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Technology for Self-Reliance

Economics Questions

- A production possibility curve shows
 - How much of the resources of society are used to produce a particular commodity
 - The rate of inflation
 - The rate of unemployment in the economy
 - The various combination of two commodities that can be produced.
- Which of the following best describes the concept of opportunity cost?
 - A special bargain or sale at below market price
 - costs for inputs tend to go up as we use more of them
 - Goods that are not produced in order to produce more of another good.
 - A cost that constantly decreases.
- Choice in economic life is necessitated by
 - The need to construct scale of preference
 - The opportunity cost of consumption
 - Unlimited wants
 - Scarcity of economic resources.
- In economics analysis, a statement is said to be normalize if it
 - Relates to value judgment
 - Is contradictory
 - Is incorrect
 - Can be tested scientifically.
- The degree of specialization is limited by the
 - Marginal cost exceeding marginal revenue
 - Extent of the market
 - Availability of specialized skills and machinery
 - Disadvantage of standardization.
- Which of these statements describes a mixed economy?
 - The government and the private sector interact in solving the basic economic problems
 - The invisible hand solves the basic economic problems
 - The government produces and distributes all goods and services
 - Society answers the question “what”, “why” and for “whom” questions only through the market system.
- Which of the financial institutions is charged with the formulation of monetary policies in Nigeria?
 - The Lagos state stock exchange
 - The Nigeria deposit insurance corporation
 - The Central Bank of Nigeria
 - The Abuja commodity exchange.
- The primary function of non-banking financial institutions is to
 - Manage investment portfolios for government
 - Mobilize saving for investment
 - Grant loans to banks
 - Receive deposits from banks.
- In drawing an individual's demand curve for a commodity, which of the following is NOT kept constant?
 - Price for substitutes.
 - Price of complementary goods.
 - Price of the commodity under.
 - Individual money income.
- Given that beef and fish are substitutes, a rise in the price of beef relative to that of fish will
 - Induce greater demand for beef





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- B. Induce greater demand for fish
C. Induce lower demand for fish
D. Equate demand for beef and fish.
11. The main function of price mechanism is to
A. Ensure consumer sovereignty
B. Enable producers make profits
C. Allocate scarce resources among compelling ends
D. Limit consumer demand.
12. Production in Economics can be defined as the
A. Totality of producing, buying and consuming.
B. Transformation of raw material and services in order to provide ultimate utility.
C. Transformation of raw materials and services in order to make maximum profits.
D. Production of goods and services for consumption.
13. Gresham's law in economics shows that
A. Bad money drives good money out of circulation.
B. Good money drives bad money out of circulation.
C. Gold must be available to maintain the value of paper money.
D. The price level varies directly with the quantity of money.
14. Given that the cash reserve ratio is 10 percent, what is the maximum amount of money that the banking system can create from an initial cash deposit of #1000.00?
A. #100.00 B. #1,000.00 C. #9,000.00
D. #10,000.00
15. The most important economic characteristic differentiating commercial banks from other financial institutions is their
A. Functions as a safe and profitable store place for savings
B. Role in financing balance of payments deficits
C. Status as an intermediary between savers and borrowers
D. Ability to create and destroy money.
16. Given that $Y = C + I$ and $C = bY$ where $b = 0.08$, what is the multiplier?
A. 5 B. 10 C. 4 D. 2
17. The difference between payments and receipts for visible trade is called
A. Bilateral trade B. Current balance
C. balance of payment D. balance of trade.
18. A free trade area emerges when
A. Traders from one part of the country can move freely to other parts
B. Customs regulations are harmonized among countries
C. A group of countries decide to remove restriction on imports from one another
D. The UNCTAD is in force.
20. Population density refers to
A. Densely populated urban centre
B. The total area divided by the total population
C. Densely populated rural areas
D. The total population divided by the total area.
21. An aspect of taxation that involves normative economics is the
A. Tax rate B. Effect on incentive to work
C. Fairness of the tax D. Tax burden
22. A tax that increases at a higher percentage as income increases is called
A. A proportional tax B. A regressive tax



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- C. A progressive tax D. An income tax
23. One of the assumptions of ordinary utility in consumer behavior is that
A. Consumer are irrational
B. Marginal utility rises continuously
C. Utility is measureable
D. Utility can be ranked.
24. In the normal channel of distribution the breaking of bulk is performed by the
A. Producer. B. Wholesaler. C. Retailer.
D. Consumer.
25. One of the most outstanding disadvantage of cooperative societies as business organization is that
A. True spirit of cooperation is marred by delegated authority
B. Members show much interest
C. It is poorly financed
D. Membership interest is centered on sharing of essential commodities.
26. A disadvantage of joint - stock company is
A. Unlimited liability B. Limited liability
C. Continuity D. Loss of controlling interest
27. A characteristics of a debenture is that
A. Its yield is based on profits
B. Its yield is a fixed rate of interest
C. It has a redemption date
D. There is a voting when interest is paid
28. Which of the following situations can give rise to economic problems?
A. Unlimited human wants
B. Wants of varying importance
C. Limited means available for satisfying wants
D. Means used in different ways.
29. The main objective of the economic community of West African state is to
A. Establish a West African development bank
B. Create a West African army
C. Introduce a common currency for the sub region
D. Promote the free movement of persons, goods and services within the sub – region
30. In international trade, shipping and other freight charges are treated as
A. Invisible items B. Unilateral transfers
C. Capital transactions
D. Autonomous capital transactions.
31. A situation in which a commodity sold abroad below its cost of production in the home country is known as
A. Dumping B. Counter trade
C. Bilateral trade D. Trade liberalization
32. The borrowing rights of a member country of the international monetary fund are determined by
A. The seriousness of the country's economic problem
B. Its balance of payment position
C. Its quota to the fund
D. The size of its gold reserve.
33. An increase in money supply, other things being equal, will
A. Lower interest rates
B. Reduce income
C. Ensure trade balance
D. Increase money demand.
34. Two principal ways by which banks can lend money to their customers are through
A. Loans and overdrafts.
B. Loans and discounting bills.





