



## BERJAYA BUSINESS SCHOOL

### FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) :

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Course Code & Name : **ECO 1014 PRINCIPLES OF 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 (20 marks) : Answer all TWENTY (20) multiple choice questions. Answers are to be shaded in the Multiple Choice Answer Sheet provided.  
 PART B (80 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.

**PART B****: STRUCTURE-TYPE QUESTIONS (80 MARKS)****INSTRUCTION(S)**

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

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**Question 1**

The following table shows the demand and supply schedules for compact discs (CD) for a month.

Price(RM)	Quantity demanded (units)		Quantity supplied (units)	
	Household demand	Market demand	Individual supply	Market supply
2.00	20		30	
2.50	18		40	
3.00	15		50	
3.50	12		55	
4.00	10		60	
4.50	7		68	

There are 50 households purchasing and 15 sellers selling the CDs in the market.

- a) For each price, determine the market demand for and market supply of the CDs. (6 marks)
- b) Using a diagram, plot the market demand and market supply curves for the CDs. (6 marks)
- c) What are the equilibrium price and equilibrium quantity for the CDs in the market? (4 marks)
- d) The government decided to impose a ceiling price of RM 1 below the equilibrium price.
  - (i) State the equilibrium price. (2 marks)
  - (ii) How much will the shortage or surplus be? (2 marks)

**[Total: 20 marks]**

## Question 2

- a) Distinguish between Total utility and Marginal utility. (4 marks)
- b) Azura consumes Good J and Good K. Her consumption yields the following total utility, as shown in the given table. Azura has RM52 to spend. Suppose that the prices of goods J and K are RM8 and RM4 respectively.

Quantity (units)	Total utility	
	Good J	Good K
1	56	32
2	104	60
3	136	84
4	160	104
5	170	116
6	176	126
7	178	134

- i) Calculate the marginal utility for each good. (8 marks)
- ii) How many units of goods J and K should Azura buy to maximize her utility with the Income of RM52? (2 marks)
- iii) What is the total utility received by Azura at equilibrium? (2 marks)
- iv) If Azura's income decreased to RM28, what quantities of goods J and K should she purchase to maximize her utility? (2 marks)
- v) What is Azura's new total utility at equilibrium? (2 marks)

**[Total: 20 marks]**

## Question 3

- a) Define national income. (2 marks)
- b) Discuss FOUR (4) uses of national income statistics. (4 marks)
- c) Describe the THREE (3) approaches to calculate national income. (6 marks)
- d) Analyze any FOUR (4) difficulties of measuring national income. (8 marks)

**[Total: 20 marks]**

**Question 4**

a) Briefly explain the FOUR (4) functions of money in an economy.

(8 marks)

b) Identify the THREE (3) components of money supply.

(6 marks)

c) Differentiate between direct and indirect taxes, using examples.

(6 marks)

**[Total: 20 marks]**

**END OF EXAM PAPER**