

ECONOMICS 2006 MAY/UNE

1. The daily sales of a hawker for one week are as follows

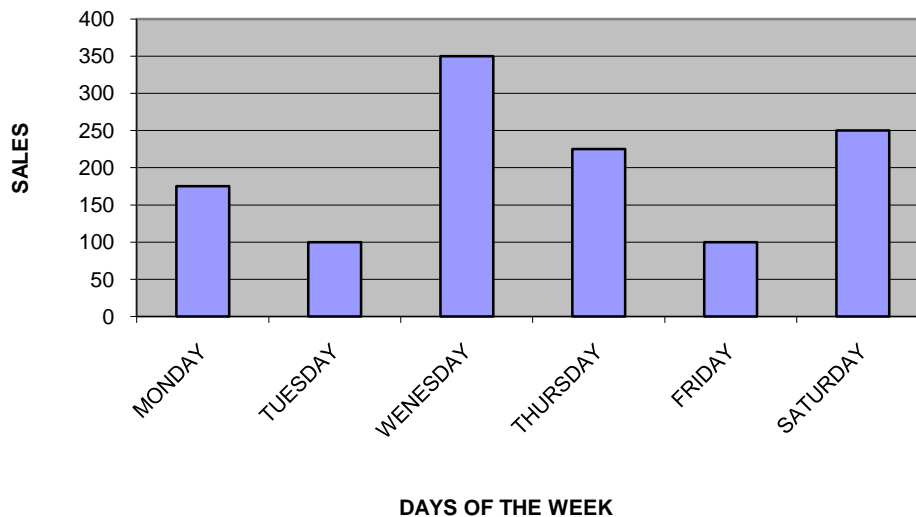
DAYS	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Sales N	175	100	350	225	100	250

- Present the above data in a bar graph, using graph sheet.
- Calculate the average daily sales for the week

ANSWER.

a.

DAILY SALES OF A HAWKER



- b. The average daily sales for the week
 $175 + 100 + 350 + 225 + 100 + 250 = 1200$

$$\frac{1200}{6} = \text{N}200$$

QUESTION 2

The table below shows the production schedule of a farmer, use the table to answer the questions below it

LABOUR NO. OF MEN	FIXED CAPITAL (hectares of land)	Total product (in tonnes)	Average product (in tonnes)	Marginal product (in tonnes)
0	30	0	0	-
1	30	20	20	20
2	30	32	W	12
3	30	47	15.7	X
4	30	67	16,8	Y
5	30	83	Z	16
6	30	95	15.8	12

Calculate the

- Mean for the distribution
- Mean deviation
- Standard deviation

Ans.

Average product AP

$$= \frac{\text{Total product}}{\text{No. of men}}$$

$$W = \frac{32}{2} = 16$$

$$Z = \frac{83}{5} = 16.6$$

$$X = 47 - 32 = 15$$

$$Y = 67 - 47 = 20$$

$$\text{a. Mean (x)} = \frac{0 + 20 + 32 + 47 + 67 + 83 + 95}{7}$$

$$= \frac{344}{7} = \text{Mean} = \underline{49.1}$$

x	x - x	x - x
0	0 - 49	49
20	20 - 49	29
32	32 - 49	17
47	47 - 49	2
67	67 - 49	18
83	83 - 49	34
95	95 - 49	46

$$\sum 1x - 2$$

$$= 195$$

b. Mean deviation $\frac{\sum (x - \bar{x})}{N}$

$$M.D = \frac{195}{7} = 27.857 = 27.9$$

c. Standard deviation = $\sqrt{27.857} = 5.28$

QUESTION 3

Economics is a social science which studies human behaviour as a relationship between ends and scarce means which have alternative uses. Explain.

Ans.

This definition is embracing because it incorporates the most fundamental human problems which includes wants, scarcity, and choice.

WANTS are numerous and insatiable while resources are the means of satisfying the numerous wants. These materials and human resources are SCARCE, in that they are not enough in quantity to satisfy all the wants. This necessitates arrangement of wants in order of priority (SCALE OF PREFERENCE). The scarcity of resources in turn necessitates making (CHOICES) and forgoing some of the wants implying automatic OPPORTUNITY COST.

