NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2020_2 EXAMINATION

COURSE TITLE: MANAGERIAL ECONOMICS
COURSE CODE: ECO 332
UNITS: 2
TIME ALLOWED: 2 HOURS

INSTRUCTION: ANSWER ANY THREE QUESTIONS

1a. What is a market demand?   **5.3 Marks**

1b. Discuss the following terms
     Inferior goods   **3 Marks**
     Normal goods   **3 Marks**
     Luxury goods   **3 Marks**
     Linear Demand function   **5 Marks**
     Non-linear demand function   **4 Marks**

2a. List and discuss the steps in simultaneous equation approach to demand forecasting
                                                                        15 Marks
2b. Suppose $P = 300 – 6Q$. Find the value of Q that maximizes total revenue.   **8.3 Marks**

3a. Price elasticity of demand measures the degree of a consumer's response to a change in a product's cost. Discuss the factors that affects price elasticity of demand   **15 Marks**

3b. Minimize $C = 4X^2 – XY + 5Y^2$
Subject to $X + Y = 40$ **8.3 Marks**

4a. List and discuss four (4) determinants of market demand   **8.3 Marks**

4b. Discuss the following terms.
   a. Economies of scale?   **3 Marks**
   b. Diseconomies of Scale   **3Marks**
   c. Internal Diseconomies of Scale   **3Marks**
   d. External Diseconomies of Scale   **3Marks**
   e. Isoquants   **3Marks**

5. Find the output and price at which profit is maximized for a monopolistic firm, given its demand and cost functions below;
Demand function: $Q = 250 – 0.5P$
Price function: $P = 400 – 4Q$
Cost function: $C = 100 + 15Q + Q^2$ **23.3 Marks**

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