer behaviour is underlined by the thinking referred to as _____.	law of increasing marginal utility (LIMU)	law of diminishing marginal utility (LDMU)	law of proportional marginal utility (LPMU)	law of diminishing marginal cost (LDMC)	B	eExam
<input type="checkbox"/>	MCQ	The consumer is considered to be _____ person, who tries to spend his or her money to derive the maximum amount of satisfaction, or _____, from it.	an irrational/utility	a rational/price	a rational/cost	a rational/utility	D	eExam
<input type="checkbox"/>	MCQ	Microeconomics also supposes that consumer consumers make their buying decisions in an effort to _____ happiness or benefit.	reducing	increasing	minimizing	maximizing	D	eExam
<input type="checkbox"/>	MCQ	A basic assumption of microeconomics is that because a consumer does not have _____, his or her available cash for spending must be judiciously allocated for maximum benefit.	an unlimited budget	a limited budget	an unlimited income	a limited income	A	eExam
<input type="checkbox"/>	MCQ	In perfect competitive market _____.	$P = AR$	$P = MC$	$P = AC$	$P = TC$	A	eExam
<input type="checkbox"/>	MCQ	Which of the following is an assumption of the model of perfect competition?	many buyers and sellers	homogeneous goods	perfect knowledge	all of the above	D	eExam
<input type="checkbox"/>	MCQ	To maximize utility subject to budget constraint, the ratio of marginal utility to price should be_.	the same for all consumers	different for all consumers	different for all goods	the same for all goods sold	A	eExam
<input type="checkbox"/>	MCQ	If the demand curves for a monopolist's commodity are identical in two separate markets, then, by practicing third degree price discrimination, the monopolist_____.	will increase TR and total profits	can increase TR and total profits	cannot increase TR and total profits	will charge a different price in different markets	D	eExam
<input type="checkbox"/>	MCQ	When total utility increases, marginal utility is_____?	negative and increasing	negative and declining	zero	positive and declining	D	eExam

<input type="checkbox"/>	MCQ	Which of the following is not an assumption of the indifference curve model?	utility is cardinally measurable	consumers derive satisfaction from goods	consumer seek to maximize satisfaction	consumers can make choices among commodity basket	D	eExam
<input type="checkbox"/>	MCQ	Third degree price discriminating monopoly result in_____.	different prices to the same buyer	different prices for each unit to the same buyer	different prices to buyers in different markets	all of the above	C	eExam
<input type="checkbox"/>	MCQ	With reference to the Cournot model, determine which of the following statements is false.	The duopolists do not recognize their interdependence	Each duopolist assumes the other will keep its quantity constant	Each duopolist assumes the other will keep its price constant	The solution is stable	C	eExam
<input type="checkbox"/>	MCQ	At long-run equilibrium, the average cost of production for a monopolist will be_____.	on the LRAC curve	at the minimum point on the LRAC curve	equal to the price	all of the above	A	eExam
<input type="checkbox"/>	MCQ	Over time, an increase in wages in one labour market, relative to others, will_____.	increase labour force participation	lead to the immigration of workers	lead to an increase in the quantity of labour supplied	all of the above	A	eExam
<input type="checkbox"/>	MCQ	When input A is the only variable input for an imperfect competitor in the product market, the firm's demand for input A is given by its_____.	VMP curve	MRP curve	MFC curve	none of the above	B	eExam
<input type="checkbox"/>	MCQ	With a single variable input, the demand curve for the input will be_____.	the marginal product curve	the marginal cost curve	the VMP curve	horizontal	C	eExam
<input type="checkbox"/>	MCQ	A profit maximizing firm selling its product in a competitive market should hire a single variable input up to the point where_.	the VMP equals the price of the input	the last unit of the input adds as much to costs as it does to revenue	the VMP equals the addition to costs	all of the above	D	eExam
<input type="checkbox"/>	MCQ	Payment received by households from the sale of resources and resource services are called_.	business receipts	goods and services	household income	taxes	C	eExam
<input type="checkbox"/>	MCQ	If the monopolist incurs losses in the short run, then in the long run_.	the monopolist will go out of business	the monopolist will stay in business	the monopolist will break even	any of the above is possible	D	eExam
<input type="checkbox"/>	MCQ	The model of perfect competition assumes that_____.	producers seek to maximize sales	there may be external benefits of consumption	there is free entry and exit in markets	firms may set the price of their products	C	eExam

