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JAMB » Economics » 2015

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- 1 The law of variable proportions is also known as
- A law of demand
 - B law of diminishing returns
 - C law of diminishing marginal utility
 - D law of returns to scale

2 All the following are problems identified with agriculture in West Africa except

- A land tenure system
 - B ignorance of the farmers
 - C use of crude implement
 - D provision of food for the teeming population
-

3 Revenue can be expressed as

- A total Profit made after sales
 - B amount of goods produced
 - C total money realized from sales
 - D amount spent on purchases
-

4 All the following are factors that would bring about a change in supply except

- A** level of technology
 - B** government policy
 - C** Entry of new firms
 - D** Price of the commodity
-

5 The combination of two commodities each yielding the same level of satisfaction to the consumer is

- A** consumer surplus
 - B** indifference curve
 - C** budget constant
 - D** goods of necessity
-

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6 In which situation is it likely that the demand for labour would be inelastic?

- A** Labour and capital are close substitutes

- B** Labour costs are only a small proportion of total costs
 - C** Demand for the final product that the labour produces is elastic
 - D** A large quantity of unemployed labour is available in the economy
-

7 The headquarter of the Organization Of Petroleum Exporting Countries (OPEC) is in

- A** Paris, France
- B** Geneva, Switzerland
- C** Lagos, Nigeria
- D** Vienna, Austria

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8 What will increase the likelihood that the firms in an industry will conclude to maximize their joint profit?

- A** The industry has many differentiated products

- B** The industry is characterized by rapid technological change
 - C** The industry consist of large number of producers
 - D** There are significant barriers to prevent firms entering the market
-

9 A commercial bank can create money by

- A** issuing currency
 - B** increasing cash ratio
 - C** issuing cheque
 - D** lending to borrowers
-

10 The source of all economic problems arises from

- A** wants
 - B** Scarcity
 - C** Opportunity Cost
 - D** Scale of Preference
-

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11 The quantity theory of money states that a reduction in the quantity of money in circulation would bring about

- A A constant change in price
 - B A rise in prices
 - C An unequal fall in prices
 - D A proportionate fall in price
-

12 The tax levied on locally produced goods is

- A import duty
 - B excise duty
 - C company tax
 - D value added tax
-

	Capital consumption allowance	N20,000
13	Gross domestic production	N60,000
	Factor payment to foreigners	N10,000
	Factor income from abroad	N15,000

From the above table, calculate the Gross National Product.

- A** N70,000
 - B** N75,000
 - C** N50,000
 - D** N60,000
-

14 Petroleum has the following positive contributions to the Nigerian economy except

- A** Generate employment
- B** Source of government revenue
- C** development of mono economy
- D** Infrastructure development

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15 The market in which the operators are many and none of them can influence the price is

- A stock exchange market
 - B imperfect market
 - C perfect foreign market
 - D exchange market
-

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16 The concentration of industries in a particular geographical area is

- A localization of industries
 - B roles of industrialization
 - C location of industry
 - D strategies of industrialization
-

	Units of quantity	Total utility	Marginal utility
	0	—	—
	1	10	10
17	2	15	5
	3	17	2
	4	18	1
	5	18	0

The table illustrate the law of

- A** admonishing returns
 - B** increasing returns
 - C** diminishing marginal utility
 - D** increasing marginal utility
-

18 All the following are the canons of taxation given by Adam Smith except

- A** objective
- B** economy
- C** convenience
- D** certainty

19 Census can be classified as

- A defacto and dejure
 - B increasing and decreasing
 - C over and under
 - D optimum
-

20 A firm that charges the maximum price without attracting competition from new entrants is

- A Oil firms
 - B Monopolistic competitive firm
 - C Monopolistic firm
 - D Perfectly competitive firm
-

21 A monopolist has the power to influence the prices of goods and services. Therefore, he is a

- A price maker
- B price taker
- C price system
- D price competition

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22 Which of the following business units can issue shares?

- A Partnership
 - B Public limited liability company
 - C Sole proprietorship
 - D Central bank
-

23 Which of the following are examples of transfer payment

- A** gift and donations
 - B** rents and rates
 - C** profit and dividends
 - D** internal and external debts
-

24 The technical relationship between the physical inputs and the physical outputs of a firm is

- A** Utility
 - B** Cost
 - C** Demand
 - D** Production function
-

25 The income elasticity of demand of normal goods is

- A** negative
- B** positive
- C** zero

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26 The following equations relate to an open economy with a government sector. E = aggregate expenditure on domestically produced goods, C = Consumption, I = Investment, G = Government expenditure, T = taxes, M = imports, X = Exports. Which equation is correct

