

**UGANDA MARTYRS**



**UNIVERSITY**

**NGETTA CAMPUS  
FACULTY OF AGRICULTURE**

**BACHELOR OF AGRICULTURAL ECONOMICS AND AGRIBUSINESS MANAGEMENT**

**ECO: 3201: MANAGERIAL ECONOMICS 1**

**FINAL ASSESSMENT**

**ACADEMIC YEAR 2023/2024 SEMESTER ONE**

**BAEM III**

**DATE: 7<sup>th</sup>/DEC/2023**

**TIME ALLOWED:3 HOURS (9:00am-12:00pm)**

**INSTRUCTIONS:**

- *Attempt any four questions of choice*
- *All questions carry equal marks*
- *Start every question on a new page*
- *Do not write anything on the question paper*

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***Question one***

- a) Define Managerial Economics.(1mks)
- b) explain the roles of managerial economics in an organization [13mk]
- c) Describe the nature of managerial economics [5mks]
- d) Explain the basic principles that constitute effective decision making.(6mks)

**Total [25mks]**

***Question two***

- a) Briefly explain the meaning of profits in relation to

- i) Accounting concept. (2mks)
- ii) Economic concept. (2mks)
- b) Discuss the functions of profits to an organization.(6mks)
- c) Explain the classification of market structure(15mks)

**Total [25mks]**

### *Question three*

- a) Define the terms costs as used in managerial economics.(2mks)
- b) Explain the three major types of costs.(6mks)
- c) Explain the benefits of cost reduction in an organization (7mks)
- d) Explain the following concept as used in the theories of cost( 10mks)
  - (i) Real cost
  - (ii) Opportunity cost
  - (iii) Implicit cost
  - (iv) Explicit cost
  - (v) Incremental cost

**Total [25mks]**

### *Question four*

- a) Differentiate between Penetration price policy and skimming price policy.(4mks)
- b) What are the determinants of foreign direct investment.(13mks)
- c) Explain the differences between monopolistic competitive market and monopoly competitive market.(8mks)

**Total [25mks]**

### *Question five*

- a) Differentiate between non-price competition and price rigidity as applied to market structure.(4mks)
- b) What are the measures to control monopoly power in Uganda.(13mks)
- c) Explain the rationale for the price rigidity.(8mks)

**Total [25mks]**

**Question six**

- a) Discuss the major factors that restrict the ability of new competitors to join a given industry.(12mks)
- b) The prices of an agricultural product are determined mainly by interactions between the supply and demand, which are influenced by a series of factors. Elucidate.(13mks)

**Total [25mks]**

**Question seven**

- a) Define the term firm as applied in managerial economics.(2mks)
- b) Explain the different forms of firm that are described in managerial economic.(8mks)
- c) Examine the economic objectives of businesses.(10mks)

**Total [25mks]**

**Question Eight**

- a) What are the managerial decision problems that need to be put under considerations?(11mks)
- b) **Write short note on the following theories of profits.( 8marks)**

- Clark's dynamic theory of profits.
- Hawley's risky theory of profits.
- Knight's theory of profits.
- Innovation theory of profits.

- c) To what extent is walker's theory of profit relevance to developing countries?(6mks)

**Total [25mks]**

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