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- C. Overdrafts and cheques.
D. Overdraft and treasury bills.
35. An increase in the discount rate is an indication of a central bank intension to pursue
A. An expansionary monetary policy
B. A disciplined money policy
C. A dynamic monetary policies
D. A contractionary monetary policy.
36. A firm is in its optimum size when
A. It produces the greatest output at the minimum cost
B. It has a motive to increase output
C. Marginal cost equals marginal revenue
D. Marginal cost is less than marginal revenue.
37. A firm achieves least cost in production by substituting factors until
A. Their factor prices are equal
B. Their marginal – physical products are each equal to their factor prices
C. Their marginal – physical- product are each zero
D. The ratio of their marginal – physical- product equals the ratio of their prices.
38. Which of these is the real cost of satisfying any want in the sense of the alternative that has to be foregone?
A. Variable cost B. Opportunity cost
C. Total cost D. Prime cost.
39. Scarcity in economics means that
A. Human wants are limitless
B. The economy can scarcely produce anything
C. Resources are limited in relation to want
D. The economy has very few resources.
40. Economics is often described as a science because
A. It uses scientific methods to explain observed phenomena and predict future events
B. It makes the use of field work
C. It makes use of controlled experiments
D. Laboratory experiments that are performed.
41. Which of the following is an important function of prices in a market economy?
A. Ensuring that resources are used in the most efficient manner
B. Ensuring an equitable distribution of goods and services
C. Ensuring that all industries are perfectly competitive in the long run
D. Equating level of purchases in the level of needs.
42. In the history of economic thought, the concept of division of labor is usually associated with
A. David Ricardo B. JM Keynes
C. Adam Smith D. Karl Marx.
43. In the operation of market forces, the market is in equilibrium at the point where
A. Demand and supply curves intersect in more than one point provided the market is cleared
B. The excess in the market can be convenient stored
C. Excess demand is negative
D. Demand and supply curves incorrect.
44. A shift in demand curve for a commodity when the supply curve is vertical will lead to change in the
A. Price only B. Quantity only
C. Quality only D. Price and quantity.
45. the difference between personal income and personal disposable income is
A. personal income tax





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- B. investment income
C. personal savings
D. consumption expenditure.
46. The Malthusian theory of population growth is often said to be
A. oversimplified B. ambiguous
C. optimistic D. pessimistic..
47. Labor productivity is defined as
A. Output per man /hour
B. Average output
C. The minimum number of hours worked
D. Total level of output.
48. Efficiency of labor is enhanced by
A. Involvement in own family affairs
B. War against indiscipline
C. Mechanization processes
D. Improved working condition and training.
49. Devaluation helps in checking adverse balance of payments if the
A. Demand for imports is elastic
B. Demand for imports is inelastic
C. Supply of exports is elastic
D. Demand for exports is inelastic.
50. Gains from trade depends on
A. Comparative advantage
B. Absolute advantage
C. Distribution cost advantage
D. Absolute cost advantage.
51. Favorable terms of trade is important to a country because it facilitates
A. Economic prosperity for importers and exporters
B. Export of hard currency by the government
C. Economic prosperity for the country
D. Absolute cost advantage.
52. The tax takes an increasing fractional of income as income goes down is called
A. Conditional B. Regressive
C. Progressive D. Proportional.
53. A greater burden of the taxes on essential goods is borne by the
A. Higher income group.
B. Newly recruited workers.
C. Lower income workers.
D. Contract work.
54. The effect of an increase in the personal income tax is to
A. Raise the absolute price level
B. Distort the economy
C. reduce unemployment
D. Reduce the disposable income.
55. The most important advantage of cooperative societies is
A. Their high degree of democracy
B. The increase in the cost of marketing
C. That members are encouraged to save money
D. The possibility of raising loans for the members.
56. In a public company, shares are
A. Sold to one person only
B. Distributed freely
C. Advertised to members of the public for subscription
D. Disposed off by the chief executive
57. Which of the following is a characteristic of the private limited liability company?
A. Its shares can be sold to the public
B. The number of share holders ranges from 50 to 100
C. All share holders have equal powers and





