



FACULTY OF BUSINESS

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) :

Course Code & Name : **ECO1113 Microeconomics**
 Trimester & Year : September-December 2020
 Lecturer/Examiner : Dr Smitha Geetha
 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 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 **FOUR (4)** questions. Write your answers in the Answer Booklet(s) provided.

Question 1

Based on the following table, answer the questions.

Price (RM)	Quantity demanded			Market demand
	Consumer A	Consumer B	Consumer C	
0	20	21	19	
1	16	18	16	
2	12	15	13	
3	8	12	10	
4	4	9	7	
5	0	6	4	
6	0	3	1	
7	0	0	0	

- (i) Calculate the market demand. (4 marks)
- (ii) Using a diagram, draw the individual demand curve for consumers A, B and C, and derive the market demand curve. (10 marks)
- (iii) Calculate the price elasticity of demand when the price increases from RM 4 to RM6. (6 marks)
- [Total: 20 marks]**

Question 2

Evaluate the characteristics of **FOUR (4)** types of market structures.

(20 marks)

Question 3

- a. Explain the concept of producer surplus. Discuss how does producer surplus measure. (4 marks)
- b. Interpret how market price, average revenue, and marginal revenue are related to a perfectly competitive firm. Justify your answer. (4 marks)
- c. Identify the **TWO (2)** key factors that determine the profitability of a firm in a monopolistically competitive market. (2 marks)

[Total: 10 marks]

Question 4

Output (pizzas per day)

Labor (workers)	Plant 1	Plant 2	Plant 3	Plant 4
1	8	11	13	14
2	18	22	24	25
3	26	30	33	35
4	31	36	40	43
5	34	40	45	50
6	35	42	48	54
7	33	40	47	54
Ovens	1	2	3	4

Tony's Pizza's production function is shown in the table above.

- a. Justify whether the pizzeria is technologically efficient or not if Tony operates in Plant 2 and he hires 2 workers and produces 20 pizzas a day. (4 marks)
- b. Analyze if Tony operates in Plant 1 and he hires 2 workers and produces 18 pizzas per day. Is Tony's Pizza technologically efficient or not and can Tony increase production to 22 pizzas a day in the short run. Justify your answer. (5 marks)
- c. Calculate the marginal product of labor when the fourth worker is hired? When operating in Plant 3, explain whether Tony experience diminishing marginal returns. (5 marks)
- d. Examine whether Tony can increase production from 40 to 50 pizzas per day in the short run or in the long run if he operates in Plant3. (6 marks)

[Total: 20 marks]

END OF EXAM PAPER