



KITH & KIN INTERNATIONAL COLLEGE

7/11 Kaoli Olusanya Street, Owode Ibeshe, Ikorodu, Lagos State.

FIRST TERM EXAMINATION 2025/2026 ACADEMIC SESSION

NAME					
SUBJECT	ECONOMICS	CLASS	SS2	DURATION	2 HOURS

SECTION A (OBJECTIVES)

Instruction: Answer all question

- Price control refers to
 - the way of making more goods available in the market
 - a policy of ensuring stable price in the market
 - a general reduction in the price level
 - effective working of the forces of demand and supply
- At the equilibrium price, quantity demanded is
 - greater than quantity supplied
 - equal to quantity supplied
 - less than quantity supplied
 - equal to excess supply
- If the government fixed a price of a commodity above equilibrium price, the quantity supplied will be
 - less than quantity demanded
 - equal to the quantity demanded
 - greater than quantity demanded
 - equal to zero
- If demand for postal services decline as a result of increased use of e-mails, then the two services are in
 - composite demand.
 - derived demand.
 - competitive demand.
 - complementary demand.
- one of the factors determining price elasticity of demand for a commodity is the
 - availability of close substitutes
 - number of producers
 - government policy
 - price of other commodities
- If elasticity of demand for a commodity is less than one, demand is
 - unitary elastic
 - inelastic
 - infinitely elastic
 - zero elastic
- The demand for beans in bags is given by the function $Q - 36 + 0.4P = 0$. Where P is price in naira and Q is quantity. Find Q when P = 20 naira.
 - 12 bags
 - 24 bags
 - 28 bags
 - 30 bags
- The theory of diminishing marginal utility states that as more units of a commodity are consumed, the
 - satisfaction from an extra unit decreases
 - satisfaction from an extra unit rises
 - satisfaction from an extra units remains constant
 - total satisfaction from the goods remains the same
- Which of the following factors does not cause a change in demand
 - Taste and fashion
 - vagaries of weather
 - price of other commodities
 - price of commodity
- If the co-efficient of elasticity of demand is 1.5, then the demand is
 - fairly inelastic
 - perfectly elastic
 - elastic
 - inelastic
- At a co-efficient of price elasticity of supply of 0.5, supply is
 - perfectly inelastic
 - inelastic

- C. perfectly elastic
- D. elastic

12. If an increase in earning leads to more of a commodity being demanded, the good is said to have
- A. positive income elasticity
 - B. negative income elasticity
 - C. positive cross elasticity
 - D. negative cross elasticity
13. Government fixing of prices below the equilibrium point is aimed at protecting the
- A. sellers
 - B. industries
 - C. distributors
 - D. consumers
14. A consumer maximizes his utility in consuming a good 'X' when
- A. $Mux = Px$
 - B. $Px > Mux$
 - C. price is falling
 - D. $Mux > Px$
15. The sum of items divided by the number of items is the
- A. frequency
 - B. mean
 - C. median
 - D. mode

X	2	3	4	5
Y	2	5	2	1

16. Use this above diagram to answer this question. From the table, the mean of the distribution is
- A. 2.2
 - B. 2.5
 - C. 3
 - D. 4.5

X	2	3	4	5
Y	2	5	2	1

17. Use this above diagram to answer this question. What is the median of the distribution?
- A. 5
 - B. 4
 - C. 3
 - D. 2

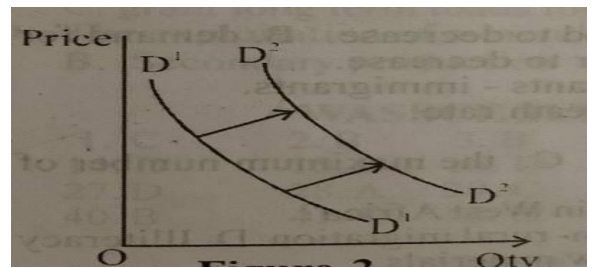
18. Goods for which demands rises as income rises are
- A. complementary goods
 - B. inferior goods
 - C. normal goods
 - D. substitutes
19. A decrease in supply with demand remaining unchanged will cause the equilibrium price for a good to
- A. be unchanged
 - B. remain elastic
 - C. remain inelastic
 - D. rise
20. At the highest level of total utility, marginal utility is
- A. negative
 - B. positive and falling
 - C. positive and rising
 - D. zero
21. The co-efficient of income elasticity of demand for inferior goods is
- A. positive
 - B. equal to one
 - C. less than one
 - D. negative
22. If a 20% rise in price of Whiskey leads to a 30% increase in quantity demanded of Schnapps, the cross elasticity of demand is
- A. 3.0
 - B. 2.5
 - C. 2.3
 - D. 1.5
23. A supply curve which is vertical has an elasticity co-efficient of
- A. 0.0
 - B. 0.5
 - C. 1.5
 - D. 2
24. price fixed above the equilibrium is to
- A. protect agricultural producers
 - B. discourage agricultural producers
 - C. lower the price of agricultural producers
 - D. favour consumers
25. If a 6% decrease in price results in more than 6% decrease in quantity supplied, supply can be regarded as
- A. elastic
 - B. unitary elastic