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- responsibilities
D. The number of shareholders ranges from 2 to 50.
58. An important function for the retailer is to
A. Grant credit to the wholesaler
B. Break bulk and sell products in small units
C. Reduce cost of distribution
D. Generate demand for product through advertisement
59. The main handicap of sole proprietorship is
A. Limited liability
B. Lack of technical know-how
C. Low profit margin
D. Inadequate capital
60. The type of business organization mostly used for producing public goods in Nigeria is
A. Sole proprietorships
B. Limited liability companies
C. Cooperative societies
D. Statutory corporations
61. The types of business finance that entitles the holder to fixed rate of dividend is
A. Preferred stock B. Common stock
C. Debenture D. Bank loan
62. A debenture share entitles its holder to
A. Participate in the annual general meeting of the company
B. Share in the dividend declared
C. Receive a fixed interest on sums invested
D. Have a representative on the board of directors.
63. Tariffs on imports are meant to
A. Prevent a country from becoming a dumping
- ground for foreign goods
B. Discourage exports
C. Encourage exports
D. Increase the level of external dependency
64. If a country has a balance of payment crisis, which of the following measures can best bring about an improvement in the short run?
A. Large-scale importation on foreign goods
B. Investments in capital market abroad
C. Large-scale export of locally made goods
D. Repayment of debt to her creditors.
65. The terms of trade of a country is defined as
A. $\frac{\text{Index of import price}}{\text{Index of export price}} \times 100$
B. $\frac{\text{Index of exportation}}{\text{Index of importation}} \times 100$
C. $\frac{\text{Index of visible imports}}{\text{Index of visible exports}} \times 100$
D. $\frac{\text{Index of export prices}}{\text{Index of import prices}} \times 100$
66. One of the gains by member states of the Economic community of West African states is
A. Monoculture dependency
B. Trade creation
C. Trade inversion
D. Economic independency
67. Deflation is a persistent fall in the general price level and is usually caused by
A. A reduction in total demand.
B. An increase in government spending.
C. An increase in the money supply.
D. An increase in aggregate demand.
68. Price can be defined as





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- A. A rate of exchange
B. A medium of exchange
C. The cost of a product
D. The standard of accounting.
69. Money market differs from capital market in that it
A. Uses interest rate while capital market does not
B. Is limited in scope while capital market is not
C. Deals with money only while capital market deals with capital as well
D. Deals with short – term loan while capital market deals with long – term funds
70. The ultimate objective of economics is to
A. Make the best use of scarce resources
B. Decide under what circumstances in the economy
C. Organize production at the lowest cost
D. Make effort to understand how the economy works
71. What to produce in any society is determined by the
A. Competition among different producer
B. Competition among different consumers
C. Supply and demand in the factor market
D. Expenditure of the people on different commodities
72. One of the fundamental differences between a capitalist and a socialist economy is that while
A. The former is characterized by complete government ownership of resources, the latter is characterized by complete private ownership
B. in the former, price s act as signals in the allocation of resources, it is the central authority that perform this function in the latter
C. Taxes are levied in a capitalist economy, there is no taxation in a socialist economy
D. Income and wealth are equally distributed in the socialist economy, this is not so in a capitalist economy.
73. If at #50 per kg. 1000kg of yam were purchased and at #30 per kg, 1500kg were purchased, the resultant point elasticity of demand is
A. 2 B. 1.25 C. 0.00125 D. 1000
74. If as the price of a commodity rises, the quantity demanded of the commodity remains the same, then the demand for the commodity is
A. Infinitely elastic B. static
C. perfectly inelastic
D. Externally determined
75. Economic development may be defined as economic growth
A. In a given country
B. Over a long period
C. and improved health facilities
D. and improved distribution of wealth.
76. If the price of ball point pen falls from #20 to #15 and the quantity demanded increases from 200 to 300 the point elasticity of demand is equal to
A. 2 B. 1.25 C. 0.5 D. 4
77. If the equilibrium price of a certain commodity is less than unity, then
A. An increase in the price of the commodity will raise the total revenue of the producer
B. An increase in price leaves the total revenue unchanged
C. A decrease in price raises the total revenue of





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- the supplier
D. A decrease in price leaves the total revenue constant

Use the table below to answer questions

Variable Factors	Total Product	Marginal Product	Average Product
1	1	1	1
2	6	5	3
3	24	18	8
4	48	X	12
5	Z	25	14.6
6	93	20	Y

78. The marginal product X is
A. 18 B. 20 C. 24 D. 25
79. The average product Y is
A. 8.0 B. 12.0 C. 14.6 D. 15.5
80. Frictional Unemployment
A. Is total unemployment minus structural
B. Occurs when the unemployed are persons with specific training
C. Occurs when the number of job seekers exceeds the number of vacancies
D. Occurs when people are changing jobs.
81. The Nigerian Bank for commerce and industry is
A. A commercial bank
B. A development bank
C. An industrial bank
D. A merchant bank

82. To control inflation, the monetary authorities of a country can
A. Reduce taxes
B. advice government to increase its expenditure
C. engage in expansive monetary policy
D. engage in restrictive monetary policy

83. Which of the following is used by the central bank to control the rate of interest?
A. Bill of exchange
B. Banker's order
C. Fixed deposit account
D. Open market operation

84. The organization which provide credits to help countries achieve short – term balance in their balance of payment is the
A. Economic Community of West African state
B. International Monetary Fund
C. International Bank for Reconstruction and Development
D. African Development Bank

85. An increasing population might be of economic benefit to a country if
A. the female population is greater than the male population
B. the dependency ratio is increasing as the a continuously total population
C. a continuously higher proportion falls into the working class category
D. the rural and urban proportions are balanced

86. The demands made on each other by the agricultural and industrial sectors as the economy grows are reflected in
A. Backward and forward linkages
B. horizontal and vertical linkages





