



**NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2024_2 EXAMINATION**

COURSE TITLE: ADVANCED MICROECONOMICS

COURSE CODE: ECO431

CREDIT UNITS: 2 UNITS

TIME ALLOWED: 2 HOURS

INSTRUCTION: ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS.

1a. The Demand and Cost functions of a monopolist is given as;

$$P = 18 - 0.05Q \text{ --- (1)}$$

$$TC = 6Q - 0.05Q^2 \text{ --- (2)}$$

Find the following;

i. Profit maximising output

ii. The price level of the firm

iii. The maximum Profit level the firm could acquired

(15 Marks)

b. Briefly distinguish between convergence and divergence situations in Cobweb Model.

(5marks)

c. State five (5) assumptions and limitation of linear programming

(10marks)

2a. Walrasian general equilibrium is based on some household function, state any two (2) of the household functions in achieving the equilibrium.

(4marks)

b. If the percentage change in quantity demanded of an inferior commodity is a gross and the percentage change in consumers' income is two (2) scores. What is the unit of income elasticity and type?

(6 marks)

c. Enumerate and explain the importance of theory of elasticity to Consumer, and Firm

(10 Marks) (5 points each)

3a. State the Walrasian general equilibrium assumptions

(5marks)

b. Explain the term Market equilibrium condition

(5 marks)

c. Explain the term "Cobweb Model"

(10 marks)

4a. what are the necessary and sufficient conditions for firms' equilibrium? (8marks)

b. Briefly explain any four (4) of the following economic concepts;

a. Income Effect

b. Substitution Effect

c. Price Consumption Curve

d. Income Consumption Curve

e. The Dead Weight Loss

(3marks each)