- C. perfectly inelastic
- D. perfectly elastic

26. Which of the following best describes the mode? The
- A. observation with the highest frequency
 - B. average of two middle numbers
 - C. item that occupies the middle position
 - D. difference of two extreme values
27. Where a commodity takes an insignificant proportion of the consumer's income, demand for it will be
- A. unitary elastic
 - B. price inelastic
 - C. fairly elastic
 - D. income inelastic
28. Any price below the equilibrium price will lead to
- A. increase in supply
 - B. excess demand
 - C. equality of demand and supply
 - D. decreases in demand
29. If a particular consumer derives total utility of 22 utils having consumed 4 units of a given product, his average utility will be
- A. 88 utils
 - B. 18 utils
 - C. 5.5 utils
 - D. 3.5 utils
30. If a commodity has a high marginal utility, its market price will be
- A. stable
 - B. high
 - C. zero
 - D. constant

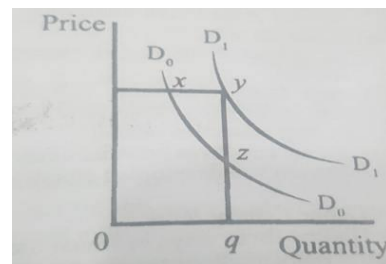
31. Which of the following can be used to calculate the price elasticity of demand?

- A. $\frac{\text{percentage change in quantity demand}}{\text{percentage change in price}}$
- B. $\frac{\text{percentage change in quantity demand}}{\text{percentage change in price}}$
- C. $\frac{\text{percentage change in income}}{\text{percentage change in income}}$
- D. $\frac{\text{percentage change in quantity demand}}{\text{percentage change in income}}$



The figure above shows the change in demand for Commodity X which is a normal good. Use it to answer the question that follows.

32. Which of the following caused the change in demand from DD1 to D2D2
- A. fall in the income of consumers
 - B. rise in the price of a substitute
 - C. rise in the price of a complement
 - D. fall in the supply of commodity
33. Goods consumed out of habit have
- A. elastic demand
 - B. perfectly elastic demand
 - C. inelastic demand
 - D. unitary elastic demand



The diagram above shows the demand for milk. Use it to answer questions this question.

34. The movement from point x to z might have been caused by
- A. a change in taste in favour of milk.
 - B. a decrease in price of milk.
 - C. an increase in income of consumers.
 - D. a favourable weather condition.
35. The rate of increase in utility is
- A. average utility
 - B. increasing utility
 - C. total utility
 - D. marginal utility
36. Due to an increase in price, a seller increases the quantity offered for sale from 400 units to 450 units. What is the percentage change in quantity supplied?
- A. 1 %

- B. 7.5%
- C. 12.5%
- D. 20%

37. if a given change in price brings a proportionately larger change in quantity demanded, the
- A. demand is relatively price elastic
 - B. demand is relatively price inelastic
 - C. price elasticity of demand is unitary
 - D. price elasticity of demand is constant

38. One relationship between marginal utility and total utility. When total is
- A. rising, marginal utility is rising
 - B. falling, marginal utility is negative
 - C. maximum, marginal utility is maximum
 - D. falling, marginal utility is rising

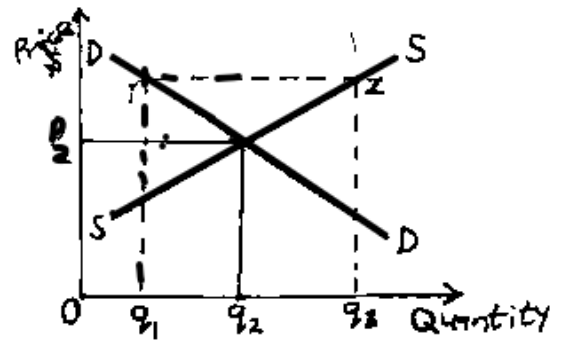
39. if the coefficient of cross elasticity of demand for goods Y and Z is positive, the two goods are?
- A. complements
 - B. substitutes
 - C. luxurious
 - D. inferior

40. A demand curve parallel to the Y-axis indicates
- A. fairly elastic demand
 - B. perfectly elastic demand
 - C. perfectly inelastic demand
 - D. fairly inelastic demand

41. goods whose demand vary directly with money income are called?
- A. inferior goods
 - B. complementary goods
 - C. substitutes
 - D. normal goods