A $E = C + I + G$

B $E = C + I + G + M - X$

C $E = C + I + G + X - M$

D $E = C + I + G - T + M - X$

Units of labour	Fixed capital	Total product	Average prod
0	10	—	—
1	10	10	10
2	10	25	?
3	10	50	16.7
4	10	80	20.0
5	10	106	21.2

Calculate the average product when the 2nd labour was employed 12.5

- A** 12.5
 - B** 12
 - C** 15
 - D** 10
-

28 The relationship between the cost of living and standard of living is

- A** A rise in cost of living gives a corresponding rise in standard of living
- B** A lower cost of living give a higher standard of living

- C** A lower cost of living give a lower standard of living
- D** None of the above

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29 The ordinalist approach of utility postulated that utility can be

- A** Rank
 - B** Measurable
 - C** Rise
 - D** Fall
-

30 The frequent value that occurs most in a data is

- A** median
- B** mean
- C** mode
- D** range

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31 Mr. Patrick's income is N900 while that of Mr. Shodawe is N1,300. if Mr. Patrick and Shodawe pay N90 and N130 as taxes, the tax system is

- A Direct
 - B Progressive
 - C Regressive
 - D Proportional
-

32 Which of the following is not a type of unemployment

- A factory unemployment
 - B structural unemployment
 - C mass unemployment
 - D frictional unemployment
-

Units of variable factor	Total Product
1	25
2	31
3	40
4	48
5	55

33

The marginal product at the fifth variable factor is

- A 7
 - B 6
 - C 5
 - D 9
-

34 The financial institution known as a building society is

- A commercial bank
 - B central bank
 - C mortgage bank
 - D development bank
-

35 A line in commodity space which shows the constraints imposed by his budget, his money income and the price of goods purchased is

- A supply curve
- B liquidity preference
- C Budget line
- D demand curve

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36 The information that rank a consumer preferences is given by

- A Scale of preference
- B Indifference map
- C Demand schedule
- D Supply schedule

37 The ownership of a public limited liability company is made up of

- A two to twenty persons
 - B minimum of two and maximum of fifty
 - C minimum of seven and no maximum number
 - D owner owned by the government
-

38 All the following are types of specialization except

- A Manager Specialization
 - B Product specialization
 - C Specialization by sex
 - D Geographical specialization
-

39 A market will be at equilibrium when

- A** demand and supply are equal
 - B** demand is greater than supply
 - C** price is higher
 - D** supply is greater than demand
-

40 Which of the following will shift the demand curve for Bournvita to the right

- A** a rise in price of Bournvita
 - B** an increase in income
 - C** a tax on cocoa producer
 - D** a fall in price of Bournvita
-

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41 Find the range in the following data 9, 15, 6, 20, 24, 18, 12, 8, 20, 10, 5.

- A** 24

B 5

C 19

D 12

42 All the following are properties of an indifference curves except

A it can intersect

B it slopes downward from left to right like that of a normal demand curve

C as it shift rightward it indicate higher and higher level of satisfaction

D it does not intersect

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43 Isocost and isoquant can be attributed to

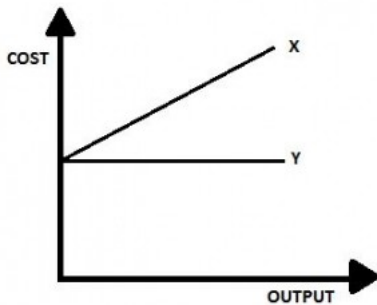
A Theory of consumer behaviour

B Theory of cost

C Theory of production

D Theory of value

44



The line Y in the diagram represents

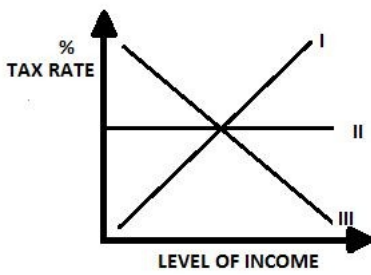
A total cost

B variable cost

C fixed cost

D marginal cost

45

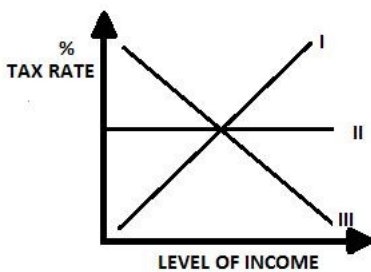


The curve labeled II illustrates a system of taxation

- A** proportional tax
 - B** regressive tax
 - C** value added
 - D** progressive tax
-

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46



The curve labeled III illustrate a system of taxation

- A** regressive tax
 - B** progressive tax
 - C** value added tax
 - D** proportional tax
-

47 What would be likely to increase inflation in any economy?

- A** Increase in demand
 - B** Reduce public spending
 - C** Control excessive import
 - D** Increase in direct tax
-

