

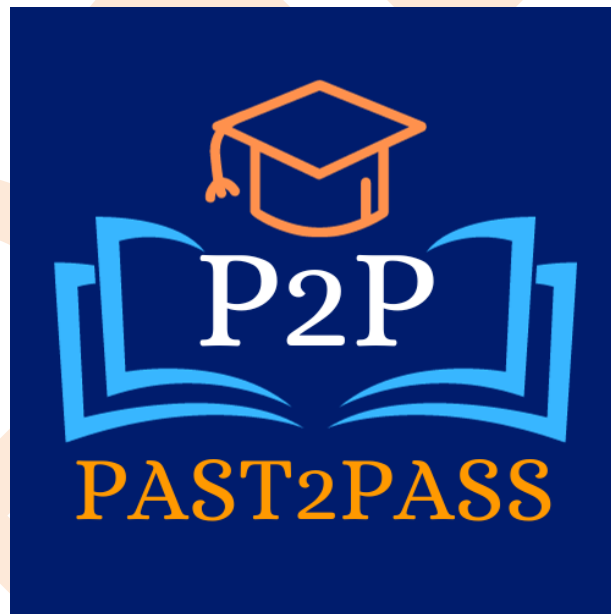
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Past Questions and Answers

Economics



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1.is the term that describes the cost of one product in terms of forgone production/acquisition of others. (A) Marginal cost (B) Production/acquisition cost (C) Optimum cost (D) Opportunity cost (E) Implicit cost D
2. An activity does not have a cost when (A) the activity does not require the giving up of any other activity or thing (B) the government pays for it (C) it is carried out by a non-governmental organisation (D) it is not priced (E) it is easy to undertake. A
3. Choices arise on account of (A) numerous wants (B) enough money to undertake effective demand (C) scale of preference (D) human wants being numerous but the time, money and influence to satisfy them are limited. (E) needs D
4. Economics is best defined as (A) the study of allocation of resources to satisfy human wants (B) the study of human behaviour in the process of buying and selling (C) study of how nations grow and improve their welfare (D) the study of how to allocate scarce resources to satisfy human wants (E) all of the above. D
5. Economics may be described as (A) the study of demand and supply of things in our environment (B) the study of production and distribution (C) the study of human behaviour in the allocation of scarce resources (D) the study of the employment of labour, capital, land and capital (E) the study of money and banking. C
6. From an economics point of view, an activity does not have cost when (A) someone else pays for it (B) the returns are greater than costs (C) the choice involves given up nothing (D) government pays for it (E) it is paid for from gift C
7. Opportunity cost is a term which describes (A) initial cost of setting up a business venture (B) a study of the ways man devices to satisfy his unlimited wants from limited resources (C) cost of one product in terms of forgone production of others (D) the mandatory equivalent of the utility of a commodity (E) cost related to an optimum level of production C
8. Scarcity in economics means (A) a period of scarce things (B) when things are costly to acquire (C) monopolisation of available resources by a few (D) nationalisation of natural resources such as petroleum in Venezuela (E) none of the above. E
9. Which of these is the real cost of satisfying any want in the sense of the alternative that has to be forgone (A) variable cost (B) opportunity cost (C) total cost (D) prime cost (E) marginal cost B
10. Economic analyses and conclusions can be divided into (A) consumption and production (B) positive and normative (C) microeconomics and macroeconomics (D) demand and supply (E) none of the above B
11. Which of the following is NOT a measure of central tendency? (A) mean (B) median (C) Mode (D) average (E) standard deviation E
12. Which of the following is NOT a measure of dispersion (A) standard deviation (B) mean deviation (C) variance (D) range (E) mean E
13. A normal good with close substitutes is likely to have its price elasticity of demand (A) between zero and one (B) equal to unity (C) greater than unity (D) less than unity (E) none of the above C
14. Demand for a factor of production is (A) A composite demand (B) ajoint demand (C) a derived demand (D) an elasticity of demand (E) cross elasticity of demand C
15. Given Demand function: $Q_d = 5P + 10$; Supply function: $Q_s = 7P - 5$. If the price is at ₦5, the excess demand is (A) 35 (B) 30 (C) 10 (D) 5 (E) 65 D

