



## BERJAYA BUSINESS SCHOOL

### FINAL EXAMINATION

Student ID (in Figures) :

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Student ID (in Words) :

---



---

Subject Code & Name : **BBM1301 MICROECONOMICS**  
 Semester & Year : May – August 2016  
 Lecturer/Examiner : JOEL THAM  
 Duration : 3 Hours

#### INSTRUCTIONS TO CANDIDATES

- This question paper consists of 2 parts:  
 PART A (30 marks) : Answer all THREE (3) short answer questions. Answers are to be written in the Answer Booklet provided.  
 PART B (70 marks) : Answer all THREE (3) problem solving 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 of Hospitality 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 of Hospitality.

Total Number of pages = 5 (Including the cover page)

## **PART A: Short Answers Questions**

### **Instructions: Answer ALL questions**

#### **Question 1**

Indicate whether each of the statement is microeconomics or macroeconomics.

- a) Girlish Limited has increased the production of their product line since 2016.
- b) The number of suppliers in the pottery industry has increased by 12% this year.
- c) The inflation rate in Philippines has increased since 2012.
- d) The price of turkey has increased as a result of shortage supply.
- e) It is anticipated that the demand for local goods will increased due to the fall of exchange rate.
- f) The inflation rate of Singapore should be hitting -2% in the year 2018.
- g) The import of luxury goods from UK has increased as income rises.
- h) The demand for construction workers is increasing recently due to the economic boom.
- i) The exchange rate of ringgit to SGD this year was RM3.2 to 1SGD.
- j) The price of crude oil has increased leading to new suppliers entering the market.

(10 marks)

#### **Question 2**

Indicate whether each of the statement is positive or normative statements.

- a) The government should raise taxes rates for gaming.
- b) The move to increase the subsidy for agriculture will encourage the development of the sector.
- c) An increase in the interest rate of the country will lead to the increase in finance costs.
- d) A more contractionary monetary policy should be embraced by the government as part of economic development policy.
- e) The government should increase spending on educational development.
- f) The government move to improve infrastructure has led to an increase in foreign investments.
- g) Banks have decrease interest rate in compliance to the directive from central bank.
- h) Companies should plan ahead in anticipation of a declining economy.
- i) Government should stop subsidies local companies to improve their competitiveness in the automobile industry.
- j) The poultry industry has suffered a decline in business revenue by 8% in 2011.

(10 marks)

### Question 3

Indicate whether each one is fixed cost or variable cost.

- a) Salary of Food and Beverage Manager.
- b) Rental of shop lot.
- c) The cost of tires in producing cars.
- d) Advertising Fees.
- e) Cost of utilities in running the manufacturing equipment.
- f) Cost of stationaries used in office.
- g) Salaries of part timers employed for production.
- h) Salaries of office staff.
- i) Salaries of HR manager employed by a local factory.
- j) Front Office workers in the front office department.

(10 marks)

**END OF PART A**

## PART B: Problem Solving Questions

Instructions: ANSWER ALL QUESTIONS

### QUESTION 1

- a) Describe in detail the **Two (2)** major types of price leadership in an oligopoly structure. (6 marks)
- b) Explain the meaning of a cartel in the context of oligopoly with the use of a relevant example. (6 marks)
- c) Explain in detail the use of non-price competition in an oligopoly industry with the use of relevant examples (6 marks)
- d) Define what is meant by an oligopoly industry and outline **Four (4)** major characteristics of such industry. (10 marks)

**[Total: 28 marks]**

### QUESTION 2

- a) Distinguish between economies of scale and diseconomies of scale. (9 marks)
- b) Distinguish between implicit and explicit cost. (5 marks)
- c) Explain the difference between fixed and variable costs. (4 marks)

**[Total: 18 marks]**

### QUESTION 3

a) Explain in detail the **5 (Five)** major differences between microeconomics and macroeconomics with the use of relevant examples.

(20 marks)

b) Identify the **4 (Four)** major macroeconomics goals

(4 marks)

**[Total: 24 marks]**

**END OF QUESTION PAPER**