



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**14-16 AHMADI BELLO WAY, VICTORIA ISLAND LAGOS**  
**SCHOOL OF MANAGEMENT SCIENCES**  
**OCTOBER/NOVEMBER 2014 EXAMINATION**

COURSE CODE: BISM 303

CREDIT UNITS: 3

COURSE TITLE: MANAGERIAL ECONOMICS

TIME ALLOWED: 2<sup>1/2</sup> HOURS

- INSTRUCTIONS: 1. Attempt question Number one (1) and any other two (2).  
2. Question number 1 is Compulsory and carries 25 marks, while the other questions carry 15 marks each.  
3. Present all your points in coherent and orderly manner.

1. Suppose that the unit price of a commodity is defined by:

$$P = 100 - 2Q$$

$$\text{Then, } TR = PQ = (100 - 2Q) \cdot Q$$

$$100Q - 2Q^2$$

Suppose also that the total cost of producing this commodity is defined

by the cost function  $TC = 100 + 0.5Q^2$

- You are required to apply the first-order condition for profit maximization.
- Determine the profit-maximizing level of output.

c. State and Describe the 2 Scope of Managerial Economics.

2. List and Explain the important features of Decision Making in Business.

3. Let the profit of an hypothetical firm be given as:

$$\Pi = f(X, Y) = 100X - 2X^2 - XY + 180Y - 4Y^2$$

Where X and Y represent to products,  $X + Y = 30$

Hint:

- Express one of the variables (X or Y in this case) in terms of the other and solve the constraint equation for one of them (X or Y).
- Substitute the solution obtained into the objective function (that is, the function to be maximized or the profit function) and solve the outcome for the other variable.

4. Explain the Marginal conditions of Profit Maximization.

5. State and Discuss the 5 Theories of Profit.

6. List and Describe the 4 types of Demand encountered in Business.



REGIONAL OPEN UNIVERSITY OF NIGERIA  
13-16 AKINLOSI BELLO WAY, VICTORIA ISLAND LAGOS  
SCHOOL OF MANAGEMENT SCIENCES  
OCTOBER/NOVEMBER 2012 EXAMINATION

COURSE CODE: BHM 743

CREDIT UNIT: 2

COURSE TITLE: MANAGERIAL ECONOMICS

TIME ALLOWED: 2 HOURS

Instructions: 1. Attempt question number one (1) and any other (2) questions.

2. Question number 1 carries 30 marks, while the other questions carry 20 marks each.

3. Present all your points in coherent and orderly manner.

1. (a) Explain the various types of Market demands using relevant examples  
(b) Assuming that  $r = 8\%$  and degree of risk is 0.04. Calculate the Risk adjusted discount rate.  
(c) Discuss the concepts associated with utility.
2. (a) There are microeconomics theories that deals with questions such as choices of commodity, size of the firm, price, etc. mention and explain three of these theories.  
(b) What are the Features of Indifference Curve?
3. (a) Discuss the assumptions of the Cardinal utility approach.  
(b) Discuss the Ordinalist approach.
4. (a) Why do Firms go for reasonable profits?  
(b) Explain the factors that may lead to Increasing Returns to Scale.
5. (a) Economists do not agree on the sources of profit. As result of these disagreements, a number of theories are advanced to explain the sources of profit. Elaborate on these.  
(b) Assuming a project costs N120, 000 and yields an annual income of N24, 000. What would be the Pay-off Period?