



THE NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2021 2 EXAMINATION

COURSE TITLE: MANAGERIAL ECONOMICS

COURSE CODE: ECO 332

UNITS: 2

TIME ALLOWED: 2 HOURS

INSTRUCTIONS: ANSWER ANY THREE QUESTIONS.

Question 1a.

Define managerial economics (**5 marks**)

Question b.

Critically examine the scope of managerial economics with respect to the following

- i. Operational issues
- ii. Environmental issues **(18.3)**

Question 2a.

Using numerical examples, critically evaluate the difference between accounting profit and economic profit? **(23.3 marks)**

Question 3.

Suppose that the demand function is defined by $P = 50 - 2Q$;

And that the Total Cost (TC) of producing the commodity is given as;

$$TC = 500 + 0.5Q^2$$

- i. Calculate the output that optimizes the producer's return.
- ii. Calculate the profit or loss of the producer **(23.3 marks)**

Question 4a.

Critically examine factors that influence sale revenue maximisation

Question b.

Given that: $P = 500 - 5Q$. Calculate the output that maximizes the revenue

Question 5. Given that $Z = 100X - 2X^2 - XY + 180Y - 4Y^2$

Subject to: $X + Y = 30$

Maximize Z subject to the constraint equation.