



BERJAYA BUSINESS SCHOOL

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) :

Course Code & Name : **ECO1503 ECONOMICS**
 Trimester & Year : Sept-Dec 2018
 Lecturer/Examiner : Dr Smitha Geetha
 Duration : 3 Hours

INSTRUCTIONS TO CANDIDATES

- 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.
- Candidates are not allowed to bring any unauthorized materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.
- 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.
- 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 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.

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

: Answer all **FOUR (4)** questions. Write your answers in the Answer Booklet(s) provided.

Question 1

- a) Using the information in the following table, calculate the income elasticity co-efficient and state the type of goods.

Percentage change in income (%)	Percentage change in quantity demanded (%)	Income elasticity of demand	Type of goods
10	-5		
-4	-10		
8	0		
10	2		
-4	4		

(10 marks)

- b) When the price per carton of Coca Cola falls from RM 16 to RM 14, the quantity demanded increases from 200 to 300 cartons per month. On the other hand, the demand for Pepsi falls from 250 to 200 cartons per month.

- (i) Calculate the price elasticity of demand.
- (ii) If the price of Coca Cola increases, what will happen to the total revenue of Coca Cola? Explain.
- (iii) Calculate the cross elasticity of demand between Coca Cola and Pepsi. Based on the answer, explain the relationship between the two goods.

(10 marks)

[Total: 20 marks]

Question 2

a) Complete the following table.

Output	Total Fixed Cost	Total Variable Cost	Total Cost	Average Fixed Cost	Average Variable Cost	Average Total Cost	Marginal Cost
0			60				
1							100
2						120	
3					80		
4			400				
5		500					

(10 marks)

b) Draw the Average Fixed Cost, Average Variable Cost, Average Total Cost and Marginal Cost curves in a graph paper without scale.

(8 marks)

c) Is the firm operating in the short run or long run? Why?

(2 marks)

[Total: 20 marks]

Question 3

a) Analyze the **THREE** basic economics concepts with the help of production possibility curve.

(10 marks)

b) "The government cut the tax rate and increased expenditure". Explain this statement with regard to government policies.

(10 marks)

[Total: 20 marks]

Question 4

a) Using appropriate diagram, compare the price determination in perfectly competitive and monopoly firms.

(10 marks)

[Total: 10 marks]

END OF EXAM PAPER