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16. If an increase in the price of a commodity leads to an increase in total revenue, then it follows that the demand for the commodity is (A) normal (B) elastic (C) inelastic (D) abnormal (E) unitary C
17. If the price of a commodity rises, the quantity demanded of the commodity remains the same, then the demand for the commodity is (A) static (B) infinitely elastic (C) externally determined (D) perfectly inelastic (E) perfectly elastic D
18. The impact of a change in the price of commodity A on the quantity demanded of commodity B is best explained using the concept of (A) price-elasticity of demand (B) cross-price elasticity of demand (C) income elasticity of demand (D) elasticity of substitution (E) A-price elasticity of demand for B B
19. The change that is due to a movement from one supply curve to another along the same price is called (A) change in supply (B) change in quantity supplied (C) elasticity change (D) control price effect (E) change in equilibrium quantity A
20. When the supply of a commodity is fixed, its price elasticity of supply is said to be (A) perfectly elastic (B) perfectly inelastic (C) undefined (D) elastic (E) inelastic B
21. Given Demand function: $Q_d = 5P + 10$; Supply function: $Q_s = 7P - 5$. The equilibrium quantity is (A) 50 (B) 55 (C) 75.5 (D) 47.5 (E) 55.5 D
22. In market economies, resources are allocated through the (A) government authorities (B) price system (C) banking system (D) central planning bureau (E) revenue allocation formula B
23. In the operation of market forces, the market is in equilibrium at the point where (A) demand and supply curve intersects in more than one point (B) the excess in the market can be conveniently stored (C) excess demand is positive (D) demand and supply curves intersect (E) excess demand is negative D
24. The basic feature of a market economy is (A) the reduction in the power of sellers (B) the enthronement of consumer sovereignty (C) the dismantling of barriers to trade (D) the perfectly elastic price for every transaction (E) the intersection of demand and supply curves B
25. The following are the conditions that must be fulfilled for price determination EXCEPT (A) market merger (B) market segmentation (C) demand elasticities (D) product differentiation (E) none of the above A
26. The main function of price mechanism is to (A) limit consumer demand (B) enable producers make profits (C) allocate scarce resources among competing ends (D) ensure consumer sovereignty (E) achieve excess capacity C
27. When government intervenes in price-setting, the regulated price is usually (A) higher than the last price (B) lower than the last price (C) higher than the equilibrium price (D) lower than the equilibrium price (E) higher than the ceiling price D
28. A firm achieves least cost in production by substituting factors until (A) their factor prices are equal (B) their marginal products are equal to the factor prices (C) their marginal products are each equal to zero (D) the ratios of their marginal product equals the ratio of their prices (E) none of the above B
29. A production possibility curve shows (A) how much of resources a society uses to produce a particular commodity (B) the rate of inflation (C) the rate of unemployment in an economy (D) the various combinations of the commodities that can be produced (E) all of the above D

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30. A rightward shift in the production possibility frontier may be due to (A) use of inferior inputs (B) inefficiency (C) improvement in production techniques and practices (D) changes in the product mix (E) changes in consumer taste C
31. Direct payment incurred for producing a commodity is called (A) implicit cost (B) real cost (C) opportunity cost (D) due cost (E) explicit cost E
32. Diseconomies of scale can be caused by the following EXCEPT (A) managerial inefficiency (B) increased resource-cost (C) large market (D) inefficient business environment (E) technology C
33. Diseconomies of scale operates when (A) doubling inputs brings about more than proportionate increase in output (B) doubling inputs leads to a doubling of output (C) doubling input brings about less than proportionate increase in output (D) decrease in profit (E) increase in revenue C
34. Economic efficiency means (A) obtaining maximum output from available resources (B) equitable distribution of nation's resources (C) carrying out production without any waste (D) producing the maximum output from available resources at the lowest possible cost (E) efficient utilisation of the nation's resources. D
35. External economies are (A) the advantages accruing to firm as a result of its expansion (B) the advantages accruing to one firm as a result of the existence of other firms in the same locality (C) benefits derived by a firm as a result of its own external economies policy (D) economies reaped only by firms that are externally focused (E) bound to increase the cost of production B
36. If a firm doubles its output and its costs increase by 60%, the firm is experiencing (A) increasing costs (B) economies of scale (C) decreasing returns (D) decreasing costs (E) none of the above B
37. In economics, production is complete when (A) Goods are produced in the factories (B) Goods are sold to the wholesaler (C) Goods and services are produced by the government (D) Prices are fixed for goods and services (E) Goods and services finally reach the consumer E
38. In the study of economics, land, labour, capital and entrepreneur are referred to as factors of production. These factors produce commodities only if they are — (A) profitable to the production process (B) purchased for the purpose of production (C) combined in the production process (D) produced adequately for the production process (E) brought into factory C
39. Production that takes place within the production possibility curve is said to be (A) inefficient (B) possible (C) with increased output (D) x-efficient (E) pareto-compliant A
40. The act of combining factor inputs in order to obtain specific output is known as (A) factor procurement (B) manufacturing (C) investment (D) industrialisation (E) production E
41. The additional output obtained by using one more unit of a factor is called (A) marginal income (B) additional product (C) marginal revenue (D) average product (E) marginal physical product E
42. The amount of labour a producer hires relative to other factor input depends on the (A) price of labour or its wage (B) price of labour, machinery and other inputs (C) price of machinery (D) price of other inputs (E) type of machinery B

