



FACULTY OF BUSINESS

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Course Code & Name : **ECO1503 Economics**
Semester & Year : September – December 2024
Lecturer/Examiner : Wan Ahmad Asrar Nik @ Wan Yahya
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 written in the Multiple-Choice Answer Sheet provided.
PART B (70 marks) : FOUR (4) 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.

PART B**: ESSAY QUESTIONS (70 MARKS)****INSTRUCTION (S)**: Answer all **FOUR (4)** essay questions.

Write your answers in the Answer Booklet (s) provided.

QUESTION 1

- a. Define economy. (2 marks)
- b. With the aid of a diagram, explain change in quantity demanded. (5 marks)
- c. Describe **FOUR (4)** determinants of demand. (8 marks)
- d. The table below shows that Zul Tailor is able to produce a combination of two types of garments (batik and so and songket) per day when the resources are fully employed.

Possibility	Songket (piece)	Batik (piece)
A	0	28
B	1	24
C	2	19
D	3	13
E	4	6
F	5	0

- i. Sketch the production possibility curve (PPC). Label the vertical axis as Batik. (5 marks)
- ii. Mark the combination of 15 pieces of batik and 3 pieces of songket on the diagram in Question 1 (d) (i). Determine whether the combination can be attained or not. Justify your answer. (3 marks)
- e. Give **TWO (2)** relevant examples of essential goods. (2 marks)

[Total: 25 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 Question 2 (d), determine the tax incidence on consumers. (2 marks)

- f. State **TWO (2)** purposes of taxes imposed by the government. (2 marks)

[Total: 12 marks]

QUESTION 3

The following table shows the production of a firm.

Quantity	Total Cost (RM)	Total Variable Cost (RM)	Average Cost (RM)	Marginal Cost (RM)	Average Fixed Cost (RM)
0	70	0			
1	160	90			
2	200	130			
3	250	180			
4	320	250			
5	410	340			

- a. Based on the table, calculate the average costs (AC), marginal costs (MC) and average fixed cost (AFC). (9 marks)
- b. Is the firm operating in the long run? Explain why. (2 marks)
- c. Plot AFC, AC and MC in curves in a diagram. (5 marks)
- d. Give **ONE (1)** example each for variable cost and fixed cost. (2 marks)

[Total: 18 marks]

QUESTION 4

- a. In a perfectly competitive market, there is a mobile phone seller called Mobile Network Enterprise. Each mobile phone can be sold for RM2,000.00. Suppose that mobile phone sellers are price takers.
- i. Sketch the marginal revenue curve for mobile phones, and explain why it looks the way it does. (4 marks)
- ii. State **ONE (1)** characteristic of perfectly competitive market. (1 mark)
- b. Discuss **FOUR (4)** macroeconomic goals. (10 marks)

[Total: 15 marks]

END OF EXAM PAPER