<input type="checkbox"/>	MCQ	If demand decreases (shift left) the short-run market response will be a (n)_____.	reduction in price and quantity exchanged	increase in price and a reduction in quantity	decrease in supply	increase in supply	A	<input type="checkbox"/> eExam
<input type="checkbox"/>	MCQ	A firm in perfectly competitive market has a cost function of the form $C = 5000 - 10Q + Q^2$. find the profit – maximizing quantity for the firm if the market price P is N200. Calculate the profit as a function Q_____.	$210Q - 5000 - Q^2$	$210Q - 5000 - 2Q$	$200Q - 4000 - 2Q^2$	$210Q - 5000 - Q$	A	<input type="checkbox"/> eExam
<input type="checkbox"/>	MCQ	The supply curve for a pure monopolist_____.	is the portion of the marginal cost curve that lies above the average variable cost curve	is perfectly price elastic at the market price	is upward sloping	does not exist	D	<input type="checkbox"/> eExam
<input type="checkbox"/>	MCQ	At present output a monopolist determines that its marginal cost is N18 and its marginal revenue is N21. The monopolist will maximize profits or minimize losses by _____?	increasing price while keeping output constant	decreasing price and increasing output	decreasing both price and output	increasing both price and output	B	<input type="checkbox"/> eExam
<input type="checkbox"/>	MCQ	When the monopolist is maximizing total profits or minimizing losses _____?	total revenue is greater than total cost	average revenue is greater than average total cost	average revenue is greater than marginal cost	average total cost is less than marginal cost	C	<input type="checkbox"/> eExam
<input type="checkbox"/>	MCQ	Which of these is not assumed property of the ordinal preference function_____?	the ranking are transitive	larger quantities are preferred (non-satiation)	consumer may be indifferent between two commodity baskets	a change in income will shift the budget line	D	<input type="checkbox"/> eExam
<input type="checkbox"/>	MCQ	In long-run equilibrium, the pure monopolist (as opposed to the perfectly competitive firm) can make pure profits because of_____.	blocked entry	high selling prices	low LAC costs	advertising	A	<input type="checkbox"/> eExam
<input type="checkbox"/>	MCQ	Profit must be equal to zero for a typical firm in the long run equilibrium because_____.	product are differentiated	entry is easy	there is blocked entry	firms maximizes profits	B	<input type="checkbox"/> eExam
<input type="checkbox"/>	MCQ	What is the situation called whenever firms in an industry reach an agreement to fix prices, divide up the market, or otherwise restrict competition_____?	interindustry competition	incentive to cheat	price leadership	collusion	D	<input type="checkbox"/> eExam
<input type="checkbox"/>	MCQ	If monopolistic firms enter the industry in the long run_____.	demand will decrease	demand will increase	the marginal revenue curve will shift upward	economic profits will increase	A	<input type="checkbox"/> eExam

<input type="checkbox"/>								
<input type="checkbox"/>	MCQ	In the short run, a typical monopolistically competitive firm will earn_____.	only a normal profit	only an economic profit	only earn an economic or normal profit	An economic or normal profit or suffer an economic loss	D	eExam
<input type="checkbox"/>	MCQ	The concern that monopolistically competitive firms express about product attributes, services to consumers, or brand names are aspects of_____.	allocative efficiency in the industry	collusion in the industry	product differentiation	concentration ratio	C	eExam
<input type="checkbox"/>	MCQ	Which would be most characteristic of monopolistic competition_____?	collusion among firms	firms selling a homogeneous product	a relatively large number of firms	difficult entry into and exist from the industry	C	eExam
<input type="checkbox"/>	MCQ	The analysis of monopoly indicates that the monopolist_____	will charge the highest price it can get	will seek to maximize total profit	is guaranteed an economic profit	is only interested in normal profit	B	eExam
<input type="checkbox"/>	MCQ	A barrier to entry that significantly contributes to the establishment of a monopoly would be_____	economies of scale	price-taking behaviour	technological progress	X-inefficiency	A	eExam
<input type="checkbox"/>	MCQ	Which would be defining characteristics of pure monopoly_____	the firm does no advertising and it sells a standardized product	no close substitutes for the product exist and there is one seller	the firm can easily enter into or exit from the industry and profits are guaranteed	the firm holds a patent and is technologically progressive	B	eExam
<input type="checkbox"/>	MCQ	Which of the following contributes to the existence of oligopoly in an industry?	budget line is held constant	money income of the consumer changes	tastes and preferences of the consumer are held constant	prices of other products the consumer might purchase change	C	eExam
<input type="checkbox"/>	MCQ	In indifference curve analysis, the consumer will be in equilibrium at the point where the_____	indifference curve is concave to the origin	budget line crosses the vertical axis	two indifference curves intersect and are tangent to the budget line	budget line is tangent to the highest attainable indifference curve	D	eExam
<input type="checkbox"/>	MCQ	Which of the following contributes to the existence of oligopoly in an industry_____?	low barriers to entry	standardized products	economies of scale	elastic demand	C	eExam
<input type="checkbox"/>	MCQ	Which would be most characteristic of oligopoly?	easy entry into the industry	a few large producer	product standardization	no control over price	B	eExam
<input type="checkbox"/>	MCQ	If an oligopolist incurs losses in the short run, then in the long run _____	the oligopolist will go out of business	the oligopolist will stay in business	the oligopolist will break even	any of the above is possible	D	eExam
<input type="checkbox"/>	MCQ	The relationship between wages and leisure time for a worker is_____	direct	indirect	complimentary	zero	B	eExam

<input type="checkbox"/>								
<input type="checkbox"/>	MCQ	The statement $C = D = 10$ utils implies _____	an ordinal measure of utility only	a cardinal measure of utility only	an ordinal and a cardinal measure of utility	none of the above	C	eExam
<input type="checkbox"/>	MCQ	Which of the following utilizes an ordinal scale of measurement?	mileage	height temperature	volume	mileage	C	eExam

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