



NATIONAL OPEN UNIVERSITY OF NIGERIA
14/16 AHMADU BELLO WAY, VICTORIA ISLAND, LAGOS
SCHOOL OF MANAGEMENT SCIENCES
JUNE 2013 EXAMINATION

Course Code: BHM 303

Course Title: Managerial Economics

Time Allowed: 2 Hours

Attempt **3** Questions, Question **1** is Compulsory and any other **2** Questions.

Question **1** carries **30** marks and other Questions **20** marks.

Present your answer legibly using relevant examples.

1. Let the profit of an hypothetical firm be given as:

$$\Pi = f(X, Y) = 100X - 2X^2 - XY + 180Y - 4Y^2$$

Where X and Y represent to products, $X + Y = 30$

Hint:

First note that the process of the substitution method involves two steps

- a. express one of the variables (X or Y in this case) in terms of the other
and solve the constraint equation for one of them (X or Y).
 - b. substitute the solution obtained into the objective function (that is, the function to be maximized or the profit function) and solve the outcome for the other variable
- 2a. Critically Examine the 2 Demand Forecasting Techniques.
- 2b. Outline and Discuss 4 types of Demand encountered in Business.
3. State and Describe the 2 scope of Managerial Economics.
4. State and Discuss the 5 Theories of Profit.
5. Explain the Marginal conditions of Profit Maximization.