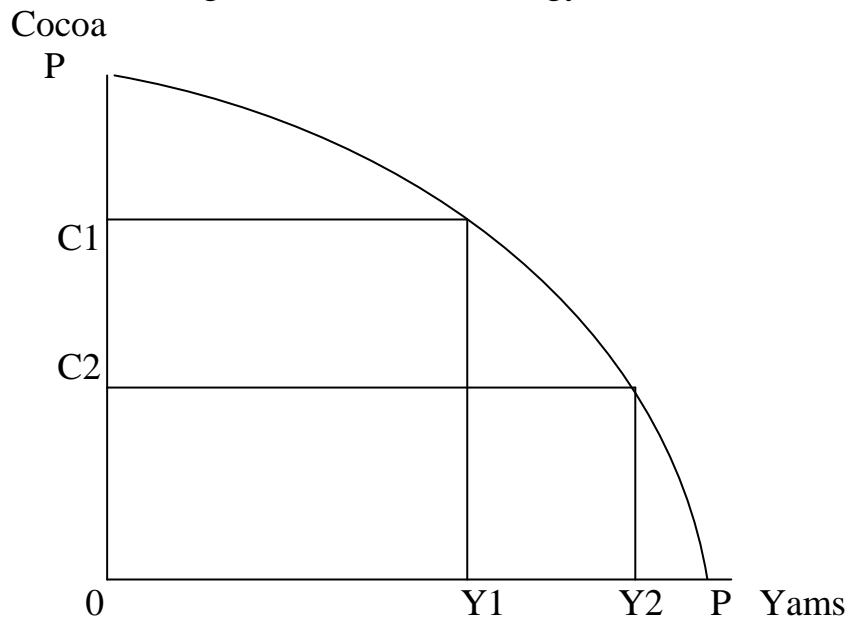
QUESTION 4

a. Describe the production possibility curve using an illustrative diagram

- b. Explain the concept of
 - i. Opportunity cost
 - ii. Unemployment
 - iii. Economic growth

Ans.

- a. The production possibility curve represents the different combinations of quantities of goods and services that can be produced with available resources and a given level of technology.



Any point on the PP curve is feasible while any point above the PP curve is unattainable. However, any point below the PP curve implies under utilization of resources.

- b. i. Opportunity cost is the alternative forgone in order to satisfy a particular want. For example if a consumer has a pressing need of food items and a television set and his limited resources could purchase only the food items, the television not bought is the opportunity cost.
- i. Unemployment: unemployment refers to a situation when people who are able and willing to work at the current wage rate cannot secure a job.
- ii. Economic growth simply means a sustained increased in the quantity of goods and services produced in an economy.

QUESTION 5

- a. Explain the term “Population census”
- b. Mention and explain five importance of population census to a country.

Ans.

- a. Population census is a periodic head-count of the people of a country by the government.
- b. The importance of population census in a country
 - I. To determine the size of the population
 - II. It enables a country to know the rate at which the population grows
 - III. Population census provides statistical data for economic planning
 - IV. Population census enables a country to have a knowledge of the occupational, geographical, age and sex distribution of the population/density.
 - V. Revenue allocation and sharing of other benefits in a country is based on the size of the population of the component parts
 - VI. Census figures determine the size of foreign aids, grants and investment that a country can enjoy.

QUESTION 6

Describe the measures the government can take to reduce unemployment in Nigeria.

Ans.

The measures the government can take to curb unemployment in Nigeria are

- i. Total over-hauling and restructuring of the educational system to lay greater emphasis on technical and vocational education
- ii. Adoption of an aggressive industrialization policy for the country by the government
- iii. Effective population control measures must be put in place to monitor population growth rate
- iv. A sound economic planning to match job opportunities with the number of graduates from technical and higher institutions.
- v. Development of the rural areas to put an end to rural-urban drifts.
- vi. Encouragement of the adoption of the labour-intensive technique of production by entrepreneur.
- vii. Mobility of labour should be encouraged through liberalization of emigration laws and trade union regulations
- viii. Conscious efforts must be made to reduce the rate of illiteracy which is rampant in Nigeria
- ix. Adequate information must be provided for job seekers about available job opportunities.

