BERJAYA UNIVERSITY COLLEGE

BERJAYA BUSINESS SCHOOL

FINAL EXAMINATION

Student ID (in Figures) :

Student ID (in Words) :

Course Code & Name : **ECO 1133 INTRODUCTORY ECONOMICS**
Trimester & Year : January-April 2018
Lecturer/Examiner : Dr Smitha Geetha
Duration : 2 Hours

INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 parts:
   PART A (30 marks) : Answer all THIRTY (30) multiple choice questions. Answers are to be shaded in the Multiple Choice Answer Sheet provided.
   PART B (70 marks) : Answer all 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 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 B : STRUCTURE-TYPE QUESTIONS (70 MARKS)

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

Question 1

The following table shows the relationship between the price of good X and the quantity demanded for goods A, B and C (consumed by a household).

Price of good X (RM)	Quantity demanded (unit)		
	Good A	Good B	Good C
10	80	100	100
20	60	120	90
30	40	140	80
40	20	160	70
50	0	180	60

a) Define.
   (i) Cross elasticity of demand
   (ii) Income elasticity of demand

(6 marks)

b) If the price of good X decreases from RM40 to RM20, calculate the cross elasticity of demand for:
   (i) Good X and A
   (ii) Good X and B

(6 marks)

c) Determine how goods A and B are related to good X.

(2 marks)

d) Suppose that the income of the household increases from RM1000 to RM 1400 and the demand for good C decreases from 80 to 60 units. Calculate the income elasticity of demand for good C and explain what type of good C is.

(6 marks)

[Total: 20 marks]

Question 2

a) Complete the following table.

Output (unit)	Total Fixed Cost (RM)	Total Variable Cost (RM)	Total Cost (RM)	Average Fixed Cost (RM)	Average Variable Cost (RM)	Average Total Cost (RM)	Marginal Cost (RM)
0	50						
10	50	10					
25	50		70				
45	50				0.67		
70	50						0.4
105	50	50					
135	50		110				
155	50				0.45		
170	50						0.67
180	50		140				
180	50		150		0.56		

(10 marks)

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

(6 marks)

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

(4 marks)

[Total: 20 marks]

Question 3

The following table gives information on the aggregate demand (AD) and aggregate supply (AS) of an economy.

Price levels	AD (RM billion)	AS (RM billion)
140	50	250
130	100	200
120	150	150
110	200	100
100	250	50

a) Draw the AD curve and AS curve on the graph paper.

(6 marks)

b) What is the equilibrium price and output for this economy?

c) Is it possible for the economy to reach the equilibrium at RM110? Give reasons for your answer.

(2 marks)

d) Suppose buyer are willing to buy additional real output worth RM 100 billion at each price level. Show these changes in AD on the graph in (a).

(4 marks)

e) The new equilibrium price and output is _____.

(2 marks)

f) Explain the factors that influence the changes in AD.

(4 marks)

[Total: 20 marks]

Question 4

The following table shows the characteristics of all types of market structures. Complete the table.

Characteristics	Perfect competition	Monopoly	Monopolistic competition	Oligopoly
Number of sellers				
Types of products				
Entry conditions				
Control over prices				
Examples				
Profit maximization				
Short-run equilibrium				
Long-run equilibrium				
Advertising				

(10 marks)

END OF EXAM PAPER