



**NATIONAL OPEN UNIVERSITY OF NIGERIA
DEPARTMENT OF ECONOMICS
FACULTY OF SOCIAL SCIENCES**

COURSE TITLE: MICROECONOMIC THEORY
COURSE CODE: ECO 719
UNITS: 2
TIME ALLOWED: 2 HOURS

INSTRUCTION: ANSWER ONLY THREE (3) QUESTIONS. ALL QUESTIONS CARRY EQUAL MARKS. ONE MARK FOR CLARITY

QUESTION NO 1

- 1a. With the aid of a graph, explain the concept of consumer preference. (12 marks)
- b. Explain two assumptions of the consumer preferences (6 marks)
- c. Given the total utility of a commodity X, calculate their respective marginal utilities (5 marks).

Quantity of X	TU_X	MU_X
0	0	-
1	50	
2	80	
3	100	
4	110	
5	110	

2. Explain the concept of price discrimination (5 marks)
- b. What are the conditions for effective price discrimination? (18 marks)
- 3a. Discuss the sources of monopoly power. (8 marks)
- b. Write short note on the following: (15 marks)

(i) First-degree price discrimination.

(ii) Second-degree price discrimination.

(iii) Third-degree price discrimination.

4a. Explain a perfect competitive market structure. (5 marks)

b. Discuss the basic assumptions of a perfectly competitive market. (18 marks)

5a. Explain the monopolistically competitive market structure? (5 marks)

b. With the aid of a graph, illustrate the determination of equilibrium position in a monopolistically competitive output market. (18 marks)