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- C. vertical linkages
D. functional linkage
87. A corporation can obtain funds by issuing bonds. A bond is a form of debt which falls due for repayment after
A. 6 months B. 9 months
C. 2 years D. 10 or more years.
88. The age distribution of a population is NOT influenced by
A. Birth rates B. Death rates
C. School leaving age
D. patterns of immigration'
89. The tax that takes an increasing fractional of income as income goes down is called
A. Conditional B. regressive
C. progressive D. proportional
90. The average tax is defined as
A. Total tax rate less the marginal tax rate
B. The tax rate which applies to additional value of income
C. The ratio of the total taxes paid to total income
D. Marginal tax rate for being progressive
91. Unlike the retailer, the wholesaler provides
A. Useful information to the manufacturer about consumers
B. after sales service to the consumer
C. Useful information to the customers on the benefits and uses of the product
D. Useful information about market trends and finance to the manufacturer
92. Liquidation of a limited liability company implies that the
- A. Company may not pay its debt
B. debts of the company can only be paid from its own assets
C. debts of the company are paid from both business and private funds of the owners
D. debts of the company must be paid from public funds only
93. One form of business organization which is not motivated solely by the profit objective is the
A. Joint stock company
B. private limited company
C. co-operative society
D. ordinary partnership
94. Import duties will increase total expenditure on imports if the demand for imports is
A. Elastic B. Inelastic
C. Derived D. Infinitely elastic
95. The difference between gross national product and net national product is equal to
A. Gross investment B. Net investment
C. Net foreign income
D. Capital depreciation
96. The value of the total output produced within Nigeria by all residents (citizens and non - citizens) is referred to as the
A. Gross national product
B. Disposable income
C. national income
D. Gross domestic product
97. International and inter-region trade differ primarily because
A. Comparative advantage is relevant to the former but not the latter
B. products flow across national boundaries





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- C. there are different resources supplies among countries of the world
D. of regulation from GATT.
98. Banks aid economic expansion and development by
A. Being very strict in lending policies
B. Mobilizing savings for investment lending
C. Paying interest on deposit accounts
D. Charging high interest on loans
99. The purchasing power of the naira will fall when
A. The naira is devalued
B. There is inflation
C. Workers are retrenched
D. Government cuts all salaries and wages.
100. Monetization refers to the ratio of
A. Total transactions to monetary transactions
B. Monetary assets to total assets
C. Monetary transactions to total transactions
D. Money in circulation to total income
101. The best way to reduce the supply of money in the economy is to
A. Increase the liquidity ratio
B. Liberalize access to credit
C. Decrease treasury bills
D. Increase the number of bank notes and cheques produced.
102. The relationship between the value of money and the price level is
A. direct B. unpredictable C. diverse
D. inverse
103. Non-bank financial intermediaries do not
A. Sell shares
B. accept demand deposits
C. provide credit facilities
D. accept deposits
104. If the cost of production for a firm continues to increase as its output rises, the firm is said to be experiencing
A. Large scale production
B. profit maximization
C. Economies of scale
D. Diseconomies of scale.
105. One of the fundamental differences between a capitalist and a socialist economy is that while
A. the former is characterized by complete government ownership of resources, the latter is characterized by complete private ownership
B. in the former, prices act as signals in the allocation of resources, it is the central authority that performs this function in the latter
C. Taxes are levied in a capitalist economy, there is not taxation in a socialist economy
D. Income and wealth are equally distributed in the socialist economy, this is not so in a capitalist economy
106. The shape of a production possibility frontier is determined by the
A. returns to scale
B. increasing relative cost
C. increasing returns to a variable factor
D. diminishing return to a fixed factor
107. Normative economics deals with
A. Facts and not figures
B. what is and not what shall should be
C. value judgment
D. facts and figures





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108. In a free market economy, the price system allocates resources
- A. under government's directives
 - B. to their best alternative uses
 - C. to ensure general welfare
 - D. to reduce poverty
109. In a centrally planned economy, the economic problem of deciding what to produce is dependent on
- A. Average cost
 - B. state command
 - C. average profit
 - D. relative prices'
110. A demand which is positively related to price is true of
- A. capital goods
 - B. normal goods
 - C. given goods
 - D. ostentations goods
- Use the table below to answer
- | Price in # | Quantity Supplied | Quantity Demanded |
|------------|-------------------|-------------------|
| 10 | 50 | 450 |
| 20 | 150 | 350 |
| 30 | 250 | 250 |
| 40 | 350 | 150 |
| 50 | 450 | 50 |
111. What is the equilibrium quantity?
- A. 50
 - B. 250
 - C. 350
 - D. 450
112. Above the equilibrium point, a further rise in price tends to
- A. Increase demand and restrict supply
 - B. Restrict demand and restrict supply
 - C. Increase demand and decrease supply
 - D. Decrease demand and increase supply
113. A firm faces diminishing returns when its
- A. Total output diminishes
 - B. Average output diminishes
 - C. Marginal output diminishes
 - D. Marginal revenue diminishes.
114. Cross elasticity of demand can be mathematically expressed as the
- A. percentage change in quantity of commodity X over Percentage change in quantity of commodity Y
 - B. percentage change in quantity demanded over Percentage change in price
 - C. percentage change in quantity demanded of commodity X over Percentage change in price of commodity Y
 - D. percentage change in quantity demanded over Percentage change in income
115. Situation in which all inputs are doubled and output also doubles is known as
- A. Constant proportion
 - B. Constant returns
 - C. increasing returns to scale
 - D. Constant returns to scale
116. At any given level of output, the total cost of a firm equals the
- A. Marginal cost plus the average cost
 - B. Fixed costs plus its variable cost
 - C. Average cost multiplied by its output
 - D. Economic costs multiplied by variable costs.
117. At any given level of output, a firm's total variable cost equals
- A. Total cost less marginal cost
 - B. Total cost less average cost
 - C. Total cost less fixed cost
 - D. Average and marginal variable cost.
118. The main reason for charging interest is to
- A. Reward entrepreneurial effort
 - B. Redistributes profits
 - C. Reward investors for present use of capital





