



FACULTY OF BUSINESS

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Course Code & Name : **ECO1503 Economics**
Semester & Year : January – April 2024
Lecturer/Examiner : Wan Ahmad Asrar Nik @ Wan Yahya
Duration : 3 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 written in the Multiple-Choice Answer Sheet provided.
PART B (70 marks) : FIVE (5) essay 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.

PART B
INSTRUCTION (S)

: ESSAY QUESTIONS (70 MARKS)

: Answer all **FIVE (5)** essay questions.

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

Question 1

- a) Define economy. (2 marks)
- b) Examine **FOUR (4)** factors of production needed by a hotel business. (10 marks)
- c) Upper Side Deli is able to produce a combination of two types of products (biscuit and ice cream) per day when the resources are fully employed.

Possibility	Biscuits (kg)	Ice-Cream (kg)
A	0	28
B	1	24
C	2	19
D	3	13
E	4	6
F	5	0

- i) Plot the production possibility curve. Label the vertical axis as ice-cream. (3 marks)
- ii) State the type of opportunity cost faced by this café. Give a reason to your answer. (2 marks)
- iii) Calculate the opportunity cost by increasing the production of biscuit: from point A to B and from point D to E and ice-cream: from point F to A. (3 marks)
- iv) Based on the plotted possibilities, state whether the combination of 15 kg of ice-cream and 3 kg of biscuit can be attained or not. Justify your answer. (2 marks)

[Total: 22 marks]

Question 2

a) Using diagrams, distinguish between the changes in demand and the changes in quantity demanded. (10 marks)

b) The table shows hypothetical demand and supply of Ikan Lecek Kering in Kelantan.

Price (RM/kg)	Quantity Supplied (kg)	Quantity Demanded (kg)	
		Restaurant A	Restaurant B
12	110	8	12
10	100	18	22
8	80	20	40
6	75	30	45
4	70	40	60
2	60	50	70

i) Plot the market demand and supply curves for Ikan Lecek Kering. (2 marks)

ii) Determine the the equilibrium price and quantity of Ikan Lecek Kering. (2 marks)

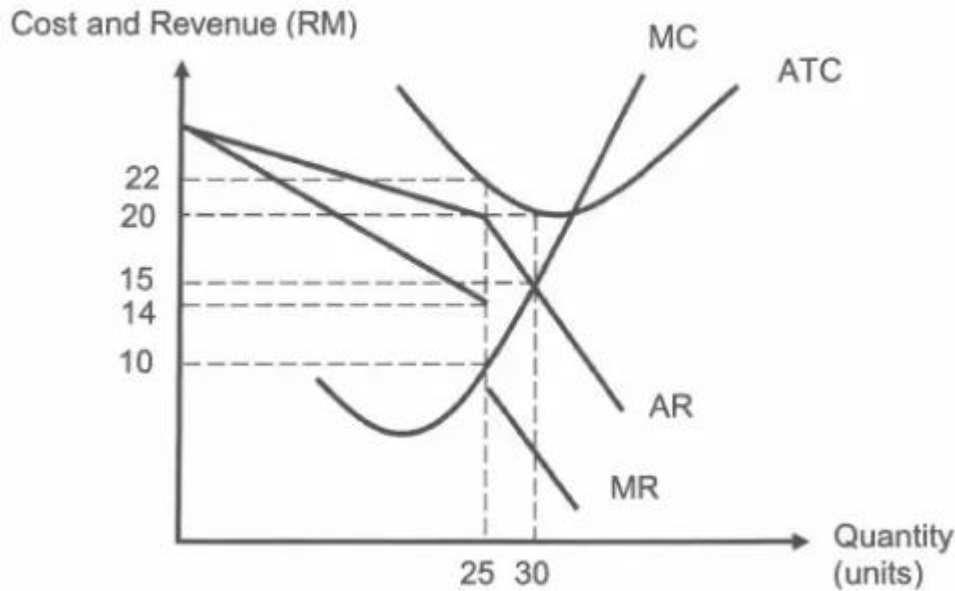
iii) Calculate the price elasticity of demand for Restaurant A if the price increases from RM4 to RM10. (2 marks)

iv) Ikan Lecek Kering and Ikan Gelama Kering are substitutes. If the price of Ikan Gelama Kering increases from RM7 to RM9 and the quantity demanded for Ikan Lecek Kering increases from 80 kg to 95 kg, calculate the cross elasticity of demand for Ikan Lecek Kering to prove that they are substitutes. (2 marks)

[Total: 18 marks]

Question 3

The following diagram shows the cost and revenue curves of a firm in short run



- a) Identify the market structure of this firm. Justify your answer (2 marks)
- b) Determine the profit maximizing price and the quantity for the firm. (2 marks)
- c) State **TWO (2)** assumptions of the market structure. (2 marks)
- d) Calculate the profit at equilibrium. Name the type of profit earned. (2 marks)
- e) State **TWO (2)** characteristics of the market structure. (2 marks)

[Total: 10 marks]

Question 4

With the aid of a diagram, explain the relationship between short-run:

- a) Average total cost (ATC) and average variable cost (AVC). (5 marks)
- b) Marginal cost (MC) and AVC. (5 marks)

[Total: 10 marks]

Question 5

With the aid of a diagram, explain the two-factor circular model of an economic system. (10 marks)

[Total: 10 marks]

END OF EXAM PAPER