



**INTERIM JOINT MATRICULATION BOARD
AHMADU BELLO UNIVERSITY
ZARIA**

INTERIM JOINT MATRICULATION BOARD EXAMINATION 2024

SUBJECT: ECONOMICS PAPER III
DATE SCHEDULED: SATURDAY 13TH JULY, 2024
TIME ALLOWED: ONE AND HALF HOURS (1½ HRS)

INSTRUCTION: Answer ALL questions by choosing one (1) option from each question. Do not spend too much time on a question. If you find a question difficult, leave it and go on; you may try it again. Calculator can be used if desired.

1. A situation where, given an upward-sloping supply curve, a manufacturer previously supplying X units of a commodity at ₦10 per unit is now willing to supply the same X units at a price not less than ₦12 per unit, represents
 - a) a decrease in quantity supplied
 - b) a fall in supply
 - c) an increase in quantity supplied
 - d) a rise in supply
 - e) a new equilibrium.

2. Choice is necessary because
 - a) goods are many and varied and one must therefore choose
 - b) one can not consume everything
 - c) resources are scarce relative to wants
 - d) producers want to be guided as to what to produce
 - e) wants are limited and resources are unlimited.

3. If the marginal utility of commodity X rises above that of commodity y_1 then
 - a) $\frac{MU_x}{MU_y} > \frac{P_x}{P_y}$
 - b) $\frac{MU_x}{MU_y} = \frac{P_x}{P_y}$
 - c) $\frac{P_x}{P_y} > \frac{MU_x}{MU_y}$
 - d) $\frac{MU_y}{MU_x} > \frac{P_x}{P_y}$
 - e) $\frac{MU_y}{MU_x} > \frac{P_y}{P_x}$

4. Total revenue will increase if the elasticity of demand is
 - a) greater than one and price rises
 - b) less than one and price falls
 - c) infinite and price rises
 - d) greater than one and price falls
 - e) equal to one and price rises

5. If a firm sells 3,000 units of a commodity at ₦10 per unit and 5,000 units at ₦8 per unit what is the elasticity of demand.
 - a) marginal revenue = ₦2.00
 - b) total revenue = ₦40,000
 - c) elasticity of demand = 3.3
 - d) value added = ₦10,000
 - e) elasticity of supply = 3.3

6. Which of the following will not cause an increase in the supply of guinea corn?
 - a) an improvement in guinea corn farm technology
 - b) a fall in the price of farm machinery
 - c) a decrease in the price of millet
 - d) general improvement in farm technology
 - e) an increase in the price of beans.

2024 IJMBE ECONOMICS III contd.

7. If the quantity demanded of a commodity rises from 100 units to 110 units as its price falls from ₦10 per units to ₦9 per unit, the demand elasticity may be classified as:
a) infinite b) unitary c) elastic d) inelastic e) zero.
8. Pure economic rent exists when:
a) the demand for land is perfectly elastic b) all land is fertile
c) some land is fertile d) the supply of land is perfectly inelastic
e) transfer earnings are minimal
9. The most probable effect of an income tax one factor is to
a) increase units of the factor supplied b) reduce units of the factor supplied
c) shift the demand for the factor d) reduce demand for the factor
e) increase the income of the factor
10. If a government want to increase its total revenue from excise, it should raise the tax on goods that are:
a) substitute b) inferior c) elastic in demand d) infinitely elastic in demand
e) inelastic in demand.
11. Which of the following can be regarded as fixed cost?
a) wages b) raw materials c) fuel d) plant and machinery
e) interest on short-term loans.
12. Which of the following is not a factor reward?
a) wages b) rent c) interest d) premium e) profit
13. Which of the following constitute the income of a retailer who runs a shop in one of the rooms of his house rent out to tenants?
a) wages, rent, and profit b) wages and interest c) wages, interest and profit
d) profit e) wages, interest, rent and profit.
14. Which of the following is not an advantage of division of labour?
a) increased productivity b) monotony c) efficiency
d) development of specialized skills e) introduction of specialized machines.
15. What would you call a firm which produces and sells as much as it can at a given market price?
a) a monopolist b) a free market producer c) an oligopolistic firm
d) competitive firm e) a monopolistically competitive firm.
16. When production is based on free enterprise, firms seek to maximize.
a) output b) employment c) innovation d) welfare e) profit

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17. Which of the following groups of economists were particularly concerned with the theory of income distribution?
- J.M. Keynes, Alfred Marshall and John Stuart Mill
 - T.R. Malthus, Karl Marx and Frederick Engels
 - Adam Smith, David Ricardo and Frederic Engels
 - Adam Smith, Paul Samuelson and Richard Lipsey
 - Adam Smith, David Ricardo and Karlmarx.
18. A powerful trade union may be able to raise the wages of its members but it could run the risk of
- Lowering the volume of employment
 - being accused of irresponsibility
 - having the appointment of its top executive
 - causing depression
 - receiving stern warning from the management.
19. Precious metals like gold and silver have long been used for money because
- of their intrinsic value
 - they are the risk metals to be discovered
 - of their relative scarcity
 - only gold and silver are used for jewelry
 - they are the most precious of all metals.
20. In order to obtain national income at market prices from national income at factor cost we have to:
- add indirect taxes and subtract subsidies
 - subtract indirect taxes and add subsidies
 - add indirect taxes
 - subtract subsidies
 - add subsidies
21. In computing the national come, we should exclude
- wages
 - pensions
 - profits
 - salaries
 - rent on property.
22. What is mean by "a withdrawal" in national income determination theory?
- money withdrawn from the central bank
 - money withdrawn from the commercial bank
 - undistributed profits
 - any income that is not passed on to the circular
 - maintenance allowance paid to students.
23. What is likely to happen when the demand for Nigeria's exports increases?
- fall in the external value of the Naira
 - rise in the external value of the Naira
 - demand for foreign currency will increase in Nigeria
 - demand for Naira will fall
 - supply of Nigeria's exports will increase.
24. Price increase will be equal to an increase in tax if demand is
- perfectly elastic
 - of unitary elasticity
 - perfectly inelastic
 - exceptional
 - shift to the right
25. The success of devaluation does not depend on
- whether or not a country trades with the rest of the world
 - the goodwill of other countries
 - elasticity of demand for a country's imports
 - domestic elasticity of supply for a country's exports
 - foreign elasticity of demand for a country's export.

