NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2017_2 Examination, January/February 2018

COURSE TITLE: MICRO-ECONOMIC THEORY
COURSE CODE: ECO 719
UNITS: 2
TIME ALLOWED: 2 HOUR

INSTRUCTIONS: ANSWER ANY THREE QUESTIONS.

1a. At what point is a consumer said to be at equilibrium in the utility theory? Discuss this, stating the necessary conditions required for the consumer to be at equilibrium. 13 marks

1b. Discuss in details any five (5) properties of indifference curves 10 marks

2a Discuss the law of diminishing marginal utility 10 marks

2b. Using graphs, illustrate at what point a monopolistic firm would

I. maximizes its profits 6 marks

II. Will shut down in the short run 5 marks

3a. Using graphical illustration, explain the Revealed Preference Theory 13 marks

3b. With illustration(s) where necessary, show the difference and relationship between Total Utility and Marginal Utility 10 marks

4a. Define price discrimination and explain the 3 types of price discrimination 12 marks

4b. Using graph, illustrate how Monopoly can be controlled 11 marks

5a. Discuss the features of a Monopolistic Competitive Market 13 marks

5b. As an entrepreneur who makes a zero economic profit, explain why you are not affected by zero economic profit and would thus not leave the market. 10 marks