QUESTION 7

- a. Define "Trade Union"
- b. State and explain the weapons that trade unions can use to achieve their aims.

Ans.

- a. A trade union is recognised body of workers whose aim is to secure higher wages and improve conditions of service for its members through collective bargaining.
- b. The weapons of trade union are:
 - I. Collective bargaining involving negotiations between the trade union and management
 - II. Threats of strike notifying management of an impending strike action
 - III. Actual strike: this implies total withdrawal of labour services by workers.
 - IV. Work to rule: the workers report for duty but refuse to work or carry out only skeletal services.
 - V. Picketing: A situation where workers that are willing to work are disallowed.

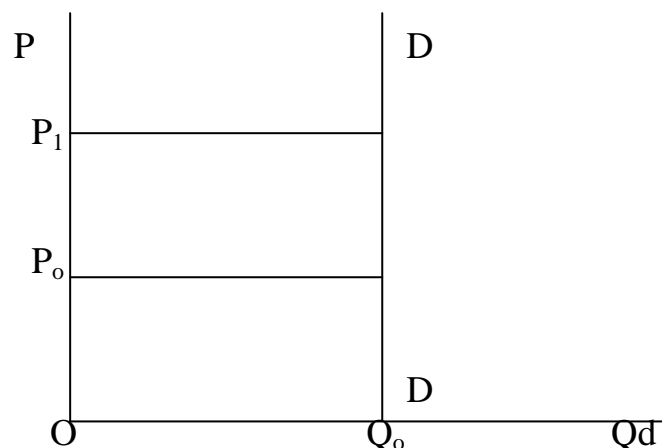
QUESTION 8

With clearly labelled diagrams, explain the following:

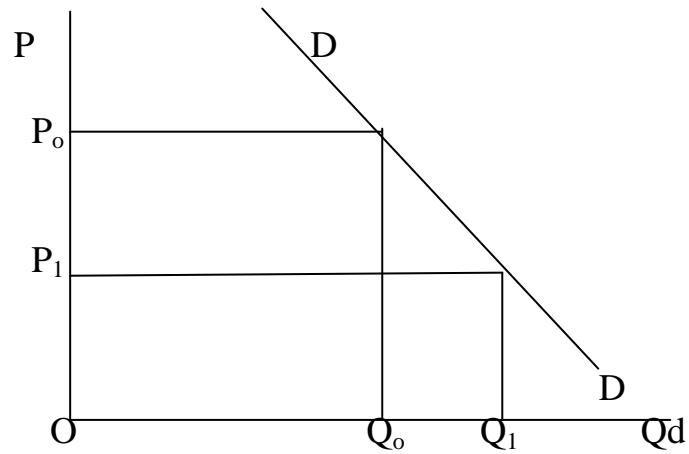
- a) Perfectly inelastic demand
- b) Unitary elasticity of demand
- c) Fairly elastic demand
- d) Perfectly elastic demand

Ans.

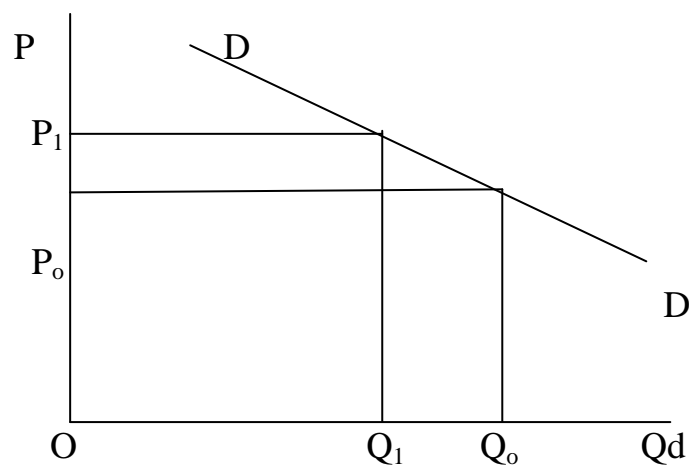
- a) Perfectly inelastic demand arises when a change in the price of a commodity does not bring a change in the quantity of demand.



