



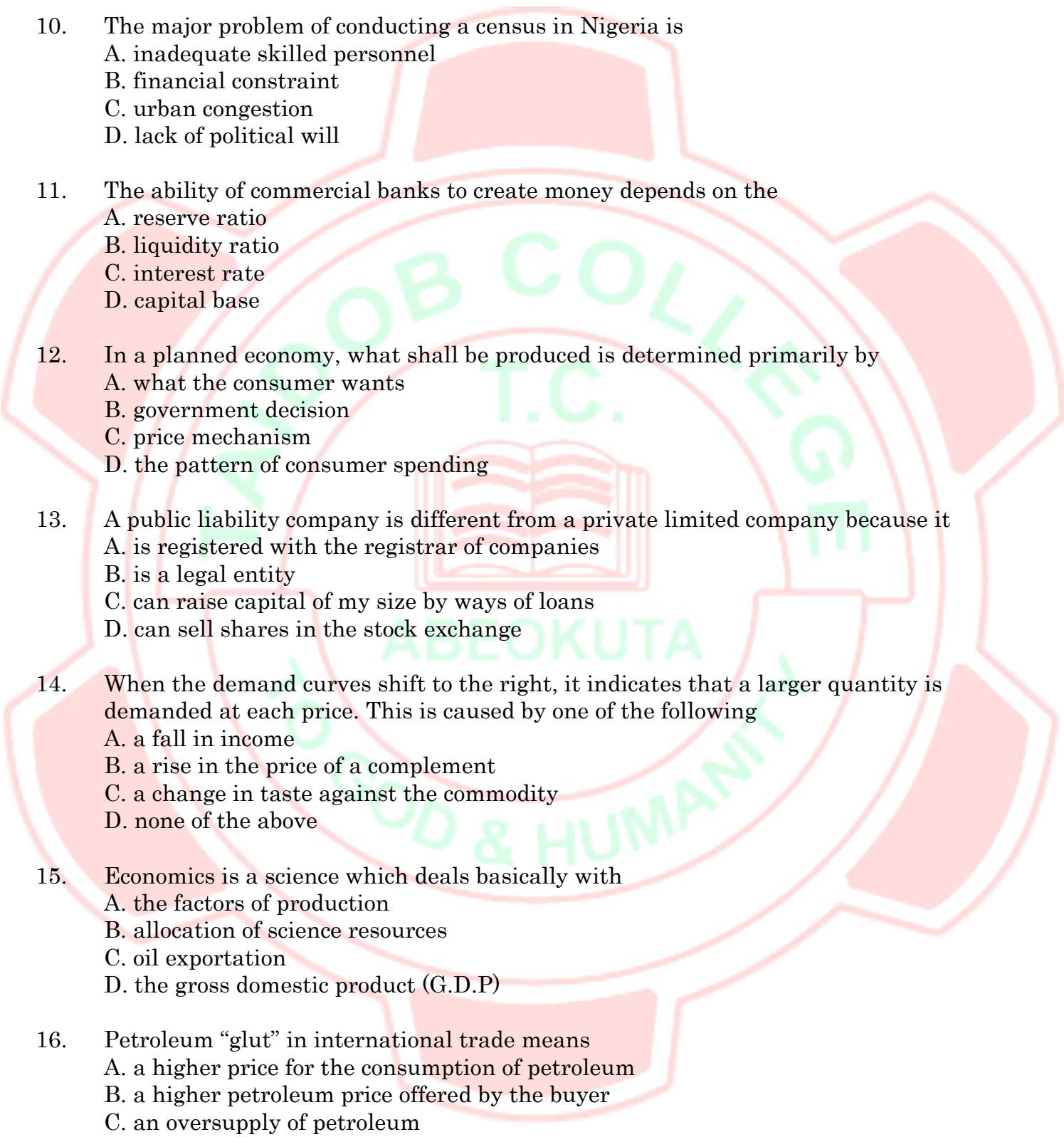
TAIDOB COLLEGE

PRE-UTME PREPARATORY ASSESSMENT

Economics

Economics

1. The privatization of public enterprises will lead to efficient management of resources in the economy. This statement can best be described as
 - A. deductive reasoning
 - B. positive reasoning
 - C. normative reasoning
 - D. inductive reasoning
2. Imperfect market is characterized by
 - A. perfect mobility of factors of production
 - B. many buyers and few sellers
 - C. large number of buyers and sellers
 - D. non-preferential treatment
3. Infant industries denote industries which
 - A. are introducing new products
 - B. are too young to compete in the world market
 - C. produce baby food and mother care products
 - D. are allowed time enough to mature for recognition
4. Which of the following factors of production is the most important in siting a petro-chemical plant?
 - A. nearness to the source of raw materials
 - B. nearness of the source of power
 - C. availability of labour
 - D. proximity to financial institutions
5. The Nigerian Bank for Commerce and Industries is
 - A. a commercial bank
 - B. a development bank
 - C. an industrial bank
 - D. a merchant bank
6. By trade by barter, we mean
 - A. trade done by people in villages
 - B. exchange of goods for money
 - C. international trade
 - D. exchange of goods for goods
7. By balance of visible trade, we mean
 - A. import and export of goods
 - B. import and export of services
 - C. balance of current account in the balance of payments
 - D. balance of capital account in the balance of payments
8. The economic goal of public utilities is to
 - A. maximize profit
 - B. expand assets
 - C. minimize cost
 - D. provide essential services

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9. Some of the key indicators of under-development in a country are
- A. poverty, high level of literacy and low income
 - B. poverty, low level of literacy and low income
 - C. low level of illiteracy, low income and poverty
 - D. poverty, low income and low unemployment level
10. The major problem of conducting a census in Nigeria is
- A. inadequate skilled personnel
 - B. financial constraint
 - C. urban congestion
 - D. lack of political will
11. The ability of commercial banks to create money depends on the
- A. reserve ratio
 - B. liquidity ratio
 - C. interest rate
 - D. capital base
12. In a planned economy, what shall be produced is determined primarily by
- A. what the consumer wants
 - B. government decision
 - C. price mechanism
 - D. the pattern of consumer spending
13. A public liability company is different from a 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 ways of loans
 - D. can sell shares in the stock exchange
14. When the demand curves shift to the right, it indicates that a larger quantity is demanded at each price. This is caused by one of the following
- A. a fall in income
 - B. a rise in the price of a complement
 - C. a change in taste against the commodity
 - D. none of the above
15. Economics is a science which deals basically with
- A. the factors of production
 - B. allocation of scarce resources
 - C. oil exportation
 - D. the gross domestic product (G.D.P)