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- D. Mobilize more funds for development
119. In the Keynesian model,
A. the demand for money is inversely related to the rate of interest
B. investment is directly related to the rate of interest
C. investment is not related to the rate of interest
D. the demand for money is directly related to the rate in interest
120. If inflation is anticipated to continue,
A. People will lose confidence in goods
B. lenders will demand higher interest rates
C. the growth of full-employment output will be accelerated
D. people will want to hold more money
121. Restriction on credit creation by commercial Banks can be effected through
A. an overdraft B. loans and advances
C. demand deposits D. liquidity ratio
122. Counter trading is an international arrangement whereby
A. goods and services are exchanged in a manner similar to barter
B. goods and services are sold on the counter
C. crude oil is sold to foreign country
D. goods are shipped to countries on which the united nations has placed a trade embargo
123. In recent years, Nigeria's balance of payments has continued to register a deficit due to (i) increased government overseas' spending (ii) increasing prices of exports (iii) rising import prices (iv) more payment to overseas' investors
A. I, II and III B. I, II and IV
C. I, II and IV D. II, III and IV
124. Which of the following is a direct tax?
A. Excise tax B. corporate income tax
C. Highway D. Property tax
125. The three major groups of government revenue are
A. Investments income, direct tax and export
B. Import duties, excise tax and export duties
C. Company tax, personal income tax and import duties
D. Company tax, import duties and excise tax
126. A tax on a commodity whose supply is perfectly inelastic is
A. Shifted completely on the consumer
B. Completely borne by the supplier
C. Divide in the ratio 60 : 40 between the consumer and the supplier
D. Divided half- and – half between the producer and the consumer
127. Under partnership, investors who have no desires to be actively involved in the day-to-day management of such organizations, are called
A. Stockbrokers B. sleeping partners
C. part-time investors D. Ordinary partners
128. The cooperatives as a form of business organization differs from partnership by having
A. Several sources of capital for business financing
B. Ability to issue preferred stocks to members
C. Entrenched democratic control in the conduct of business
D. Established rules and regulations governing the activities of its members
129. Stocking small quantities of a variety of goods is a function of the
A. Manufacturer B. wholesaler



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- C. retailer D. consumer
130. In a joint stock company, preference shareholder are those who receive
 A. high dividends when profits are high little or nothing when profits are low
 B. a fixed rate of dividend and have the first claim on the net profits of the company
 C. the remaining profits after all other shareholders have been paid
 D. dividends quarterly when others receive annually
131. One of the major advantages of public enterprises is that
 A. They are highly subsidized
 B. they are the largest employers of labor
 C. their operations are highly standardized
 D. they take prompt decisions and actions
132. A major effect of a long distribution chain is
 A. High retail prices
 B. Scarcity of commodities
 C. low retail prices
 D. low producer earnings
133. The major function of the wholesaler to his customers is
 A. Breaking of bulk
 B. offering personal services
 C. stocking a variety of goods
 D. providing trans-port facility
134. The distribution channel that contributes most to the cost of production is
 A. producer-wholesaler-consumer
 B. producer-retailer-consumer
 C. producer-retailer-wholesaler-consumer
 D. producer-wholesaler-retailer-consumer
135. The law of comparative advantage states that a country should specialize in the production of a commodity
 A. For which local demand is greatest
 B. in which its opportunity cost is lower than that of the trade partner
 C. for which foreign demand is greatest
 D. for which there is abundant supply of raw materials
136. By using exchange controls, a country tries to eliminate a balance of payments deficit by
 A. limited her imports to its currency value of exports
 B. reducing the nations domestic price level
 C. limiting her exports to its currency value of exports
 D. overvaluing the country's currency.
- | ITEM | AMOUNT IN MILLION NAIRA |
|-------------------|-------------------------|
| Visible exports | 5554 |
| Visible imports | 5332 |
| Invisible exports | 3056 |
| Invisible imports | 2870 |
| Balance | 408 |
137. The amount N408 million shown as balance in the table above represents
 A. Terms of payments
 B. balance on current account
 C. balance on trade
 D. terms of trade.
138. The need to construct a scale of preference is necessitated by
 A. Scarcity of resources
 B. non-availability of factors of production
 C. scarcity and the need for choice
 D. the need to satisfy wants.
139. A shift in the production possibility frontier





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- could result from
- A. A need to satisfy want
 - B. Scarcity and need for choice
 - C. Scarcity of resources
 - D. Non-availability of factors of production.
140. The primary problem of economics is
- A. To obtain a more equitable distribution of money income
 - B. Production of a given output with the lowest cost combination of factors of production
 - C. Adoption of capital-intensive technology
 - D. Increasing the quantity of the fixed factors of production
141. If one orange cost #20 and one kilogram of bear cost #400, the opportunity cost of one kilogram of bear is
- A. #350
 - B. 400 oranges
 - C. 20 oranges
 - D. 4 oranges
142. In economics life, choice among alternative depends on the
- A. Income of the decision maker
 - B. scarcity of resources
 - C. scale of preference of the decision maker
 - D. Status of the decision maker
143. Given an original price of #400 per kilogram of rice and a change in price of #20, and given the quality purchased at the old price as 10kg and a change in quantity as 5kg after the price changed the elasticity is equal to
- A. 5
 - B. 10.8
 - C. 10
 - D. 0.80
144. For normal goods the income elasticity of demand is
- A. Positive
 - B. negative
 - C. Zero
 - D. Infinite
145. An increase in supply will lower price on less
- A. Supply is perfectly elastic
 - B. Demand is perfectly elastic
 - C. It is followed by an increase in demand
 - D. Demand is highly inelastic
146. Air is essential to life but commands no price! Diamond is not essential to life but commands a high price! This is the paradox of
- A. Shift
 - B. Value
 - C. Abundance
 - D. Scarcity
147. Average fixed cost is
- A. Average total cost less the sum of average variable cost
 - B. Half the cost of all cost
 - C. Total fixed cost divided by the level of output
 - D. Total fixed cost plus marginal cost
148. The form of capital which is usually consumed or transformed into finished goods and services in the production process is called
- A. Fixed capital
 - B. Industrial capital
 - C. Social capital
 - D. Circulating capital
149. The average production of labor in given period is obtained by dividing the
- A. Number of workers by the total product
 - B. Total product by the numbers of hours actually worked
 - C. Change in total product by the change in total numbers of workers
 - D. Total product by the numbers of workers
150. Which of the following best describes the product function?





