



**NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2023_1 POP EXAMINATION**

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. The number and size of competitors and several other key factors are extremely important in determining a firm's profitability. List and discuss four (4) factors. **(16 Marks)**.

1b. Classify the following as a government-enforced barrier to entry, a barrier to entry that is not government-enforced, or a situation that does not involve a barrier to entry **(10 Marks)**:

- i. A patented invention
- ii. A popular but easily copied restaurant recipe
- iii. An industry where economies of scale are very small compared to the size of demand in the market
- iv. A well-established reputation for slashing prices in response to new entry
- v. A well-respected brand name that has been carefully built up over many years
- vi. A city passes a law on how many licenses it will issue for taxicabs
- vii. A city passes a law that all taxicab drivers must pass a driving safety test and have insurance
- viii. A well-known trademark
- ix. Owning a spring that offers very pure water
- x. An industry where economies of scale are very large compared to the size of demand in the market

1c. Suppose the local electrical utility, a legal monopoly based on economies of scale, was split into four firms of equal size, with the idea that eliminating the monopoly would promote competitive pricing of electricity. What do you anticipate would happen to prices? **(4 Marks)**

QUESTION TWO

2a. Given the demand function $P = 26 - Q$ and the total cost function $C = Q^2 + 10Q + 2$, calculate what output, $Q\pi$, maximizes total profit and what are the corresponding values of price, $P\pi$, and profit, $\Pi\pi$. (10 Marks).

2b. Examine ANY five (5) major industrial policy INCENTIVES in Nigeria. (10 Marks)

QUESTION THREE

3a. Identify and discuss any ten (10) factors determining the size of firm. (15 Marks)

3a. Inducement to invest or investment demand depends upon two factors. List and discuss them. (5 Marks)

QUESTION FOUR

4a. Examine the significance or importance of cost of capital (list and discuss seven 7 of them) (10 Marks).

4b. What are the seven (7) known constraints of policy implementation in Nigeria? (10 Marks)