- b) Unitary elastic demand refers to a situation when a percentage change in the price of a commodity brings about an equal percentage change in the quantity demanded.



- c) Fairly elastic demand is when a change in price results in a greater than proportionate change in the quantity demanded



- d) Perfectly elastic demand arises when a slight increase in price reduces quantities demanded to Zero. At the current price, demand is infinity.



QUESTION 9

- a. What is price mechanism?
- b. Discuss the functions of price system

Ans.

- a. Price mechanism is the process of determining the prices of goods and services through the interaction of the forces of demand and supply.
- b. The functions of price system are:
 - I. Allocation of resources: the price system rations out scarce resources among competing entrepreneur/economic activities
 - II. Determination of production: it determines what to produce, what quantity to produce, how to produce and for whom to produce.
 - III. The quantity demanded is determined by the price mechanism.
 - IV. Consumers have freedom of choice based on prices of goods and services
 - V. The price system determines the rewards going to various factors of production.

QUESTION 10

- a. Differentiate between economic growth and economic development
- b. Examine the factors that can lead to economic development

Ans.

- a. Economic growth refers to a sustained increase in the output of goods and services while economic development involves positive transformation of the economic sectors leading to increased output of goods and services with an overall improvement in the living standards of the people.
- b. The factors that can lead to economic development in any economy are
 - i. Embarking on manpower training programmes through greater emphasis on science and technology in the educational system.
 - ii. Realistic economic planning coupled with effective implementation machinery.
 - iii. Provision of more economic and social infrastructure such as good roads, electricity, telecommunication, water supply e.t.c.
 - iv. Political stability leads to economic stability which in turn guarantees economic development.
 - v. Unemployment should be reduced to the barest minimum
 - vi. Adoption of rapid industrialisation policy

- vii. Introduction of modern technology in all the economic sectors of a country.
- viii. Foreign investors must be encouraged and attracted to invest in the economy.
- ix. Corruption and economic sabotage should be eliminated from the system
- x. Population growth rate should be curtailed.

QUESTION 11

- a. Examine what is meant by “Money”
- b. Mention and explain the functions of money,

Ans.

- a. Money is a generally acceptable means of making payments for goods and services and for settling debts. Acceptability can arise through mutual agreement, custom or law.
- b. Functions of money:
 - i. Medium of exchange: transactions are facilitated through the use of money exchange
 - ii. Unit of accounts: Money serves as a means of keeping financial records arising from economic transactions. Such records include income and expenditure, profits and losses, balance of payment accounts e.t.c.
 - iii. Measure of value: through the prices attached to goods and services, the relative values of goods and services are estimated.
 - iv. Standard for deferred payment: The use of money had made possible lending, borrowing and credit transactions.
 - v. Store of value: When prices are relatively stable, money serves as a good store of value and saving is encouraged.

QUESTION 12

- a. What is division of labour?
- b. Explain five advantages of division of labour
- c. Enumerate three disadvantages of division of labour

Ans.

- a. Division of labour is an arrangement by which the production process is divided into separate tasks with each task being manned by different persons or a group of persons.
- b. Advantages of division of labour includes:
 - i. Saving of time
 - ii. Greater output

- iii. Reduction of fatigue
- iv. Reduction of cost per unit of production
 - v. Continuous repetition of a task increases the skill of the workers
 - vi. Division of labour is associated with innovation and creativity.
 - vii. Division of labour leads to specialisation.
- c. Disadvantages of division of labour:
 - i. Monotony breeds boredom and loss of interest in the job
 - ii. There is greater risk of unemployment
 - iii. Division of labour may reduce the craftsmanship in labour for the worker.
 - iv. Interdependence which is a by product of division of labour may bring production to a standstill if there is fault or halt at any of the stages of production.