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- A. It indicates the best output to produce
B. It relates Naira input to Naira output
C. It relates physical to physical input
D. It indicates the best way to combine factors to produce any given output
151. Which of the following factors enhance the ability of commercial banks to create money
A. Reduction in the reserve ratio
B. Leakage of cash out of the banking system
C. Excess reserves
D. insistence on collateral security
152. In any economy, what is use as money is determined by
A. Government acceptance of a commodity standard
B. Government acceptance of an inconvertible paper standard
C. Laws and customs
D. It's use as a store of value
153. The rate of which money changes hands is known as the
A. Rate of inflation
B. Velocity of transaction
C. Velocity of money
D. velocity of circulation
154. Merchant banks perform all the following functions EXCEPT
A. Raising of capital for industry
B. Provision of current account facility
C. Management of investment portfolios
D. Provision of credit for overseas trade
155. The most acceptable economics measure for trade protection is to
- A. Save guard strategic industries
B. Promote foreign trade
C. Protect infant industries
D. Improve standard of living
156. Export –promotion policy is primarily concern with the
A. Processing of raw materials to increase their value
B. Making of international route save for export commodities
C. Production in the number of imported items
D. Encouragement of the production of export commodities
157. Which of the following classes of goods account for the largest proportion of Nigerians' import?
A. Food and animal product
B. Consumer goods
C. Chemical
D. Machinery and transport equipments
158. If birth rate is constant and death is declines, population
A. Falls B. Expands C. Stabilizes
C. Oscillate
159. The higher the dependency ratio, the
A. Larger the proportion of the employed relative to the unemployed
B. Smaller the proportion of the active labor force relative to the inactive
C. Smaller the number of non-working age groups relative to the active labor force
D. Lower the birth rate
160. The age distribution of a countries population is





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- of economics importance because it affects the
- A. Pattern of expenditures
 - B. Size of the army
 - C. Optimum size of firms
 - D. Location of industries
161. Which of the following is NOT a goal of modern budget?
- A. The control of inflation
 - B. the reduction in income inequality
 - C. The shift of all resources from the private to the public sector
 - D. Economic development
162. The best technical description of a progressive task is a
- A. Tasks which take money from the rich from the poor
 - B. more equitable task than a regressive one
 - C. tasks which takes higher proportion of extra Naira received as income raises
 - D. tasks which falls directly on those in the high income bracket
163. The ultimate objective of economics is to
- A. Make the best use of scarce resources
 - B. decide under what circumstances in the economy
 - C. Organize production at the lowest cost
 - D. Make effort to understand how the economic works
164. One of the advantages of partnership over a sole proprietorship is that
- A. Is the most popular form of business organization
 - B. The partner can easily withdraw from the business
 - C. it makes an increase in the capital of the business possible
 - D. there is no limit to the number of people who may bring in capital
165. The liability of a sole trade is
- A. Indeterminable
 - B. unlimited
 - C. transferable
 - D. limited
166. Which of the following is NOT a type of business ownership?
- A. Debenture holding
 - B. private company
 - C. Partnership
 - D. joint stock venture
167. A limited liability company is usually owned by
- A. An individual
 - B. a government
 - C. shareholders
 - D. Two or more partners
168. A public liability company is different from private limited company because it
- A. is registered with the registrar of companies
 - B. is a legal entity
 - C. can raise capital of any size by way of loans
 - D. can sell shares in the stock exchange
169. A modern corporation is owned by
- A. Debenture holders
 - B. ordinary shareholders
 - C. preference shareholders
 - D. creditors
170. A major short coming of a sole proprietorship form of business is lack of
- A. Working capital
 - B. patronage
 - C. continuity
 - D. market
171. In the event of liquidation of a private limited liability company, the shareholders liability is limited to their total
- A. Income from all sources





