

UNIVERSITY OF UYO, UYO
POST-UME SCREENING EXERCISE 2006/2007 SESSION
ECONOMICS 0673

Instructions: From the words lettered A to D choose the correct answer based on the specific instructions given for each question

1. For each additional unit of a commodity we produce (a) The more we must give up for the second commodity (b) The greater the amount we must consume (c) The more we face decreasing cost of production.
2. In a free enterprise economy the three fundamental economic questions of what, how and for who to produce are answered by (a) The technique of production (b) The price mechanism (c) Government action.
3. Economic studies individuals and organizations in society engaged in the (a) Production of goods and services (b) Exchange of goods and services (c) All of the above.
4. The central economic system in every society is (a) to maintain its position in the world (b) to prevent riot in our city (c) the scarcity of economic resources.
5. The production possibility curve shows (a) how much of the resources of the society are used to produce a particular commodity (b) the various alternative combinations of two commodities that can be produced (c) the rate of unemployment in the economy.
6. The demand schedule shows the relationship between the quantities demanded of a commodity over a given period of time and (a) the price of the commodity (b) the tastes of consumers (c) the money income of consumers.
7. In order to induce producers to supply more of a commodity, a higher commodity price must be paid because producers usually face (a) decreasing production costs (b) economies of scale (c) increasing production cost.
8. The intersection of the market demand and supply curves for a commodity determines (a) the equilibrium price of the commodity (b) the point of neither surplus nor shortage for the commodity (c) All of the above.
9. An upward shift in the market demand curve for a commodity results in which of the following changes in its equilibrium price and quantity? (a) The price rises and the quantity falls (b) the price falls and the quantity rises (c) the price and quantity both rise.
10. Gross National Product is the market value of (a) all transactions in an economy during a one-year-period (b) all goods and services exchanged in an

economy during a one-year period (c) all final goods and services produced in an economy during a one-year period.

11. An increase in government spending shifts aggregated demand schedule (a) upward by the increase in government spending (b) downward by the increase in government spending (c) upward by increase in government spending times the expenditure multiplier.

12. What is the major cause of labour unrest? (a) Workers are not well cared for by employees (b) workers are seasonally unemployed (c) workers lack required skills.

13. Inflation is a situation in which (a) there is a decrease in the purchasing power of the monetary unit (b) there is a decrease in the general price level (c) increase in the general price level exceeds increases in the rate of Economic growth.

14. Reserve requirements are imposed on commercial banks to (a) control demand deposit expansion (b) regulate commercial bank's profit (c) discourage the use of demand deposits as a medium of exchange.

15. How does monetary policy affect economic activity? (a) an expansion of money raises the rate of interest; increase investment spending (b) expansion of money supply lowers the rate of interest, increase investment spending and brings about a multiple increase in the level of income (c) an expansion of money supply lowers the rate of interest, increases investment and consumption spending and brings about a multiple increase in the level of income.

16. Economic bottle-necks – (a) Cause the cost of specific resources to increase (b) cause the cost of specific resources to decrease (c) prevent the economy from reaching full employment.

17. In a perfectly competitive market, the long-run profit maximization condition is: (a) $MR=Mc$ (b) $LMC=MR$ (c) $LMC=P=AR=MR=LAC$

18. Stagflation is a situation where (a) inflation is stagnated (b) inflation and unemployment are rising (c) only inflation is rising.

19. The consumption that does not depend on income is referred to as (a) autonomous consumption (b) independent consumption (c) free consumption.

20. All, except one of the following, are instruments of monetary policy (a) open market operations (b) bank rate (c) budget deficit.

21. A situation where a country is able to produce all commodities cheaper than the other in international trade is referred to as (a) comparative advantage (b) absolute advantage (c) reconciliation advantage.

22. In a perfectly competitive firm, the MR curve is horizontal because (a) product price falls as output increases (b) the law of diminishing marginal utility is at work (c) the firm is a price taker.
23. The central bank could increase the money supply by (a) increasing the discount rate (b) buying government securities in the open market (c) increase the reserve requirement.
24. All things being equal, an easy monetary policy during a recession will (a) lower the interest rate, increase investment and reduce net export (b) lower the interest rate, increase investment and increase aggregate demand (c) increase the rate of interest, increase investment and reduce net export.
25. An appreciation of the NAIRA (a) reduce the price of imported resources, lower input prices and increase aggregate supply (b) increase net exports and aggregate demand (c) increase aggregate supply and aggregate demand.

