



Private & Confidential

## 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 2017  
Lecturer/Examiner : Ms. Tey Sheik Kyin  
Duration : 2 Hours

### INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 parts:  
PART A (30 marks) : THIRTY (30) multiple choice questions. Answers are to be shaded in the Multiple Choice Answer Sheet provided.  
PART B (70 marks) : 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 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 = 10 (Including the cover page)**

**PART B : STRUCTURE-TYPE QUESTIONS (70 MARKS)**

**INSTRUCTION(S) : FOUR (4) structure-type questions. Answer ALL questions in the Answer Booklet(s) provided.**

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**Question 1**

a. With examples, distinguish the following terms

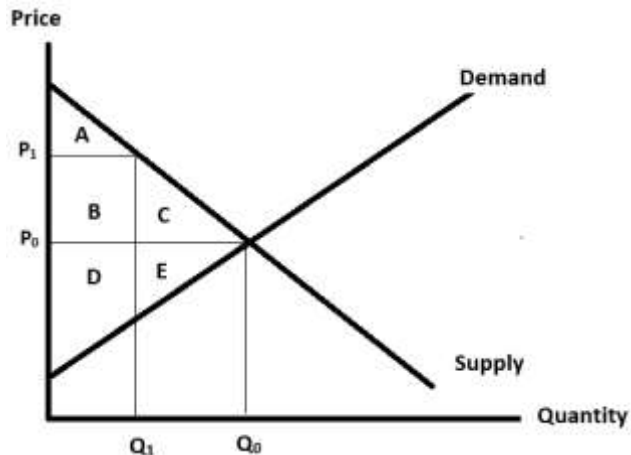
i. Microeconomics and Macroeconomics

(4 marks)

ii. Labour and entrepreneur

(4 marks)

b.



i. Identify the area of producer surplus and consumer surplus when the price is  $P_0$ .

(2 marks)

ii. Identify the area of consumer surplus, producer surplus and deadweight loss if price increase to  $P_1$

( 3 marks)

**[Total: 13 marks]**

## Question 2

- a. Using demand and supply curve, identify the impact on the equilibrium price and quantity in the sugar market for the following events:
- i. Government increase subsidies in order to control the price of the good. (5 marks)
  - ii. Consumer expect higher future price. (5 marks)
- b. Suppose the price decreases from RM6 to RM4 and quantity increases from 80 units to 90 units.
- i. Using the midpoint approach, calculate the price elasticity of demand and interpret the coefficient. (5 marks)
  - ii. If the seller's objective is to increase total revenue, should he increase the price? Explain. (3 marks)

**[Total: 18 marks]**

## Question 3

- a. Using the Long Run Average Total Cost Curve (LRATC), briefly explain the “economies of scale”, “constant return to scale” and “Diseconomies of scale”. (10 marks)

b.

Labour	Land	Total Product	Average product	Marginal product
1	8	5	-	5
2	8			15
3	8			12
4	8			10
5	8	50		
6	8	55		
7	8	58		
8	8		7.25	
9	8	56		

- i. Complete the table above

(8 marks)

- ii. Draw a diagram for the above situation indicating the curves and stages of production.

(5 marks)

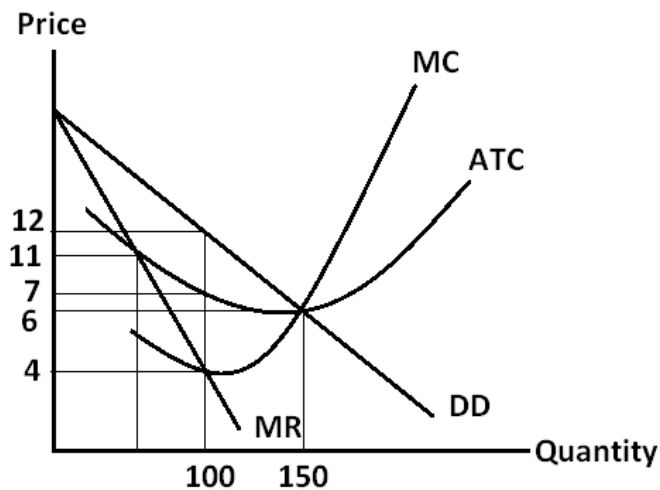
**[Total: 23 marks]**

#### Question 4

- a. Briefly explain any **FOUR** differences between Perfect competition market and oligopoly market.

( 8 marks)

- b.



- i. What is the criterion used by the monopolist to determine its profit-maximizing output level?

(2 marks)

- ii. Determine the profit-maximizing output, price and profit earned by the monopolist.

(6 marks)

**[Total: 16 marks]**

**END OF QUESTION PAPER**