BERJAYA
UNIVERSITY COLLEGE

FACULTY OF BUSINESS

FINAL EXAMINATION

Student ID (in Figures)   :

Student ID (in Words)   :

Course Code & Name   :   **ECO1504 Economics**
Semester & Year   :   September – December 2022
Lecturer/Examiner   :   Wan Ahmad Asrar Nik @ Wan Yahya
Duration   :   3 Hours

INSTRUCTIONS TO CANDIDATES

1. **This question paper consists of 2 parts:**
    PART A (60 marks)   :   FOUR (4) short answer questions. Answers are to be written in the Answer Booklet provided.
    PART B (40 marks)   :   THREE (3) essay 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.

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

PART A : **SHORT ANSWER QUESTIONS (60 MARKS)**
INSTRUCTION (S) : Answer all **FOUR (4)** short answer questions.
Write your answers in the Answer Booklet (s) provided.

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Question 1

a. Define economics. (1 mark)

b. Describe **FOUR (4)** types of economic system. (8 marks)

c. State **THREE (3)** types of goods. (3 marks)

d. Provide **THREE (3)** examples of economic resources under land factor production factor. (3 marks)

[Total: 15 marks]

Question 2

a. Differentiate demand and supply. (2 marks)

b. Explain changes in quantity demanded. (4 marks)

c. Describe **FOUR (4)** determinants of demand. (8 marks)

d. Provide **ONE (1)** example of cross demand. (1 mark)

[Total: 15 marks]

Question 3

a. Calculate the cross elasticity of demand for good x when the price of y increases from RM18 to RM25. (5 marks)

Price of Y	Quantity of X	Quantity of Y
RM10	60	15
RM18	40	25
RM25	20	30

b. Explain income elasticity of demand. (5 marks)

c. Sketch a diagram showing equilibrium price and output. (5 marks)

[Total: 15 marks]

Question 4

a. Define monopolistic competition. (1 mark)

b. State **THREE (3)** types of national budget. (3 marks)

c. Explain long-run production cost. (5 marks)

d. Describe the **TWO (2)** assumptions of the kinked demand curve theory. (4 marks)

e. Provide **TWO (2)** examples of industry that apply kinked demand. (2 marks)

[Total: 15 marks]

END OF PART A

PART B : **ESSAY QUESTIONS (40 MARKS)**
INSTRUCTION (S) : Answer all **THREE (3)** essay questions.
Write your answers in the Answer Booklet (s) provided.
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Question 1

Production possibility curve (PPC) is used to explain the basic economic concepts such as scarcity, choices and opportunity cost. Examine the production possibilities schedule of XYZ Furniture Enterprise below.

Production Possibility	Cupboards	Tables
A	0	14
B	1	12
C	2	9
D	3	5
E	4	0

a. Calculate the opportunity cost for each addition cupboard being produced. (3 marks)

b. Based on the production possibilities schedule, graph a production possibilities curve. (5 marks)

c. Mark a point X on the graph that indicates unemployed resources for the XYZ Furniture Enterprise. (1 mark)

d. XYZ Furniture Enterprise plans to produce a new combination of 8 tables and 3 cupboards.

   i. Determine if XYZ Furniture Enterprise would produce 8 tables and 3 cupboards. (1 mark)

   ii. Mark this production combination level as point Z on the graph. (1 mark)

   iii. Explain why this point is unattainable under present conditions. (2 marks)

   iv. Explain how might this production level be reached in the future? (2 marks)

[Total: 15 marks]

Question 2

You are given the following information about the market for bicycles.
Market Demand: $P = 400 - 4Q$
Market Supply: $P = 4Q$

a. Determine the equilibrium price and quantity in this market. (2 marks)

b. Determine the value of consumer surplus in this market? (2 marks)

c. Determine the value of producer surplus in this market? (2 marks)

d. Suppose that the government decides to impose an excise tax of RM80.00 per bicycle on producers in this market. What will be the number of bicycles sold in this market once this tax is imposed? (2 marks)

e. Given the tax described in part (d), determine the tax incidence on consumers?   (2 marks)

[Total: 10 marks]

Question 3

In a perfectly competitive market, there is a computer manufacturer called PCLP Company. Each laptop can be sold for RM2,000.00.

a. Suppose that manufacturers of laptop computers are price takers.

    i. Sketch the total revenue curve for laptop computers, and explain why it looks the way it does.

        (4 marks)

    ii. Sketch the marginal revenue curve for laptop computers, and explain why it looks the way it does.

        (4 marks)

b. Suppose that the cost of production of laptop computers shows initially a brief span of decreasing marginal costs, followed by increasing marginal costs.

    i. Sketch the total cost curve for laptop computers intersecting total revenue curve.   (3 marks)

    ii. Sketch the marginal coast curve for the laptop computer intersecting marginal revenue curve.

        (3 marks)

c. State **ONE (1)** characteristic of perfectly competitive market.   (1 mark)

[Total: 15 marks]

END OF EXAM PAPER