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43. The concept of economic efficiency primarily refers to (A) obtaining the maximum output from available resources at the lowest possible cost (B) conservation of our petroleum resources (C) equity in the distribution of the nation's wealth (D) producing without waste (E) none of the above A
44. The law of diminishing returns often operates in the — (A) long run (B) short run (C) medium term (D) small scale production (E) none of the above B
45. The main economic objective behind the production of goods and services in an economy is to (A) maximise profits (B) satisfy human wants (C) become self-reliant (D) create job opportunities (E) make people wealthy A
46. The residual of production which accrues to the ownership of land after all other expenses have been met is called (A) wages (B) profit (C) rent (D) interest (E) discount C
47. Average fixed cost is (A) average total cost less the sum of average variable cost (B) half the sum of all costs (C) total fixed cost divided by the level of output (D) total fixed cost plus marginal cost (E) total variable cost divided by output C
48. Average fixed cost is a rectangular hyperbola (A) since unit cost increases as output increases (B) unit cost increases as output decreases (C) unit cost decreases as output increases (D) unit cost remains the same as output increases (E) none of the above C
49. Long run cost is U-shaped because of the operation of (A) economies of scale on the left hand side and diseconomies of scale on the right hand side (B) diseconomies of scale on the left and right hand sides (C) economies of scale on the left and right hand sides (D) constant return to scale (E) diseconomies of scale of the left hand side and economies of scale of the right hand side A
50. Marginal cost is the cost (A) the lowest cost of producing goods (B) the cost of production of the most efficient firm in an industry (C) the cost of production of the most inefficient firm in an industry (D) the cost of production of the last unit of goods produced by a firm (E) the cost of production at which minimum profit is obtained by the firm D
51. Which of the following is NOT part of the fixed cost of a firm (A) interest on loans (B) rent on buildings (C) depreciation reserves (D) management expenditure (E) wages E
52. Which of the following is used to describe a payment representing a surplus in excess of transfer earnings? (A) interest rates (B) opportunity costs (C) economic rent (D) indirect costs (E) wages C
53. A perfectly competitive firm produces the most profitable output where its (A) marginal revenue equals average cost (B) price equals average cost (C) price equals marginal cost (D) marginal cost equals marginal revenue (E) average revenue equals average cost D
54. Advertising is the main technique used for effecting in a monopolistic competition (A) market segmentation (B) product differentiation (C) price (D) profit (E) supply B
55. Output of a monopolist is usually determined at a point where (A) $P=MC$ (B) $MR=MC$ (C) $AR=AC$ (D) marginal cost is rising (E) marginal revenue is rising B

