



Private & Confidential

## BERJAYA BUSINESS SCHOOL

### FINAL EXAMINATION

Student ID (in Figures) : 

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Student ID (in Words) : \_\_\_\_\_  
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Subject Code & Name : **DGN1304 INTRODUCTORY ECONOMICS**  
Semester & Year : January - April 2017  
Lecturer/Examiner : Ms. Tey Sheik Kyin  
Duration : 2 Hours

#### INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 parts:  
PART A (30 marks) : THIRTY (30) multiple choice questions. Answers are to be shaded in the Multiple Choice Answer Sheet provided.  
PART B (70 marks) : FOUR (4) structure-type questions. Answers are to be written in the Answer Booklet provided.
2. Candidates are not allowed to bring any unauthorized materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.
3. This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.
4. Only ballpoint pens are allowed to be used in answering the questions, with the exception of multiple-choice questions, where 2B pencils are to be used.

**WARNING:** The University Examination Board (UEB) of BERJAYA University College of Hospitality regards cheating as a most serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from BERJAYA University College of Hospitality.

**Total Number of pages = 10 (Including the cover page)**

**PART B : STRUCTURE-TYPE QUESTIONS (70 MARKS)**

**INSTRUCTION(S) : FOUR (4) structure-type questions. Answer ALL questions in the Answer Booklet(s) provided.**

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**Question 1**

- a. With examples, describe the **FOUR (4)** resources used to produce goods and services. (8 marks)
- b. Using a diagram, describe the effect of an advance in technology on the production possibility frontier. (4 marks)
- [Total: 12 marks]**

**Question 2**

- a. Using demand and supply curve, identify the impact on the equilibrium price and quantity in the housing market for the following events:
- i. Cost of materials to build houses decrease. (5 marks)
- ii. An increase in the incomes of graduates and housing is assumed as a normal good. (5 marks)
- b. Recently, a popular sports magazine reduced its price per copy from RM2.40 to RM2. As a result, the number of magazines sold increased from 480,000 to 600,000 copies.
- i. Using the midpoint approach, calculate the price elasticity of demand for magazine and interpret the coefficient. (5 marks)
- ii. If the seller's objective is to increase total revenue, should he increase the price? Explain. (3 marks)
- [Total: 18 marks]**

### Question 3

- a. Presently, the market price for low cost apartments is RM60, 000. To improve the welfare of those low workers with low monthly income, the government is considering imposing a maximum price of RM42, 000. Using appropriate diagram, identify what type of price control the government is using and analyze the impact on the market outcomes. (10 marks)
- b. Alex quit his job as an office manager where he earned RM120, 000 a year. He sets up a laundrette using his RM400, 000 personal savings that earned interest of RM6, 000 per year. During the year, he made RM240, 000 in total revenue and paid RM13, 000 for the costs of equipment, utilities, internet service and office supplies. Calculate Alex's accounting profit and economic profit. (6 marks)
- [Total: 16 marks]**

### Question 4

- a. Briefly explain any **FOUR (4)** assumptions of monopoly ( 12 marks)
- b. The table below shows the quantity sold and total costs incurred by a monopolist.
- | Price (RM) | Quantity sold (units) | Total cost (RM) |
|------------|-----------------------|-----------------|
| 10         | 10                    | 50              |
| 9          | 15                    | 75              |
| 8          | 20                    | 100             |
| 7          | 25                    | 125             |
| 6          | 30                    | 150             |
- i. Calculate the marginal revenue (MR) and marginal cost (MC) for each level of output. (6 marks)
- ii. What is the criterion used by the monopolist to determine its profit-maximizing output level? (2 marks)
- ii. Determine the profit-maximizing output, price and profit earned by the monopolist. (4 marks)
- [Total: 24 marks]**

**END OF QUESTION PAPER**