



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**PLOT 91, CADASTRAL ZONE, NNAMDI AZIKWE EXPRESS WAY, JABI**  
**- ABUJA**  
**FACULTY OF MANAGEMENT SCIENCES**  
**DEPARTMENT OF ADMINISTRATION**  
**OCTOBER/NOVEMBER EXAMINATION 2016**

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**COURSE CODE: BUS 802**

**COURSE TITLE: Economic Theory**

**CREDIT UNIT: 2**

**TIME ALLOWED: 2 HRS**

**INSTRUCTIONS:**

- 1. Attempt question number one (1) and any other (2) questions.**
- 2. Question number 1 carries 30 marks, while the other two (2) questions carry 20 marks each.**
- 3. Present all your points in coherent and orderly manner.**

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- 1a) Analyse the welfare theory, using PPF and the Edgworth Box diagram of exchanges. **10Marks**
- b) Discuss the point at which economic agent attained efficiency in production and exchange. **10Marks**
- c) Demonstrate the measurement of income inequality. **10Marks**
- 2a) Explain various classifications of macroeconomic model. **10Marks**
- b) Discuss the assumptions of utility function **10Marks**
- 3) Analyse the determinants of market demand. **20Marks**
- 4a) Explain the degree of production functions and return to scale. **10Marks**
- b) What are the properties of the Cobb-Douglas production function. **10Marks**
- 5a) Demonstrate the long-run cost function. **5Marks**
- b) The solutions to an optimization or a minimization problem in linear programming are based on certain assumptions. Give relevant assumptions in any economic situation **15Marks**