



FACULTY OF BUSINESS

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Course Code & Name : **ECO1504 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) short answer 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
INSTRUCTION (S)

: SHORT ANSWER QUESTIONS (70 MARKS)
: Answer all **FOUR (4)** short answer questions.
Write your answers in the Answer Booklet (s) provided.

QUESTION 1

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

Production Possibility	Special Edition Bag	Premium Bag
A	0	14
B	1	12
C	2	9
D	3	5
E	4	0

- a. Calculate the opportunity cost for each addition of special edition bag being produced. (3 marks)
- b. Based on the production possibilities schedule, sketch the PPC graph. (5 marks)
- c. Mark a point X on the graph in Question 1 (b) that indicates unemployed resources for XYZ Leather Enterprise. (1 mark)
- d. XYZ Leather Enterprise plans to produce a new combination of 8 premium bags and 3 special edition bags.
 - i. Explain why this point is unattainable under present conditions. (2 marks)
 - ii. Mark the new combination of the bags as point Z on the graph in Question 1 (b). (1 mark)
 - iii. Explain how can the new combination of the bags be reached in the future. (2 marks)
- e. State **ONE (1)** assumption of PPC. (1 mark)

[Total: 15 marks]

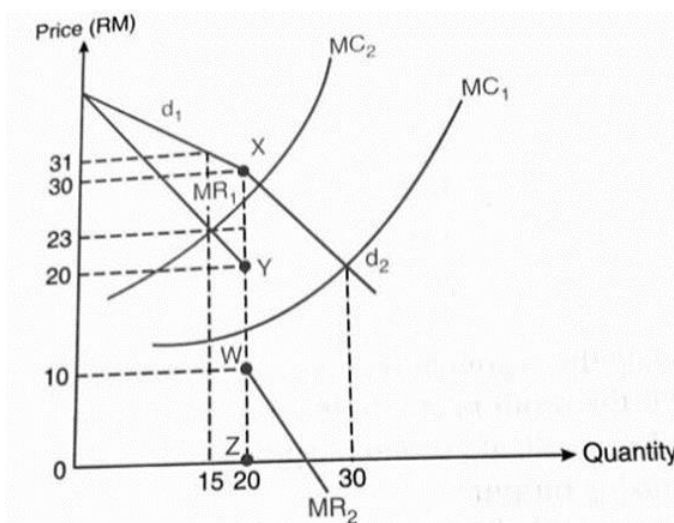
QUESTION 2

a. Based on the following table, answer the questions.

Price of Good A (RM)	Quantity Demanded for Good B (kg)	Quantity Demanded for Good C (kg)	Consumer Income
20	200	200	2,000
25	160	300	1,800
30	120	400	1,600
35	80	500	1,400

- i. Determine the cross elasticity of demand for Good B when the price of Good A increases from RM 25.00 to RM 35.00 per kg. (2 marks)
- ii. Determine the relationship between Good B and Good A. (2 marks)
- iii. Calculate the income elasticity of demand for Good C when income increases from RM 1,600 to RM 2,000. (2 marks)
- iv. Based on the answer in Question 2 (a) (iii) above, determine the category of Good C. Justify your answer. (2 marks)

b. The following graph shows a profit maximizing firm in an oligopoly market.



- i. If the marginal cost curve is at MC_1 , determine the profit maximizing price and quantity. (2 marks)
- ii. If the marginal cost curve shifts from MC_1 to MC_2 , identify the new equilibrium price and output. (2 marks)

- iii. State what will happen to equilibrium price and quantity, if the marginal cost shifts in the gap between Y and W. Name the price called. (2 marks)
- iv. Describe **THREE (3)** characteristics of kinked demand curve. (6 marks)

[Total: 20 marks]

QUESTION 3

- a. The following table shows the production of four goods in the year 2023.

Good	Quantity (Unit)	Price per Unit (RM)
Rice	1,000	10
Cloth	5,000	20
Cement	2,000	50
Car	500	200

- Calculate the gross domestic product (GDP) at market prices. (3 marks)
- b. Suppose the gross domestic product (GDP) at market prices of Malaysia in 2023 was RM 85,000 and net factor income from abroad was (-) RM 430. Calculate gross national product (GNP). (3 marks)
- c. Given the following data:
 (i) Gross national product (GNP)_{MP} = RM35,800
 (ii) Consumption of fixed capital = RM1,670
 Calculate the Net National Product (NNP) at market price. (3 marks)
- d. Given the following data:
 (i) Gross National Product (GNP) at market prices = RM85,000
 (ii) Consumption of fixed capital = RM3,000
 (iii) Net factor income from abroad = RM2,000
 Calculate net domestic product (NDP) at market prices (3 marks)
- e. Given the following data:
 (i) Net domestic product (NDP) at market prices = RM25,000
 (ii) Indirect taxes = RM1,500
 (iii) Subsidies = RM500
 Calculate net domestic product (NDP) at factor cost (3 marks)

[Total: 15 marks]

QUESTION 4

- a. Define implicit cost. (2 marks)
- b. State **TWO (2)** characteristics of long-run average cost. (2 marks)
- c. Using a graph, discuss why long-run average cost curve of a firm is U-shaped. (13 marks)
- d. Give **THREE (3)** relevant example of direct cost. (3 marks)

[Total: 20 marks]

END OF EXAM PAPER