



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

Course Code: BHM743
Credit Unit: 2
Course Title: Managerial Economics
Time Allowed: 2 hours
Instruction:

Attempt question one and any two questions of your choice. Question one carries 30 marks while the others carry 20 marks each. Present your answer legibly and logically.

Question 1

- (a) Define Managerial Economics. **(5 Marks)**
- (b) State the law of Diminishing Marginal Utility. **(5 Marks)**
- (c) With the aid of a diagram,
 - i. illustrate the Life cycle of a product and; **(5 Marks)**
 - ii. briefly discuss the Life Cycle of a product **(10 Marks)**
- (d) List four determinants of market demand. **(5 Marks)**

Question 2

With the aid of a diagram, explain a shift in the Demand Curve. **(20 Marks)**

Question 3

Enumerate and briefly explain **seven (7)** characteristics of a perfect competition. **(20 Marks)**

Question 4

- (a) Define the Law of Supply **(5 Marks)**
- (b) Illustrate in tabular form a supply schedule for rice production. **(5 Marks)**
- (c) Give a brief explanation on the supply schedule above. **(5 Marks)**
- (d) Graphically represent the information supplied in the table above. **(5 Marks)**

Question 5

- (a) List six items normally considered in Capital Budgeting. **(12 Marks)**
- (b) Identify six assumptions of the Ordinalist Approach. **(8 Marks)**