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- B. family assets
C. Collateral offers for bank loans
D. Investment in the company
172. Under a system of freely exchange rate, an increase in an international value of a countries currency will cause
A. Its export to rise
B. its import to rise
C. gold to flow into that country
D. its currency to be in surplus
173. Balance of trade is the difference between
A. Export and import of goods and services
B. capital inflows and capital outflows
C. Visible and invisible balances
D. Exports and imports of goods
174. Which of the following is likely to reduce a surplus in the balance of payment of a country?
A. Devaluation
B. Export promotion
C. Increase tariff on imports
D. currency appreciation
175. Which of the following is a tariff?
A. Limit on the amount of good which can be imported
B. interest rate on foreign loans
C. Government payment to domestic producers for exports
D. tax on imported goods
176. The best method to curb inflation in Nigeria is to
A. reduce importation of commodities
B. Increase the general level of production
C. reduce the volume of money supply
D. set up price control boards
177. A bank is said to be distressed when it
A. is unable to deal with the central bank
B. has a low capital base
C. has low level of deposits
D. experience serious liquidity crisis
178. One method through which the central bank can restrict the commercial banks' power of credit expansion is to
A. Demand for increase special deposits
B. decrease the cash ratio
C. buy securities in the open market
D. reduce the rate of interests at which banks borrow from it.
179. The most important attribute of money is
A. Homogeneity B. relative scarcity
C. divisibility D. general acceptability
180. In a market economy, the question of what, how and for whom to produce are solved by the
A. Planning committee B. Government
C. price mechanism
D. elected representative of the people
181. Economic goods are termed scarce goods when they are
A. Not available in sufficient quantities to satisfy all wants for them
B. Not produced in sufficient quantities to satisfy the effective demand for them
C. of high quality
D. of primary importance in satisfying the needs of a society
182. Macroeconomics is the study economic science from the point of view of
A. Resource markets or production units
B. Individual producers of consumers
C. aggregate or general economy
D. companies or individual firms.



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183. The demand and supply equations for a commodity are given respectively as $D = 20 - \frac{1}{2}P$, $S = 8 - \frac{1}{4}P$. Recalling that at equilibrium $D = S$, the equilibrium price (p) and quantity (Q) can be obtained as

- A. $P = 12; Q = 16$ B. $P = 14; Q = 10$
 C. $P = 12; Q = 14$ D. $P = 16; Q = 12$

184. A commodity is said to have a derived demand when the commodity

- A. and another have joint demand
 B. is demanded because of what it can help to produce
 C. is demanded for different purposes
 D. has inelastic demand

185. Which of the following changes in equilibrium in equilibrium price and quantity is as a result of an upward shift in the market demand for a commodity?

- A. Both the price and quantity rise
 B. The price falls and the quantity rises
 C. The price rises and the quantity falls
 D. Both the price and the quantity fell

186. Which of the following Best describes the production function?

- A. it indicates the best production output to produce
 B. it relates naira inputs to naira outputs
 C. it relates physical outputs to physical inputs
 D. it indicates the best way to combine factors to produce any given output

187. The Law of diminishing returns begins to operate when

- A. total product begins to rise
 B. total product begins to fall
 C. marginal product begins to fall
 D. marginal product begins to rise

188. Total fixed cost measures the cost of

- A. all plant and machinery
 A. all assets where quantity cannot be varied in the short-run
 C. all assets on which the firm has control
 D. property owned by the firm

189. The output on which total revenue equals total cost is known as

- A. profit-maximizing output
 B. Break-even level output
 C. loss-minimizing output
 D. least-cost output

Use the following production and cost data of a profit-maximizing firm to answer

Unit of total input	Total output	TFC	TVC
0	0	100	0
1	3	100	100
2	8	100	124
3	16	100	172
4	20	100	190
5	22	100	200

190. Calculate the marginal physical product of the last unit of input

- A. 0 B. 2 C. 4 D. 10

191. At what level of input have diminishing marginal returns set in?

- A. 3 B. 16 C. 20 D. 22

192. The total money in circulation includes cash

- A. owned by banks, the government and the non-bank public
 B. and current account balance owned by the non-bank public
 C. and current account balance owned by banks and the non-bank public
 D. owned by banks and non-bank public



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193. To reduce the high rate of inflation in the economy, Government should
- A. increase taxes and have a budget surplus
 - B. increase taxes and have a budget deficit
 - C. decrease taxes and have budget deficit
 - D. decrease taxes and have a balanced budget
194. The money market is a financial market that specializes in the provision of
- A. Short-term loans and advances
 - B. medium-term loans
 - C. long-term loans
 - D. venture capital for development project
195. Foreign exchange rate in a free market economy is determined by
- A. the government
 - B. the central bank
 - C. demand and supply
 - D. commercial banks
196. The primary objective of all international economic organizations is to
- A. ensure that third world countries get a better share of the world's resources
 - B. promote international economic cooperation for the mutual benefit of all members
 - C. enforce structural adjustment programmes on less developed countries
 - D. encourage exports from the developed to the less developed countries
197. One of the techniques for rectifying a deficit balance of payment is
- A. Import promotion
 - B. devaluation
 - C. physical intervention
 - D. borrowing from abroad
198. The money which government spends yearly for the maintenance of its schools is
- A. used only for wages and salaries
 - B. part of the government's capital expenditure
 - C. part of the government's recurrent expenditure
 - D. the government's budget for its schools
199. In order to raise more revenue for a certain period, government should impose higher taxes on goods whose demand is
- A. Elastic
 - B. Inelastic
 - C. perfectly elastic
 - D. Unitary elastic
200. A company is said to be highly geared if the
- A. value of fixed interest loans is high compared with share capital
 - B. value of share capital is high compared with the fixed interest loans
 - C. dividend rate is high
 - D. interest rate is high
201. Which of the following is the major function of the wholesaler?
- A. bulk breaking
 - B. provision of useful information to the manufacturer on products
 - C. provision of after sales service to consumer
 - D. provision of warehousing facility
202. In the distribution channels for goods and services, the middleman's mark-up margin provides a rough measure for the
- A. Quantity discount allowed final consumers
 - B. Reward for business entrepreneurship
 - C. Effectiveness of government control over economy's marketing channels
 - D. Extent of exploitation of the final consumer
203. The type of business finance that entitles the holder to a fixed rate of dividend is
- A. preferred stock
 - B. common stock
 - C. Debenture
 - D. Bank loan
204. Which of the business organizations listed below is characterized by limited authority and liability of the individual owners?
- A. Sole proprietorship
 - B. Partnership



