



**THE NATIONAL OPEN UNIVERSITY OF NIGERIA  
FACULTY OF SOCIAL SCIENCES  
DEPARTMENT OF ECONOMICS  
SEPTEMBER 2020\_1 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

**(23.3 marks)**

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

Subject to:  $X + Y = 30$

Maximize  $Z$  subject to the constraint equation.

**(23.3 marks)**