

BERJAYA BUSINESS SCHOOL

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Subject Code & Name : **ECO1133 INTRODUCTORY ECONOMICS**
Semester & Year : May – August 2016
Lecturer/Examiner : JOEL THAM
Duration : 2 Hours

INSTRUCTIONS TO CANDIDATES

1. 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.
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 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.

PART A: Short Answer Questions

Instruction: Answer ALL questions

Question 1

Indicate whether each of the statement is microeconomics or macroeconomics.

- a) OK Limited has increased the production of their shoe line since November 2016.
- b) The number of workers in the palm oil industry has increased by 11% this year.
- c) The inflation rate in Spain has increased since 2010.
- d) The price of chicken has decreased as a result of surplus supply.
- e) It is anticipated that the demand for imported goods will increased due to the fall of exchange.
- f) The interest rate of Indonesia should be hitting 5% in the year 2015.
- g) The import of quality goods from USA has increased as domestic consumption rises.
- h) The demand for foreign workers is increasing recently due to the economic boom.
- i) The exchange rate of ringgit to USD this year was RM4.2 to 1SGD.
- j) The price of smart phones 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 alcohol consumption.
- b) The move to increase the subsidy for agricultural will encourage the development of the sector.
- c) An decrease in the exchange rate of the country will lead to the decrease in operating 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 local talent development.
- f) The government move to improve capital markets has led to an increase in financial development.
- g) Banks have increase interest rate in compliance to the directive from central bank.
- h) Companies should plan ahead in anticipation of a booming economy.
- i) Government should subsidies local companies to improve their competitiveness in the rubber industry.
- j) The gaming industry has suffered a decline in business revenue by 7% in 2011.

(10 marks)

Question 3

Indicate whether each one is fixed cost or variable cost.

- a) Salary of Office Manager.
- b) Rental of warehouse.
- c) The cost of materials in producing output.
- d) Selling Fees.
- e) Cost of utilities in running the manufacturing machinery.
- f) Cost of stationaries used in office.
- g) Salaries of operators employed for production.
- h) Salaries of accounting staff.
- i) Salaries of office manager employed by a local factory.
- j) General Manager Secretary salary in the company.

(10 marks)

END OF PART A

PART B: Problem Solving Questions

Instructions: ANSWER ALL QUESTIONS

QUESTION 1

The table below shows the demand and cost schedules for a manufacturing firm.

Output	Price (RM)	Total Cost (RM)
1	10	3
2	8	4
3	7	5.5
4	6	8.5
5	5	9
6	4.5	11

- a) Compute the total revenue, marginal revenue and marginal cost.
(6 marks)
- b) Compute the profit maximizing price and output.
(2 marks)
- c) Determine and compute the type of profit earned at equilibrium.
(4 marks)
- d) Explain any **Four (4)** characteristics of the monopolistical industry.
(8 marks)
- e) With the aid of a diagram illustrate the type of profit earned by this firm in the long run.
(3 marks)

[Total: 23 marks]

QUESTION 2

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

[Total: 24 marks]

QUESTION 3

a)

Country	Original	New	Original Tax	New tax
	RM '000	RM '000	RM '000	RM '000
Egypt	12000	13000	1200	1300
Kuwait	15000	16000	1500	1800
Iraq	16000	18000	1600	1400

Using relevant computations and the information from the table above determine the tax structure of each of the three countries.

(6 marks)

b)

ITEM	RM (MILLIONS)
Wages and salaries	600
Income from rent, dividend and interest	150
Profit	300
Transfer payment	80
Corp tax	90
Depreciation	60
Private Investment	1,500
Personal Income Tax	30
EPF	60
Net Factor Income Abroad	600

Based on the information above, compute the following

- GDP
- GNP
- NATIONAL INCOME

- PERSONAL INCOME
- DISPOSABLE INCOME

(10 marks)

- c) Explain the circular flow of income and the economic integration between the four sectors in the economy using an integrated diagram.

(7 marks)

[Total: 23 marks]

END OF QUESTION PAPER