



FACULTY OF BUSINESS

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Course Code & Name : **ECO 1504 ECONOMICS**
 Semester & Year : January-April 2020
 Lecturer/Examiner : Dr Smitha Geetha
 Duration : 3 Hours

INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 parts:
 PART A (60 marks) : FOUR (4) structured-type questions. Answers are to be written in the Answer Sheet provided.
 PART B (40 marks) : TWO (2) 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.

Question 1

The following table shows the production possibilities combination of Country Z that produces two products: CDs and TVs.

Production	Combinations				
	A	B	C	D	E
CD (million)	0	5	10	15	20
TV (million)	20	18	15	6	0

- a) Based on the table above, draw the production possibilities curve for Country Z. (4 marks)
- b) Calculate the opportunity cost of:
- (i) Producing 5 million copies of CDs. (1 mark)
 - (ii) Producing 15 million copies of CDs. (1 mark)
 - (iii) When the production of CDs increases from 10 million to 20 million copies. (1 mark)
- c) Country Z wishes to produce 25 million copies of CDs and 30 million units of TVs.
- (i) What is the implication? (1 mark)
 - (ii) Suggest **TWO (2)** ways in which this production combination can be achieved. (2 marks)

[Total: 10 marks]

Question 2

The following table shows the total revenue and total cost schedule for Mahmud's firm. Suppose his firm is operating in a perfectly competitive market. He sells his products for RM 10 each.

Quantity (Units)	Total Revenue (Rm)	Average Revenue (Rm)	Marginal Revenue (Rm)	Total Cost (Rm)	Marginal Cost (Rm)	Average Cost (Rm)	Profit (Rm)
0				12			
1				22			
2				28			
3				30			
4				31			
5				35			
6				45			
7				59			
8				80			

- a) Complete the following table. (14 marks)
- b) The profit maximizing output is ----- and the price is ----- (1 mark)
- c) At the profit maximizing output, calculate the profit/loss to the firm. (1 mark)
- d) Draw the MR, MC, AC and AR curves, without scale. (4 marks)

[Total: 20 marks]

Question 3

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	Types of goods
10	-5		
-4	-10		
8	0		
10	2		
-4	4		

[Total: 10 marks]

Question 4

Differentiate the following

- a) Micro and macroeconomics (4 marks)
- b) Total cost and total fixed cost (4 marks)
- c) Short run and long run production function (4 marks)
- d) Perfect competition and monopolistic competition (4 marks)
- e) Socialism and mixed economy (4 marks)

[Total: 20 marks]

END OF PART A

PART B : ESSAY QUESTIONS (40 MARKS)

INSTRUCTION(S) : Answer all **TWO (2)** questions. Write your answers in the Answer Booklet(s) provided.

Question 1

a) Discuss any **FIVE (5)** factors affecting demand.

(10 marks)

b) Briefly explain the elasticity concept and the three types of elasticity.

(10 marks)

[Total: 20 marks]

Question 2

a) Discuss why the demand curve in an oligopoly is kinked.

(10 marks)

b) Compare and contrast the fiscal and monetary policy.

(10 marks)

[Total: 20 marks]

END OF EXAM PAPER