



**NATIONAL OPEN UNIVERSITY OF NIGERIA  
DEPARTMENT OF ECONOMICS  
FACULTY OF SOCIAL SCIENCES**

**COURSE TITLE:           MICROECONOMIC THEORY**  
**COURSE CODE:         ECO 719**  
**UNITS:                    2**  
**TIME ALLOWED:        2 HOURS**

**INSTRUCTION: ANSWER ONLY THREE (3) QUESTIONS. ALL QUESTIONS CARRY EQUAL MARKS. ONE MARK FOR CLARITY**

**QUESTION NO 1**

- 1a. With the aid of a graph, explain the concept of consumer preference. (12 marks)
- b. Explain two assumptions of the consumer preferences (6 marks)
- c. Given the total utility of a commodity X, calculate their respective marginal utilities (5 marks).

Quantity of X	$TU_X$	$MU_X$
0	0	-
1	50	
2	80	
3	100	
4	110	
5	110	

2. Explain the concept of price discrimination (5 marks)
- b. What are the conditions for effective price discrimination? (18 marks)
- 3a. Discuss the sources of monopoly power. (8 marks)
- b. Write short note on the following: (15 marks)

(i) First-degree price discrimination.

(ii) Second-degree price discrimination.

(iii) Third-degree price discrimination.

4a. Explain a perfect competitive market structure. (5 marks)

b. Discuss the basic assumptions of a perfectly competitive market. (18 marks)

5a. Explain the monopolistically competitive market structure? (5 marks)

b. With the aid of a graph, illustrate the determination of equilibrium position in a monopolistically competitive output market. (18 marks)