ANSWERS

1. C 2. B 3. C 4. C 5. B 6. A 7. C 8. C 9. A 10. A 11. 12. A 13. A 14. C 15.C 16.A 17. 18. C 19. A 20. C 21. A 22. A 23. B 24. B 25. A.

UNIVERSITY OF UYO, UYO
2007/2008 POST-UTME SCREENING EXERCISE
ECONOMICS 0320

Instruction: From the options lettered A to D choose the correct answer and shade accordingly in the spaces provided

1. The three principal economic units in any system are (a) trade, industry and banking (b) workers, consumer and share holders (c) households, firms and government (d) companies, industry and plant.
2. The reward which accrues to labour for participating in production is (a) interest (b) wage (c) bonus (d) profit.
3. The Malthusian theory of population does not concern itself with (a) growth of food production in arithmetical progression (b) growth of population in geometric progression (c) positive checks to population growth (d) development and growth for manpower.
4. One characteristics of labour is that it is (a) fixed in demand (b) fixed in supply (c) mobile (d) untrainable

5. When population is classified according to professions, it is called (a) geographical distribution of population (b) age distribution of population (c) sex distribution of population (d) occupation distribution population.
6. Revenue is the (a) total profit made after sales (b) amount spent on purchases (c) amount of goods produced (d) total money realized from sales.
7. The lower the price of commodity, the greater the quantity demanded. This is based on the assumption that consumer's (a) income is diminished (b) income remains the same (c) utility is diminished (d) population is high.
8. In a situation where demand is perfectly elastic, imposition of tax on a commodity to raise its price will result in (a) consumers increasing their demand for the product (b) consumer's demand for the product remaining unchanged (c) consumers shifting completely to substitute products (d) suppliers increasing the supply of the product.
9. Which of the following is a middleman in the chain of distribution (a) an entrepreneur (b) a producer (c) a banker (d) retailer?
10. Long-term loans can be secured from (a) commercial banks (b) discount houses (c) development banks (d) acceptance houses.
11. The tax levied on goods and services at each stage of production is (a) surtax (b) VAT (c) ad valorem tax (d) PAYE
12. The number of shareholders in a private limited liability company ranges from (a) two to seven (b) two to three (c) two to fifty (d) two to twenty.
13. The difference between payments and receipts for visible trade is called (a) bilateral trade (b) current balance (c) balance of payments (d) balance of trade.
14. One of the causes of the present high rate inflation in Nigeria is (a) increasing budget surplus (b) increasing factor costs (c) exchange rate appreciation (d) high capacity utilization.
15. The final stages in the production process of any commodity involve the movement from the (a) retailer to the wholesaler (b) producer to the wholesaler (c) retailer to the consumer (d) wholesaler to the retailer.
16. A change in demand for a normal good means (a) a shift in the demand curve (b) a change in the price elasticity (c) the demand changes as price changes (d) a movement along a given demand curve.
17. Given the cost function $C = 160 + 36Q$, what is the average cost of 20 units of output (a) N720.00 (b) 216.00 (c) N4.00 (d) N880.00
18. Which of the following financial institutions was originally known as a national debt? (a) Development bank (b) insurance company (c) mortgage bank (d) merchant bank.

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19. Which of the following institutions assists the government in managing the national debt? (a) Commercial bank (b) the central bank (c) the capital market (d) the World Bank.
20. Which of the following is an example of direct tax? (a) Import duties (b) income tax (c) export duties (d) purchase tax.
21. A country whose economy is buoyant is likely to have (a) a weak currency (b) devaluation from time to time (c) a strong currency (d) balance of payment problems.
22. The Net National Product (NNP) is gross National Product (GNP) less (a) domestic product (b) foreign product (c) depreciation (d) investment.
23. A necessary condition for specialization in an economy is the existence of (a) a regulated market (b) a competitive market (c) a medium of exchange (d) adequate capital.
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