

JOY INTERNATIONAL COLLEGE
A CHRISTIAN CO-EDUCATIONAL BOARDING INSTITUTION
KM 12 KADUNA ABUJA EXPRESS WAY KADUNA

Second Term Review Question 2

Class: SS2

DATE: April 2020

S/N	REVISION TOPIC	CONTENT	OBJECTIVES
1	PRICE DETERMINATION; THE CONCEPT OF EQUILIBRIUM	Study: <ul style="list-style-type: none"> ▪ meaning of price determination ▪ the concept of equilibrium ▪ changes in equilibrium ▪ mathematical approach 	By the end of your study, you should be able to: <ul style="list-style-type: none"> ▪ define price determination ▪ explain the concept of equilibrium ▪ explain the various changes in equilibrium ▪ calculate the equilibrium price and quantity of a commodity or service
2	PRICE LEGISLATION	<ul style="list-style-type: none"> ▪ price legislation ▪ price subsidy and its effects 	By the end of your Study, you should be able to: <ul style="list-style-type: none"> ▪ define price legislation ▪ explain minimum and maximum price legislation ▪ explain effects of minimum and maximum price legislation

REVISION QUESTIONS FOR TOPIC 1

1. Given that $q_d = 200 - 0.5p$, find q_d when p is 400
 - A. 20
 - B. 30
 - C. 25
 - D. 0
2. From question number 1, what is the value p when q_d is 100?
 - A. 50
 - B. 20
 - C. 10

- D. 200
3. The point of intersection between demand and supply curve is called
 - A. cross point
 - B. equilibrium point
 - C. equilibrium price
 - D. equilibrium quantity
 4. A normal demand curve slopes
 - A. Downward from left to right
 - B. Upward from right to left
 - C. Downward from right to left
 - D. Upward from left to right
 5. Maximum price are fixed
 - A. below the equilibrium point
 - B. above the equilibrium point
 - C. exactly at the equilibrium point
 - D. behind the equilibrium point
 6. Minimum price are fixed
 - A. below the equilibrium point
 - B. above the equilibrium point
 - C. exactly at the equilibrium point
 - D. behind the equilibrium point
 7. another name for price control is
 - A. price movement
 - B. price rejig
 - C. price legislation
 - D. price loose
 8. when government fixes the price of a good, it is called
 - A. price legislation
 - B. price movement
 - C. price mechanism
 - D. price auction
 9. If prices are fixed above the equilibrium price the aim is to
 - A. protect the consumer
 - B. protect the producer
 - C. punish political opponents
 - D. allow the forces of demand and supply to set prices
 10. If prices are fixed below the equilibrium price the aim is to

- A. protect the consumer
- B. protect the producer
- C. punish political opponents
- D. allow the forces of demand and supply to set prices

ESSAY

Instructions: Answer all questions

- 1] a. Define price determination.
- b. With the aid of a well labeled diagram explain the concept of equilibrium.
- 2] With the aid of a well labeled diagram explain:
- a. an increase in demand when supply is constant
 - b. a decrease in supply when demand is constant
- 3] The demand and supply functions of a commodity are given as follows: $Q_d = 120 - 2p$ and $Q_s = 5p - 20$, where p is the equilibrium price. Find p

REVISION QUESTIONS FOR TOPIC 2

1. The measure of degree of responsiveness of demand to factors affecting demand such as price of the commodity, prices of other commodities and income of the consumers is referred to as
 - A. elasticity of demand
 - B. price elasticity of demand
 - C. income elasticity of demand
 - D. cross elasticity of demand
2. Price elasticity of demand can also be called
 - A. income elasticity
 - B. cross elasticity
 - C. co-efficient of price elasticity
 - D. demand elasticity
3. An increase in income of a consumer from N10, 000 to N15, 000 leads to a decrease in his quantity consumed of a commodity from 150 units to 80 units. Determine the co-efficient of income elasticity
 - A. 0.9
 - B. 0.5

- C. 2.5
 - D. 1.0
4. If co-efficient of price elasticity of demand is 0.3, demand is said to be
 - A. perfectly elastic
 - B. perfectly inelastic
 - C. fairly elastic
 - D. fairly inelastic
 5. For inferior goods, income elasticity of demand is
 - A. positive
 - B. negative
 - C. proportional
 - D. undetermined
 6. If a change in the price of a commodity does not have any effect on its quantity demanded, price elasticity of demand is said to be
 - A. perfectly inelastic
 - B. perfectly elastic
 - C. unitary elastic
 - D. proportionally elastic
 7. A 20% change in the price of a commodity resulted to a 16% change in its quantity demanded, what is the co-efficient of price elasticity of demand for the commodity?
 - A. 1.25
 - B. 2.14
 - C. 0.80
 - D. 1.4
 8. Which type of elasticity of demand is used in measuring substitute goods?
 - A. income elasticity of demand
 - B. unit elasticity of demand
 - C. price elasticity of demand
 - D. cross- elasticity of demand
 9. When price elasticity of supply is equal to 0.4, supply is said to be
 - A. elastic
 - B. unitary elastic
 - C. inelastic
 - D. perfectly elastic
 10. When is supply said to be zero elastic?
 - A. When elasticity of supply is less than one
 - B. When elasticity of supply is greater than one
 - C. When elasticity of supply is equal to zero

D. When elasticity of supply is divided by one

ESSAY

Instructions: Answer all questions

1] a. Define price legislation

b. List the types of price legislation

2] With the aid of a well labeled diagram explain:

a. Minimum price legislation

b. Maximum price legislation

3] Explain three (3) factors each that affect maximum and minimum price legislation.

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Note:

- Students should feel very free to interact with any of above teachers for assistance through phone calls, WhatsApp or email.
- Students should solve questions in their test and assignment exercise book.