48 The term of trade can be expressed as

- A** $(\text{Price index of export} \div \text{Price index of export}) \times 100$
 - B** $(\text{price index of import} \div \text{price index of export}) \times 100$
 - C** $(\text{Price index of export} \div \text{Price index of import}) \times 100$
 - D** $(\text{Price index of export} \div \text{Price index of import}) \times 100$
-

49 The income of an individual increases from N150 to N250

and his consumption rate increases from N100 to N150.
Calculate the Marginal Propensity to Consume

- A 2
- B 0.4
- C 1
- D 0.5

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50 The study of broad economic aggregates is

- A Macro economics
 - B deductive method of economic analysis
 - C micro economics
 - D Inductive method of economics analysis
-

Answers: JAMB Past Questions: JAMB » Economics » 2015

1. B

2. D

3. C

Revenue can be defined as the income generated by a firm from the sales of its goods and services.

4. D

5. B

6. B

7. D

8. D

9. D

lending to borrowers in form of loan with an interest rate makes the commercial bank to create more money.

10. B

11. **A**

12. **B**

13. **B**

14. **C**

15. **C**

Perfect foreign market is a market where buyers and sellers cannot influence the price because they are large in number.

16. **A**

17. **C**

It shows that when total utility is at the maximum, marginal utility equals zero.

18. **A**

There are four principles given by Adam Smith which include equality/ability to pay, economy, convenience and certainty. Objective is not a canon of taxation

19. **A**

Defacto is that type of census where only those who physically present would be counted. Dejure is that type of census where an individual must be a permanent resident of an area. It is counting by proxy.

20. C

21. A

Monopoly is a situation where there is a single producer and seller of a commodity for which there is no close substitute. This gives a monopolist the power to make/decide the price for a particular commodity.

22. B

23. A

24. D

production function shows the technical information about the combination of inputs necessary for the production of outputs. In equation we write the production function as $q = f(L, K)$ where L and K represents the inputs of labour and capital respectively.

25. B

26. C

The national income of a country can be estimated as aggregate expenditure, consumption, investment, government expenditure, export less import. Import will be deducted because it is the money paid on importation of goods from other countries.

27. A

Average Product = total product \div Labour Employed

$TPL/1 = 25/2 = 12.5$

Average product = 12.5

28. B

Cost of living is the amount of money individuals spent on consumption while the standard of living is the state of economic well being. Therefore, a fall in the cost of living leads to a rise in standard of living.

29. A

The ordinalist approach explains that an individual can rank boundless of goods in order of preference with regard to the satisfaction they give him or her. Ordinalist approach is explained by means of different curves and budget lines.

30. C

mode is the frequently occurring value in a given data.

31. B

32. A

33. A

$$\begin{aligned}MP &= \Delta TP \div \Delta L \\&= (TP2 - TP1) \div L2 - L1 \\&= (55 - 48) \div (5 - 4) = 7 \div 1 \\&= 7\end{aligned}$$

34. C

mortgage bank is a financial institution which grant loans for building purpose.

35. C

36. B

37. C

38. A

The types of specialization are product, process, geographical/territorial specialization and specialization by sex or gender. Manager specialization can be categorized under process specialization because it is a situation whereby worker are specialized on a particular production process.

39. A

if demand and supply are equal, it brings the market to the point of equilibrium because equilibrium price is the price where quantity demanded and quantity supplied are equal.

40. D

A shift in demand does not affect other factors except price. Therefore, a fall in price will give room for an increase in demand, increase in demand will make the demand curve to shift to the right.

41. C

Range is the difference between the highest and the lowest value in a set of data.

Highest value = 24

Lowest value = 5

The range = $24 - 5$
= 19

42. A

43. C

44. C

45. A

A proportional tax is a flat rate payment of tax. The same level of tax is paid irrespective of the level of income or wealth.

46. A

A regressive tax falls as incomes increases while progressive tax rises as income increases. Proportional tax is a flat rate while value added tax is the tax imposed on goods and services at each stage of production.

47. A

Excess demand without a corresponding increase in supply causes inflation.

48. C

Term of trade is the comparison between visible and invisible export and visible and invisible import expresses in price. The ratio of export to import. It could be expressed as

$(\text{price index of export} \div \text{price index of import}) \times 100$

Which can be denoted as $(p_x \div p_m) \times 100$

49. D

The Marginal Propensity to Consume (MPC) is the additional amount consumed as a fraction of additional disposable income.

Initial income = N150.

New income = N250.

Change in income = N250 – N150 = 100

Initial consumption = N100

New consumption = N150.

Change in consumption = N150 - N100 = N50.

MPC = Change in consumption \div Change in income .

= $50/100 = \frac{1}{2}$

MPC = 0.5

50. A

Macro Economics studies the fluctuations in the levels of large aggregates and way to prevent the fluctuation.

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