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- C. Joint-stock company
D. co-operative society
205. When public enterprises becomes commercialized it means that
A. the product of the enterprises are further subsidized
B. they are expected to operate with the primary aim of making profit
C. the government has decided to divest itself of such enterprises
D. the staff of the enterprises will be laid off
206. The best channel of distribution of baked bread is through
A. Wholesalers to retailer then to consumer
B. direct sales to the consumer
C. Wholesalers to consumer
D. retailer to consumer
207. Which of the following situation can give rise to economic problems?
A. unlimited human wants
B. wants of varying importance
C. limited means available for satisfying wants
D. means used in different ways
208. The shares that must be redeemed first at liquidation of a company are
A. Preference shares
B. non-voting ordinary shares
C. ordinary shares
D. debentures
209. When a nation is experiencing balance of payments surplus it is in a better position to
A. increase its foreign exchange reserves
B. increase its liabilities to foreigners
C. reduce its foreign exchange reserves
D. devalue its national currency
210. Which of these is a good example of invisible item on balance of payments account?
A. shipping an aviation B. exports and imports
C. merchandise D. bullion
211. Deficit financing is mostly facilitated by the existence of
A. stock exchange market B. commercial bank
C. central bank D. capital market
212. Which of the following programme in the monetary sector is aimed at enhancing the banking habit of the rural area?
A. the deregulation of the banking system
B. the increase in the number of merchant bank
C. the community banking scheme
D. the deregulation of interest rate
213. Inflation in the Nigeria economy may be fueled by increase in
A. the dollar price of crude oil
B. the sale company share
C. government expenditure
D. sale of government bond
214. Monetary policy aimed at reducing demand pull inflation in the country may be carried out through
A. increase in taxation of private companies, public corporation and private individuals
B. increase in cash reserve ratio of commercial banks and the sales of government securities
C. decrease in government expenditure on education
D. direct price control in the market place
215. A form of business organization which is characterized by limited authority and liability of the individual owners is the
A. Sole proprietorship B. Partnership
C. Joint-stock company
D. co-operative society



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216. Scale of preference refers to
- A. consumers preference for luxurious goods
 - B. the household monthly income
 - C. list of goods and services in order of priority
 - D. budget preparation without paying due regard to priority
217. For an economy which last year produced only two commodities X and Y, the real cost of the quantity of X which it produced can be measured by the
- A. amount of X It could not produce
 - B. amount of Y it produced
 - C. total amount of Y it could have produced
 - D. extra amount of Y it could have produced
218. The middle men in the chain of distribution are
- A. Wholesalers and retailers
 - B. Manufacturers and consumers
 - C. Consumers and wholesalers
 - D. Retailers and Consumers
219. One factor which influences the slope of a non-linear demand curve for a commodity is the
- A. price of the commodity
 - B. quantity of the commodity demanded
 - C. availability of substitutes
 - D. availability of complements

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APPRECIATION

If you found these past questions **helpful**, here are some ways you can **contribute** to the exam success of other students:

- **Correct an error** in this past question
- **Update** this past question
- **Submit a past question** for another school

Are you interested in contributing?

Yes, I am!





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Economics Answers

1.D 2.C 3.D 4.A 5.B 6.A 7.C 8.A 9.B 10.A 11.B 12.B 13.A
14.D 15.D 16.A 17.D 18.B 20.D 21.C 22.C 23.D 24.B 25.C 26.D
27.B 28.C 29.D 30.A 31.A 32.C 33.D 34.A 35.D 36.A 37.B 38.B 39.C
40.C 41.A 42.C 43.A 44.B 45.A 46.D 47.A 48.D 49.D 50.B 51.C 52.B
53.C 54.D 55.A 56.C 57.D 58.B 59.D 60.D 61.A 62.C 63.A 64.B 65.D
66.C 67.A 68.A 69.D 70.A 71.C 72.B 73.B 74.C 75.D 76.A 77.B 78.C
79.D 80.B 81.B 82.D 83.B 84.B 85.C 86.A 87.D 88.C 89.B 90.C 91.D
92.B 93.C 94.B 95.D 96.D 97.B 98.B 99.B 100.D 101.A 102.D 103.D 104.D
105.B 106.B 107.C 108.B 109.B 110.D 111.B 112.C 113.C 114.D 115.C 116.B 117.C
118.A 119.B 120.D 121.A 122.B 123.B 124.C 125.C 126.B 127.A 128.A 129.D 130.B
131.B 132.B 133.C 134.D 135.B 136.C 137.C 138.C 139.A 140.B 141.B 142.C 143.D
144.D 145.C 146.A 147.A 148.D 149.B 150.C 151.D 152.D 153.B 154.B 155.A 156.C
157.C 158.A 159.C 160.B 161.A 162.C 163.B 164.A 165.C 166.D 167.B 168.C 169.D
170.B 171.D 172.D 173.D 174.A 175.D 176.C 177.A 178.D 179.C 180.A 181.C 182.D
183.B 184.B 185.C 186.C 187.B 188.B 189.B 190.B 191.C 192.A 193.A 194.C 195.B
196.B 197.B 198.C 199.B 200.A 201.A 202.D 203.A 294.C 205.B 206.D 207.C 208.A
209.A 210.A 211.C 212.C 213.C 214.A 215.C 216.C 217.C 218.A 219.C

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