

COURSE TITLE: INDUSTRIAL ECONOMICS

COURSE CODE: ECO 722

UNIT: 2 UNITS

TIME ALLOWED: 2 HOURS

INSTRUCTION: ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO (2) QUESTIONS. ALL QUESTIONS (EXCEPT QUESTION ONE) CARRY EQUAL MARKS

QUESTIONS

QUESTION ONE

1a. Define industrial economics state what issues industrial economics helps us to understand when analyzing decision making at the levels of the individual firm and industry. (10 Marks).

1b. A monopolist has the cost function $TC(Q) = 200Q + 15Q^2$ and faces the demand function given by $p = 1200 - 10Q$. What output maximizes its profit? What is the profit-maximizing price? What is its maximal profit? (10 marks)

1c. Cyert and March set the formation of organizational goals through the notion of a coalition. They go a step further and postulate that the firm may be pursuing some five (5) basic common goals. List and discuss the goals. (10 marks).

QUESTION TWO

2a. Sequentially examine the eight (8) different standards which are used to measure the size of an industrial unit (12 Marks).

2b. Discuss on any four (4) of the following: (i). Invention, (ii) Credit risk, (iii) implicit cost of capital, (iv) Macro-economic objectives and (v) redistributive. (8 Marks)

QUESTION THREE

3a. List and discuss four (4) measurements of innovation activities and their limitations (if any). (15 Marks)

3b. The share capital of a company is represented by 15,000 Equity Shares of ₦15 each, fully paid. The current market price of the share is ₦45. Earnings available to the equity shareholders amount to ₦65,000 at the end of a period. Calculate the cost of equity share capital using Earning/Price ratio. (5 Marks).