16. Petroleum “glut” in international trade means
- A. a higher price for the consumption of petroleum
 - B. a higher petroleum price offered by the buyer
 - C. an oversupply of petroleum
 - D. a fall in petroleum production
17. The transfer of public shareholding in corporation to private enterprises is
- A. concession
 - B. incorporation

- C. commercialization
- D. privatization

18. 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

19. A strategy for curbing unemployment is to

- A. implement government stabilization policy
- B. increase tax and decrease government expenditure
- C. increase government expenditure and decrease tax
- D. ensure even distribution of job opportunities

20. If technology becomes less capital-intensive, it means

- A. an increase in the capital/labour ratio
- B. an increase in the labour/capital ratio
- C. a fall in the labour capital ratio
- D. increased unemployment

21. In a sole proprietorship, decisions are made by the

- A. government
- B. board
- C. owner
- D. shareholders' conference

22. What is the equilibrium quantity?

- A. 50
- B. 250
- C. 350
- D. 450

23. 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

24.

Price (₦)	Quantity sold
5	15
5	16
5	17
5	18

From the table above, marginal revenue is

- A. ₦ 5
- B. ₦ 6
- C. ₦ 3
- D. ₦ 10

25. Elasticity of demand is an effective tool in the hands of a producer in that it enables

him

- A. raise his profits and lower his costs
 - B. discourage buyers from cheating
 - C. determine what he will produce
 - D. set his price to maximize his profit
26. Cross elasticity of demand can be mathematically expressed as the
- A. $\frac{\text{percentage change in quantity of commodity X}}{\text{percentage change in quantity of commodity Y}}$
 - B. $\frac{\text{percentage change in quantity of demanded}}{\text{percentage change in price}}$
 - C. $\frac{\text{percentage change in quantity demanded of commodity X}}{\text{percentage change in price of commodity Y}}$
 - D. $\frac{\text{percentage change in quantity of demanded}}{\text{percentage change in income.}}$
27. The basic idea behind brand differentiation under an imperfect market arrangement is to
- A. stimulate demand for rival products
 - B. create demand for the particular product
 - C. enable the product penetrate the market
 - D. enable the product to compete with others.
28. In the long run, a firm in a perfectly competitive market will make
- A. normal profit
 - B. abnormal profit
 - C. marginal profit
 - D. no profit
29. Output restriction, fixing of prices, creating obstacles to free entry into the market are features of
- A. pure monopoly
 - B. perfect competition
 - C. monopolistic competition
 - D. monopsonist competition
30. A major shortcoming of the sole proprietorship form of business is lack of
- A. working capital
 - B. patronage
 - C. continuity
 - D. market
31. In the event of liquidation of a private limited liability company, the shareholder's liability is limited in their total
- A. income from all sources
 - B. family assets
 - C. collateral offered for bank loans
 - D. investment in the company.
32. The major factor that causes fluctuations in the supply of agricultural produces is
- A. high price