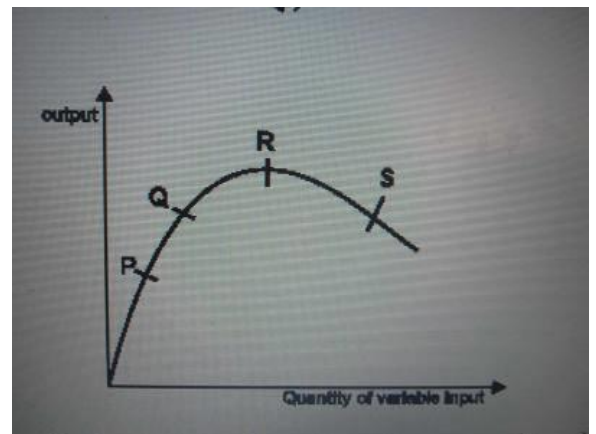
42. A price floor is usually fixed
- A. at the equilibrium and causes shortage
 - B. above the equilibrium and causes shortage
 - C. below the equilibrium and causes shortage
 - D. below the equilibrium and causes surplus

D. above the equilibrium and causes surplus



43. In the figure above, YZ represents
- A. excess demand
 - B. excess supply
 - C. equilibrium quantity
 - D. equilibrium price

44. A minimum price legislation is also called
- A. price ceiling
 - B. price mechanism
 - C. price control
 - D. price floor



45. At what point on the total product curve shown above will marginal product be negative?
- A. Q
 - B. S
 - C. R
 - D. P

46. A seller increased the quantity he offered for sale from 200 units to 250 units when the price of his product increased by 12.5%. What is the price elasticity of the supply of his product?
- A. 2.00
 - B. 1.50
 - C. 1.00
 - D. 0.50

47. Expenditure on food takes a large proportion of the incomes of people in
- A. industrialized countries
 - B. advanced countries
 - C. developing countries
 - D. capitalist countries
48. Goods that are abundant in supply usually have low
- A. total utility
 - B. marginal utility
 - C. average utility
 - D. time utility
49. All the following are methods of determining prices except?
- A. maximum pricing
 - B. rationing
 - C. minimum pricing
 - D. auctioning
50. in any economic system , which of the following is not an economic problem?
- A. what goods and services to produce
 - B. what techniques of production to be adopted
 - C. equal distribution of goods and services
 - D. how to ensure that the economy grow over time

SECTION A**TOTAL MARKS: 40 marks****INSTRUCTION: Answer only one question from this section**

1. The supply situation for rice in country X over a period as shown in the table below. Use the information in the table to answer the questions that follow.

Period	Price (\$)	Quantity supplied (bags)
December 2004	30	100
January 2007	40	150
April 2009	50	160

- (a) Calculate the co-efficient of price elasticity of supply for rice between December 2004 and January 2007. **(3marks)**

- (b) Is the supply of rice elastic? Give a reason for your answer. **(4 marks)**

- (c) State any three reasons which may cause an increase in the supply of rice, **(3 marks)**
(WAEC 2009)

2.

Oranges	Total Utility	Mangoes	Total Utility
1	100	1	50
2	190	2	95
3	270	3	135
4	340	4	170
5	400	5	200
6	450	6	225
7	490	7	245
8	520	8	260

The table above shows Mr. Y's schedule of total utility for oranges and mangoes. The prices of oranges and mangoes are at \$1.00 each. Mr. Y has \$10. 00 to spend on the goods.

Use the information contained in the table to answer the questions that follow

- (a) Calculate the marginal utility for all the levels of consumption for the goods. **(4 marks)**
(b) At equilibrium, how many (i) oranges (ii) mangoes, will the consumer buy? **(2 marks)**
(c) (i) State the law of diminishing marginal utility. (ii) State the marginal condition for utility maximization **(4 marks)**

(WAEC 2007)

SECTION B**Answer three questions from this section**

3. (a) What is price elasticity of demand? **(2 marks)**
(b) With carefully labeled diagrams, illustrate each of the following:
(i) perfectly inelastic demand **(2 marks)**
(ii) unitary elastic demand **(2 marks)**

- (iii) fairly elastic demand (2 marks)
- (iv) perfectly elastic demand. (2 marks)

(WAEC 2023)

- 4. Outline any two objectives of a price control policy. (2 marks)
- (b) Highlight any three effects of a maximum price control policy. (3 marks)
- (c) With the aid of a diagram, explain a minimum price. (5 marks)

(WAEC 2004)

- 5. Distinguish between the following pairs of concepts
 - i. income elasticity of demand and cross elasticity of demand (4 marks)
 - ii. normal goods and inferior goods (2 marks)
 - iii. change in demand and change in quantity demanded (4 marks)
- 6. (a.) Define elasticity of supply (4 marks)
- (b.) When is supply described as (i.) elastic (ii.) inelastic? (4 marks)
- (c.) Outline any two factors that influence elasticity of supply. (2 marks)
- 7. (i.) Differentiate between hoarding and rationing (6 marks)
- (ii.) Highlight four effects of hoarding and rationing (4 marks)