

ECONOMICS
NECO
PAST QUESTIONS AND
ANSWERS

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1. If a government in a fiscal year has its revenue receipts less than the expenditure, such a country is having

- A. balanced budget
- B. deficit budget
- C. favorable budget
- D. surplus budget
- E. unfavorable budget

Correct Answer: Option B

2. The act of cultivating land and rearing animal for man's use is

- A. agriculture
- B. monoculture
- C. forestry
- D. aqua-science
- E. horticulture

Correct Answer: Option A

3. An economic system in which individuals control productive resources is known as

- A. capitalism
- B. communism
- C. freedomism
- D. socialism
- E. welfarism

Correct Answer: Option A

4. The contribution of petroleum to the economy of Nigerian is most prominent in the area of

- A. employment generation
- B. fuel provision
- C. infrastructural development

- D. revenue generation
- E. technical know-how

Correct Answer: Option D

5. The Nigerian indigenization decree process involves

- A. 5 phases
- B. 6 phases
- C. 4 phases
- D. 3 phases
- E. 2 phases

Correct Answer: Option D

6. Transactionary motive implies holding money

- A. for future investment
- B. for day-to-day expenses
- C. for unforeseen contingencies
- D. to settle previous debts
- E. to buy shares in the stock exchange market

Correct Answer: Option B

7. One of the fundamental economic problems of every society is

- A. allocation of scarce resource
- B. availability of market
- C. consumption pattern of inhabitant
- D. presence of a middleman
- E. inadequate labor force

Correct Answer: Option A

8. Which of these is NOT associated with the problem of internal trade?

- A. bargaining
- B. lack of specialization
- C. market trade unions
- D. natural barriers
- E. a large number of middlemen

Correct Answer: Option D

9. A market situation with few sellers and many buyers is called

- A. monopoly
- B. duopoly
- C. oligopoly
- D. perfect competition
- E. monopsony

Correct Answer: Option C

10. In income determination theory, acceleration principles show that

- A. income is the cause, while investment is the effect of investment
- B. income and investment are both causes
- C. income and investment are both effects
- D. incomes is on effect on investment
- E. investment is the cause, while income is the effects

Correct Answer: Option A

11. The main disadvantage of deflationary policies are

- A. full employment in the country
- B. increasing cost of living
- C. improved standard of living

- D. unemployment in the country
- E. underemployment in the country

Correct Answer: Option D

12. The bank established to finance projects aimed at promoting economic and social development within the African continent is

- A. African bank for commerce and industry
- B. African development bank
- C. economic bank for African
- D. recovery fund bank for Africa
- E. Africa currency board bank

Correct Answer: Option B

13. The comparison of the standard of living between Nigeria and Ghana is best done through the use of

- A. gross domestic product
- B. National gross incomes
- C. Net disposable income
- D. Net National income
- E. per capita income

Correct Answer: Option E

14. What is the median term in the distribution below; 14, 13, 29, 15, 13, 17, 12,

- A. 12
- B. 13
- C. 14
- D. 15
- E. 29

Correct Answer: Option C

15. The middle value of an array figure arranged in descending order is referred to as the

- A. equation
- B. mean
- C. Median
- D. mode
- E. Variance

Correct Answer: Option C

16. If commodities A & B are jointly demanded, what will be the effect of an increase in the price of A on the demand for commodity B?

- A. decrease in demand for commodity B
- B. decrease in the price of commodity B
- C. demand for commodity B remains constant
- D. increase in demand for commodity B
- E. increase in the price of commodity B

Correct Answer: Option A

17. Which of the following factors will NOT account for an outward shift of the production possibility curve?

- A. budgeting and planning based on expectations
- B. expansion in employment
- C. discovering and exploration of new resources
- D. introduction of improved production techniques
- E. skill improvement through education and training

Correct Answer: Option A

18. The willingness of an individual backed up with purchasing power at a given time is

- A. demand

- B. desire
- C. effective demand
- D. utility
- E. want

Correct Answer: Option C

19. Which of the following is NOT a factor that brings about changes in demand?

- A. a change in real income
- B. government policy
- C. increase in population
- D. the price of the good or service
- E. taste and fashion

Correct Answer: Option B

2. When an economy has a balance of payment surplus, the best alternative opened to it is to

- A. borrow from abroad
- B. devalue its currency
- C. increase its foreign reserve
- D. promote imports into the country
- E. sell out its foreign assets

Correct Answer: Option C

21. Remuneration of labor based on the number of hours worked is known as

- A. fees
- B. commission
- C. time-rates
- D. salary
- E. wages

Correct Answer: Option C

22. Which of the following is NOT a feature of capitalism?

- A. detailed economics planning
- B. Free enterprise
- C. competition
- D. private ownership of property
- E. Entrepreneurs and the pursuit of profit

Correct Answer: Option A

23. If the prices of a commodity increase from N8.00 to N10.00 and the demand decreases from 100 to 80, respectively, what is the price elasticity of demand for the commodity?

- A. 0.5
- B. 0.8
- C. 1
- D. 1.5
- E. 1.8

Correct Answer: Option B

24. When the combination of two goods from which a consumer derives equal satisfaction is plotted on a graph, the graph is known as

- A. demand curve
- B. indifference curve
- C. opportunity curve
- D. utility curve
- E. supply curve

Correct Answer: Option B

25. Long-run economic mean a period of time in which

- A. all factor inputs are not being used
- B. all factor inputs are variable
- C. all factor inputs are fixed
- D. only a few factor inputs are variable
- E. firms are not producing at all

Correct Answer: Option B

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To discourage the consumption of harmful commodities, the government should tax such commodities if they have

- A. elastic demand
- B. inelastic demand
- C. negative demand
- D. positive demand
- E. unitary demand

Correct Answer: Option B

27. The formula used by the Expenditure approach to calculate National income is

- A. $Y = C + I + X - M - G$
- B. $Y = C + X - M - I + G$
- C. $Y = C + I + G + X - M$
- D. $Y = C - I + X - M + G$
- E. $Y = C + G - X + M - I$

Correct Answer: Option C

28. A producer who can only influence the price of his product but can not determine the quantity being sold is referred to as

- A. duopoly
- B. monopolist

- C. monopsonist
- D. oligopoly
- E. perfect competition

Correct Answer: Option B

29. Government expenditure on universal basic education and subsidy on agriculture are aimed at

- A. encouraging the growth of the economy
- B. projecting images of government
- C. re-allocation of resources
- D. redistribution of income and wealth
- E. stabilization of the economy

Correct Answer: Option C

30. Which measure will NOT serve as a control during the inflation period?

- A. increase in personal income tax
- B. increase in bank rate and interest
- C. increase in government capital expenditure
- D. reduction in money supply
- E. reduction in government recurrent expenditure

Correct Answer: Option C