2024 IJMBE ECONOMICS III contd.

26. Output is increasing at an increasing rate in which of the stages.
a) stage II b) stage II and III c) stage III d) stage I e) stage IV
27. The major fiscal policy instruments in Nigeria are:
a) taxation, tariff, public expenditure b) taxation, tariff, foreign exchange
c) taxation, tariff, interest rate d) taxation, tariff, import e) none of the above
28. Socialist mode of planning is based on:
a) mixed plan b) rolling plan c) perspective plan d) central plan
e) development plan.
29. Agro-allied industry involved
a) production on small scale b) production of only cash crops
c) production of only food crops d) production on a joint stock basis
e) production enterprise on the farm.
30. The theory of a firm employing the marginal labour at a point at which the marginal or extra product is equal in value to the marginal wage is called.
a) economic rent b) geographical mobility c) marginal product theory of labour
d) closed shop e) marginal job
31. The curve which shows different combination of labour and capital that can produce the same level of output is called.
a) isocost b) isoquant c) MP curve d) AP curve e) AR curve
32. A production technique is labour intensive when it uses:
a) half of capital input b) less labour in relation to capital
c) too many capital input d) more of labour in relation to capital
e) equal labour and capital.
33. Increasing return to scale occur when:
a) firm is operating below the optimum size
b) the expansion of a firm produces greater efficiency
c) optimum factor combination is attained d) low satisfaction e) all of the above.
34. A downward pressure on the price of a commodity toward the equilibrium result firm.
a) increase in demand b) decrease in demand c) decrease in supply
d) b and c e) a, b and c.
35. In deductive economics, economists usually
a) go from theory to fact b) go from facts to theory
c) go from theory to thinking d) go from theory to synthesis e) all of the above.
36. Which of these does not belong?
a) deregulation b) foreign exchange c) hedging d) arbitrage
e) all of the above

2024 IJMBE ECONOMICS III contd.

37. Which of these economists is a strong advocate of Fiscal Policy?
a) Adam Smith b) J.M. Keynes c) D. Ricard d) Karlmark
e) R.G. Lipsey
38. If a firm can sell as much as it wishes at a given market price, that firm is:
a) an industry b) a competitive firm c) a monopolist d) an Oligopolist
e) a duopolist.
39. Ricardo's law of comparative advantage is based on:
a) Law of diminishing return b) law of increasing relative costs
c) law of diminishing marginal utility d) opportunity cost theory
e) law of increasing return to scale.
40. Which of the following combinations represent leakages from the circular flow of income?
a) interest and profit b) wages and rent c) taxes, savings and imports
d) import, export e) all of the above.
41. If the demand curve for product B shifts to the right as the price of product A declines, it can be concluded that:
a) A and B are substitute b) A is an inferior good and B is a superior good
c) A is a superior good and B is an inferior good d) both A and B are superior goods
e) A and B are complementary goods.
42. The price of product X is reduced from ₦15 to ₦5 and as a result, the quantity demanded of it increases from 20 to 30 units. From this we can say:
a) the demand for X is inelastic b) the demand for X is elastic
c) the demand for X is of unit elasticity d) the demand for X has declined
e) X is an inferior good.
43. GNP can be measured by the:
a) total value of all intermediate goods produced in the economy
b) total value of all sales in the economy
c) total market value of final goods produced in the economy
d) net national product plus investment e) none of the above.
44. Which of the following is not a leakage in the circular flow of income.
a) import of a Datsun car b) personal saving c) export of crude petroleum
d) indirect company tax e) all of the above.
45. Which of the following would give rise to a deficit in the Nigerian balance of payment?
a) foreign purchases of Nigerian assets b) dividends earned from overseas companies
c) dividends paid to non-resident foreigners d) all of the above
e) direct investment by foreign firms in Nigeria.

2024 IJMBE ECONOMICS III contd.

46. In equilibrium, a firm that is a competitor in its output market but a monopolist in its labour market will pay a wage rate:
- a) equal to the marginal revenue product
 - b) less than the marginal revenue product
 - c) impossible to determine from the information given
 - d) greater than the marginal revenue product
 - e) equal to the average cost of production.
47. The degree of cross elasticity coefficient between two commodities tells the extent of their:
- a) availability
 - b) substitutability or complementarily
 - c) derivation
 - d) cheapness
 - e) demand or supply.
48. If a country is experiencing a recession, an appropriate policy may be:
- a) laissez fair leave things as they are
 - b) to decrease the rate of interest and increase government expenditure
 - c) to raise the rate of interest
 - d) to increase taxes
 - e) decrease government expenditure and increase the rate of interest.
49. The per capita income of a country will increase when:
- a) gross national product equals gross domestic product
 - b) population grows faster than gross the gross national output
 - c) population grows as fast the gross national output
 - d) gross national output is greater than population.
50. The paradox of value was based on the fact that:
- a) marginal rather than total utility was related to price
 - b) total rather than marginal utility was related to price
 - c) total utility exceeded marginal utility
 - d) there was no difference between utility and value
 - e) marginal utility was falling.
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