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56. Product homogeneity is one of the characteristics of (A) perfect competition (B) monopoly (C) monopolistic competition (D) oligopoly (E) competition A
57. Which of the following is compatible with a firm in a purely competitive market? (A) demand is inelastic (B) demand is infinitely elastic (C) marginal cost is falling (D) price is greater than marginal cost (E) price is less than marginal cost B
58. 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 (E) Net and gross D
59. The difference between the Gross Domestic Product and the Gross National Product is the (A) Allowance for total depreciation (B) Total interest payments (C) Total tax and interest payments (D) Net income from abroad (E) none of the above D
60. The multiplier is defined as (A) The ratio of the change in income to the change in investment (B) The change in investment divided by the change in income (C) $1/(MPC)$ (D) $1/(1-MPS)$ (E) Process of multiplying initial increase in income A
61. A decrease in aggregate spending in an economy will ultimately lead to (A) Boom (B) Deflation (C) Inflation (D) Recession (E) stagnation B
62. Money serves well as a store of value in an environment devoid of (A) unemployment (B) bank robbery (C) development-oriented central/reserve bank (D) inflationary pressure (E) substitutes like ATMs, cheques and bank draft. D
63. The ability of deposit money banks to create money is mainly affected by (A) reserve ratio (B) liquidity ratio (C) capital base (D) monetary policy rate (E) all of the above A
64. A document that shows the details of government revenue and expenditure in a year is called (A) budget (B) development plan (C) rolling plan (D) perspective plan (E) financial plan A
65. The basic fiscal relation that exists among the three tiers of government in Nigeria is (A) national budget appropriation (B) State-Local Government joint account (C) revenue allocation from the federation account (D) federal road projects (E) federal character principle C
66. The biggest source of government revenue in Nigeria is (A) Mining rents and royalties (B) Company income tax (C) Import duties (D) Export duties (E) Petroleum profits tax E
67. A major obstacle to economic development is (A) A rise in industrial output (B) Low farm productivity (C) Free trade (D) Ineffective trade unions (E) corruption B
68. A sustained increase in the per capita income of a country over a period of time is called (A) Economic growth (B) Economic development (C) Structural change (D) Stagflation (E) Sustainable income growth A
69. In recent years, Nigerian economy has been registering a spectacular growth in..... Sector in the last ten years. (A) agriculture (B) education (C) telecommunication (D) transport (E) distribution C

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70. Nigeria, being a developing African country in the sub-Sahara, has put together a development blue-print called Vision 20:2020 which can ensure that the country becomes (A) one of the 20 developed countries by the year 2020 (B) an African economic 'Tiger' by the year 2020 (C) one of the 20 largest economies in the world by the year 2020 (D) one of the 20 largest economies in sub-Saharan Africa by the year 2020 (E) one of the 20 largest economies in the developing world by the year 2020 C
71. The major objective of economic growth is to (A) Redistribute income and other benefit of growth (B) Equalize opportunity for education and employment (C) Increase aggregate expenditure on goods and services (D) Increase the real per capita income (E) Increase access to education D
72. The most common index used for measuring development is (A) The level of literacy (B) Per capita income (C) Nutritional levels (D) Population growth rate (E) International development index B
73. Which is NOT a direct effort to increase agricultural production in Nigeria? (A) Operation Feed the Nation (B) Nigerian Youth Service Corps (C) Increased loans to farmers and cooperatives (D) Research in Agriculture and extension services (E) Mechanization of agriculture B
74. Which of the following sectors of the economy is estimated to be the largest employer of labour in the country? (A) Construction (B) Agriculture (C) Distribution (D) Mining and petroleum (E) Transport and communications B
75. Industries contribute to national economic development because they (A) Utilize local raw material (B) Employ an increasing number of labour (C) Provide recreational facilities (D) Use modern machines which replace human labour (E) All of the above B
76. Infant industries are (A) Baby food and baby clothing factories (B) Those which are introducing new products (C) Cases of arrested development (D) Industries temporarily protected by tariffs barriers until mature enough to compete on world markets (E) Industries that are allowed to remain permanent cases of adolescence D
77. The export-promotion strategy is aimed at producing (A) Consumer goods originally imported (B) Machinery for industries (C) More goods for exports (D) More goods for domestic consumption (E) Increasing export of goods needed in developed countries C
78. Which of the following is NOT an advantage of localization of industries? (A) Reaping of external economies (B) Development of a pool of skilled labour for the industry (C) Development of subsidiary industries (D) Development of organized markets (E) Growth of conurbations E
79. The crucial factors which determines the location of petroleum refineries in Nigeria are availability of raw materials and (A) Capital (B) Political consideration (C) Nearness to source of power (D) Labour (E) Availability of seaports B
80. The petroleum industry in Nigeria is (A) The sole source of the nation's revenue (B) The oldest industry in the country (C) The mainstay of the economy (D) A factor in the decline in the nation's foreign reserves (E) In the hand of NNPC C
81. In a limited liability company, the greatest risk is borne by (A) Shareholders debentures (B) Company executives (C) Ordinary shareholders (D) Preference shareholders (E) Board of directors C

