



## FACULTY OF BUSINESS

### FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) :

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Course Code & Name : **ECO1504 ECONOMICS**  
 Trimester & Year : May-August 2021  
 Lecturer/Examiner : Dr Smitha Geetha  
 Duration : 3 Hours

#### INSTRUCTIONS TO CANDIDATES

- This question paper consists of 2 parts:  
**PART A (60 marks) : THREE (3) short answer 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.**
- Candidates are not allowed to bring any unauthorized materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.
- 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.
- 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 A****: SHORT ANSWER QUESTIONS (60 MARKS)****INSTRUCTION(S)**

: Answer all **THREE (3)** questions. Write your answers in the Answer Booklet(s) provided.

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**Question 1**

- a. Explain the structure of the circular flow model. (6 marks)
- b. Discuss the different roles of the household in the goods market and in the factor markets. (6 marks)
- c. Describe the government's flows in the circular flow model of the economy. (8 marks)

**[Total: 20 marks]****Question 2**

- a. Analyze why the cross elasticity of demand for substitute goods is positive and the cross elasticity of demand for complements is negative. (10 marks)
- b. Compare and contrast production efficiency and allocative efficiency. (10 marks)

**[Total: 20 marks]****Question 3**

- a. Assuming a market price of RM4, fill in the columns in the following table.

Quantity	Total Revenue (TR)	Total Cost (TC)	Profit	Marginal Revenue (MR)	Marginal Cost (MC)
0		3			
1		5			
2		6			
3		9			
4		14			
5		20			
6		28			
7		40			

(10 marks)

- b. Calculate the profit-maximizing level of production. (1 mark)
- c. Determine the two ways of profit-maximizing level of production. (4 marks)
- d. Describe the relationship between marginal cost and average total cost. (5 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.

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**Question 1**

a) Using a diagram, compare the pricing and output policies of monopoly and monopolistically competitive market structure.

(10 marks)

b) Discuss the **FOUR (4)** phases of business cycle.

(10 marks)

**[Total: 20 marks]**

**Question 2**

a) Discuss the **FOUR (4)** major macroeconomic goals.

(20 marks)

**END OF EXAM PAPER**