- B. pests
C. weather variations
D. rural-urban
33. The system of agricultural practice which involves hunting, gathering and growing of food crops for family consumption only is described as
A. peasant agriculture
B. plantation agriculture
C. co-operative farming
D. subsistence farming.
34. What is the term used to describe a policy aimed at promoting the local production of goods which are usually imported?
A. Deregulation
B. Import substitution
C. Tariff reduction
D. Backward integration.
35. Labour-intensive strategy of industrialization emphasizes the use of
A. steam energy in the process of production
B. manual method of production
C. synthetic raw materials
D. hydro-electric power
36. Petroleum is the mainstay of the Nigeria economy because it is the
A. main foreign exchange earner
B. greatest employer of labour
C. greatest contributor to the growth of agriculture
D. source of high income for its workers.
37. An indigenous company wholly owned by the federal government of Nigeria which currently engages in prospecting for oil is
A. the Nigeria National Oil Company
B. Peak Petroleum Industries Nigeria Limited
C. Nigeria Exploration and Production Company
D. the Nigeria National Petroleum Corporation.
38. An increase in both the legal reserve ratio and discount rate has the effect of
A. increasing the quantity of money in circulation
B. decreasing the quantity of money in circulation
C. increasing the value of money
D. increasing the value of money
39. Inflation in the Nigerian economy may be fuelled by increase in
A. the dollar price of crude oil
B. the sale of company shares
C. government expenditure
D. sale of government bonds.
40. Greshman's law in Economics shows that
A. good money drives out bad money
B. bad money drives out good money

- C. the value of money varies inversely with the price level
D. gold must be available to maintain the value of paper money.
41. Monetary policy aimed at reducing demand-pull inflation in the country may be carried out through
A. increase in taxation of private companies, public corporations and private individuals
B. increase in cash reserve ratio of commercial banks and the sale of government securities
C. decrease in government expenditure on education
D. direct price control in the market place.
42. Progressive tax structure is designed to
A. take more from the income of the poor
B. take more from the income of the rich
C. take equal proportion of income from both the rich and the poor
D. reduce the problems emanating from tax imposition.
43. Taxes and government expenditures are instruments of
A. monetary policy
B. tax policy
C. economic policy
D. fiscal policy.
44. The national income of a country indicates that the gross national income was ₦17,700 million and gross domestic product was ₦16,800 million. The difference of ₦900 million represents
A. debt repayments
B. investments abroad
C. net income from abroad
D. capital consumption
45. If national income rises by 6% and population rises by 3%, per capital income will
A. rise by 6 per cent
B. fall by 3 per cent
C. fall by 6 per cent
D. rise by 3 per cent
46. One of the ways by which the government can speed up economic development is through the
A. increase in consumption pattern of the people
B. encouragement of saving, investment and equitable distribution of goods and services
C. increase in the rate of population growth so as to ensure that the country has a large labour force
47. One of the economic problems of Nigeria today arises from
A. the overutilization of human and natural resources
B. unavailability of mineral resources
C. inadequate manpower resources
D. the under-utilization of human and natural resources.

48. In certain circumstances, a centrally planned economy adopts the rationing system because of
- A. the scarcity of goods and services in the market
 - B. low real and money wages
 - C. the need for equitable distribution of goods and services
 - D. transportation and distribution problems
49. The short-run period in production is defined as a period when
- A. there is at least one fixed factor
 - B. all costs of production must be covered
 - C. the output cannot be varied
 - D. current output is not profitable.
50. Specialization often improves economic performance because it
- A. permits exploitation of economies of scale
 - B. incorporates external economies
 - C. is based on the law of variable proportions
 - D. allocates resources according to absolute advantage.

