



NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2023 2 EXAMINATIONS

COURSE TITLE: ADVANCED MICROECONOMIC THEORY
COURSE CODE: ECO 711
UNITS: 3
TIME ALLOWED: 3 HOURS

INSTRUCTION: ANSWER ONE AND ANY OTHER THREE QUESTIONS

1. Given an indirect demand function of a monopolist as $P = 100 - 2Q$ and his cost function as $C = 4Q + 50$. **(25 marks)**
 - a. Calculate the profit maximizing output and the price charged.
 - b. Compute the total profit.

- 2a. Distinguish between general equilibrium and partial equilibrium. **(5 marks)**
 - b. Explain the term production possibility curve **(5 marks)**
 - c. State the problems often associated with general equilibrium. **(5 marks)**

- 3a. explain the term market clearing price? **(3 marks)**
 - b. Explain the term market equilibrium. **(3 marks)**
 - c. Describe the term market place **(3 marks)**
 - d. Describe homogenous products. **(3 marks)**
 - e. What is meant by short run in economics? **(3 marks)**

- 4a. State five Properties of Indifference Curve. **(5 marks)**
 - b. State five assumption of the Cardinal and Ordinal Utility Approach. **(10 marks)**

5. Given a utility function $U = 144Q - \frac{3}{2}Q^2$
 - a. Find the marginal utility **(5 marks)**
 - b. Calculate the utility maximizing quantity **(5 marks)**
 - c. What is Marginal Rate of Substitution **(5 marks)**