



FACULTY OF BUSINESS

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) :

Subject Code & Name : **ECO1504 ECONOMICS**

Semester & Year : January – April 2022

Lecturer/Examiner : Suhada Binti Ishak

Duration : 3 Hours

INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 parts:
 - PART A (60 marks) : THREE (3) short answer questions. Answer ALL questions. Write your answers in the Answer Sheet provided.
 - PART B (40 marks) : TWO (2) problem solving questions. Answer ALL 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 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.

Total Number of pages = 4 (Including the cover page)

PART A : THREE (3) SHORT ANSWER QUESTIONS (60 MARKS)
INSTRUCTION(S) : Answer all questions. Write your answers in the Answer Booklet(s) provided.

Question 1

Discuss any **FIVE (5)** factors affecting demand. (15 marks)

Question 2

The following table shows the demand and cost schedules for a monopolistic competitive firm.

a. Complete the following table:

Quantity	Price (RM)	TR	MR	TC	MC
3	11.00			10.00	
4	10.00			12.00	
5	9.00			13.00	
6	8.00			16.00	
7	7.00			21.00	
8	6.00			28.00	

(9 marks)

- i. Determine the output level as the firm maximizes its profit. (2 marks)
 - ii. Identify whether the firm realizing economic profits or losses at the profit maximizing output. (2 marks)
 - iii. State whether the firm operating in the short run or long run. Explain your reasons. (2 marks)
- b. For each of the following statements, calculate the elasticity co-efficient and explain their meaning.
- i. When the price of coffee dropped from RM 0.90 to RM 0.80 per cup, the quantity demanded for sugar also decreased from 50 to 20 units. (2.5 marks)
 - ii. When wage rate increased from RM 8 to RM 10 per hour, the number of job applicants rose from 200 to 280 people. (2.5 marks)

iii. When the price of cement in Malaysia increased by 20%, building contractors reduced the number of apartments constructed from 300 to 250 units.

(2.5 marks)

iv. The price of entrance tickets for Sunway Lagoon which decreased from RM 30 to RM 25 caused a surge of visitors by 25%.

(2.5 marks)

[Total: 25 marks]

Question 3

a. Define internal and external economies of scales. (4 marks)

b. Describe in detail **FOUR (4)** characteristics of internal economies of scale and **FOUR (4)** external economies of scale by providing examples for each.

(16 marks)

[Total: 20 marks]

END OF PART A

PART B
INSTRUCTION(S)

: TWO (2) ESSAY QUESTIONS (40 MARKS)

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

Question 1

By using a table, differentiate between the perfectly competitive and monopoly using **FOUR (4)** of the following factors:

- i. Characteristics
- ii. Long-run equilibrium
- iii. Price and quantity and
- iv. Efficiency

Hence, sketch a graph that compares the equilibrium price and output in a monopoly and perfect competition.

(20 marks)

Question 2

Define circular flow and explain the **FOUR (4)** sectors in circular flow. Illustrate with circular flow diagram.

(20 marks)

END OF EXAM QUESTION