



FACULTY OF BUSINESS

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Course Code & Name : **ECO 1503 ECONOMICS**
 Semester & Year : May-August 2020
 Lecturer/Examiner : Dr Smitha Geetha
 Duration : 3 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) : FIVE (5) structured-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 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 B**: STRUCTURE TYPE QUESTIONS (70 MARKS)****INSTRUCTION(S)**

: Answer all **FIVE (5)** questions. Write your answers in the Answer Booklet(s) provided.

Question 1

a) Discuss any **THREE (3)** macro-economic goals.

(6 marks)

b) Describe any **FOUR (4)** characteristics of mixed economy.

(4 marks)

[Total: 10 marks]

Question 2

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

(10 marks)

Question 3

The following table gives information on the aggregate demand (AD) and aggregate supply (AS) of an economy.

Price levels	AD (RM billion)	AS (RM billion)
140	50	250
130	100	200
120	150	150
110	200	100
100	250	50

a) Draw the AD curve and AS curve on the graph paper.

(6 marks)

b) Determine the equilibrium price level and real output /real GDP for this economy.

(2 marks)

c) Is it possible for the economy to reach the equilibrium at RM110? Give reasons for your answer.

(2 marks)

d) Suppose buyer are willing to buy additional real output worth RM 100 billion at each price level. Show these changes in AD on the graph in (a).

(4 marks)

e) The new equilibrium price is _____ and output is _____.

(2 marks)

f) Explain any **TWO (2)** factors that influence the changes in AD.

(4 marks)

[Total: 20 marks]

Question 4

a) Discuss any **FIVE (5)** internal economies of scale.

(10 marks)

b) If the price of shoes increases from RM 20 to RM 30 and the quantity supplied increases from 40 to 50 units, calculate the price elasticity of supply.

(4 marks)

[Total: 14 marks]

Question 5

Differentiate the following

a) Fiscal and monetary policy

(4 marks)

b) Maximum price policy and minimum price policy

(4 marks)

c) Technical efficiency and economic efficiency

(4 marks)

d) Total revenue and total cost

(4 marks)

[Total: 16 marks]

END OF EXAM PAPER