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82. 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 (E) none of the above C
83. The advantage of the sole proprietorship is as follows: (A) It is always successful (B) Continuity is no problem (C) Control and supervision is under one man (D) Funds are easy to obtain (E) Inter-generational equity is assured C
84. The maximum number of shareholders for a limited liability company is (A) Twenty (B) Seven (C) Five (D) Infinite (E) Limited to the number of individuals that are interested D
85. Population density refers to (A) Densely populated urban centres (B) The total area divided by the total population (C) Densely populated rural areas (D) The total population divided by the total area (E) All of the above D
86. To calculate the annual natural growth rate of a country's population, one has to know the country's annual birth rate and (A) The size of that country (B) The rate of immigration into that country (C) The population census of that country (D) The annual death rate (E) The gross domestic product (GDP) of the country D
87. Which of the following is not true of the theory of optimum population? A. It is possible for a densely populated country to be under-populated if it has insufficient labour to make the most effective use of its other factors B. The quantity of labour, which combines with other factors, gives the minimum output, is known as optimum population C. The quantity of labour, which combined with the other factors, gives the maximum output, is known as optimum population D. The test of over-population is whether it exceeds the optimum E. It is possible for a thinly populated country to be over-populated if it has a poor supply of other factors B
88. Which of the following is the standard concept of measuring and analyzing population growth? (A) The rate of natural increase (B) The net migration rate (C) The rate of population increase (D) The fertility rate (E) All of the above E
89. Which of these would NOT increase the population of a country? (A) Increase in death rate (B) Decrease in birth rate (C) Emigration (D) Migration (E) Better medical facilities A
90. An improvement in the Nigeria's terms of trade should (A) Lead to a fall in cost of her imports in terms of what she must sacrifice to obtain them (B) Make made-in-Nigeria goods cheaper to buy (C) Increase Nigeria's domestic output of commodities (D) Lead to an increase in her exchange rates (E) Lead to an increase in Nigeria's exports of petroleum A
91. By 'trade by barter', we mean (A) Trade done by people in the villages (B) Exchange of goods for money (C) International trade (D) Exchange of goods for goods (E) The trade of the Middle Ages D
92. Gains from trade depends on (A) Comparative advantage (B) Absolute advantage (C) Distributive cost advantage (D) Absolute cost advantage (E) None of the above A
93. International and inter-regional trade differ primarily because (A) Comparative advantage is relevant to the former but not to the latter (B) Products flow easily within regions of a country (C) There are different resource supplies among countries of the world (D) Of regulations from GATT (E) None of the above B

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94. Surplus in the balance of payments lead to (A) Inflation or increasing prices generally (B) Increase in foreign reserves (C) Decrease in foreign reserves (D) Government budget surplus (E) None of the above B
95. The expression 'Terms of Trade' is used to describe (A) The quality of exports (B) The direction of foreign trade (C) Terms of purchase on deferred payment basis (D) The rate at which exports exchange for imports (E) Import licensing D
96. The quantity of a currency that exchanges for a unit of another currency is called its (A) exchange value (B) barter value (C) exchange rate (D) market price (E) unit price C
97. Under a system of freely floating exchange rates, an increase in the international value of a country's currency will cause (A) its exports to rise (B) its imports to rise (C) gold to flow into that country (D) its currency to be in surplus (E) devaluation B
98. When a currency loses its value due to a government action to fix the quantity of the currency that exchanges for another currency, there is (A) devaluation (B) depreciation (C) inflation (D) fiscal deficit (E) none of the above A
99. Which of the following items in the Balance of Payments Account is an invisible transaction? (A) Imports of cars (B) Export of cocoa (C) Export of crude petroleum (D) Tourism (E) Import of building materials D
100. A major trading problems facing ECOWAS is (A) The absence of common currency (B) Political instability (C) High poverty level (D) Non-implementation of decisions (E) Trade-related political crisis in Ivory coast A