



UNIVERSITI KUALA LUMPUR
MALAYSIAN INSTITUTE OF INFORMATION TECHNOLOGY

FINAL EXAMINATION
JANUARY 2016 SEMESTER

COURSE CODE : IGB 13203
COURSE NAME : INTRODUCTION TO ECONOMICS
PROGRAMME NAME : BACHELOR OF BUSINESS TECHNOLOGY (HONS) IN
COMPUTER ENTREPRENEURIAL MANAGEMENT
DATE : 18 MAY 2016
TIME : 2.00 pm – 4.30 pm
DURATION : 2.5 HOURS

INSTRUCTIONS TO CANDIDATES

1. Please **CAREFULLY** read the instructions given in the question paper.
2. This question paper has information printed on both sides of the paper.
3. This question paper consists of **TWO (2)** sections only; Section A and Section B
4. Answer **ALL** questions in Section A and **THREE (3)** questions in Section B.
5. Please write your answers on the answer booklet provided.
6. Answer all questions in English language **ONLY**.

THERE ARE 6 PAGES OF QUESTIONS, INCLUDING THIS PAGE.

SECTION A (Total: 40 marks)

INSTRUCTION: Answer ALL questions.
Please use the answer booklet provided.

Question 1

In a market characterized by perfect competition, price is determined through the mechanisms of supply and demand. Prices are influenced both by the supply of products from sellers and by the demand for products by buyers.

(a) One of the determinants of demand is the price of other goods such as complementary goods. Discuss what complementary goods are.

(4 marks)

(b) Taking the scenario of reduced car price, explain the effect of demand for petrol. Use appropriate graphs (demand for cars and demand for petrol) to support your explanation.

(6 marks)

Question 2

Define a production possibilities curve (PPC) and the **FOUR (4)** assumptions used to explain the production possibilities curve.

(10 marks)

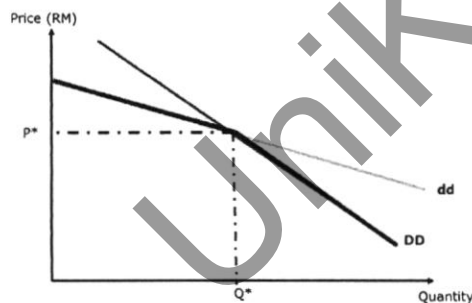
Question 3

The following relations describe daily demand for milk in the Kajang area:

Price (RM) per liter	Quantity (Liter) Demanded
1.50	125
2.00	115
2.50	105
3.00	95
3.50	85

- (a) Calculate the demand function (5 marks)
- (b) Draw the graph of the demand function (2 marks)
- (c) What is the quantity of milk demanded everyday if the price of the milk is RM5.00 a liter. Show your calculation. (3 marks)

Question 4



Kinked Demand Curve in Oligopoly Market Structure

In Oligopoly market structure, there is a concept of kinked demand curve. This happens because of the assumptions in Oligopoly market structure.

- (a) The theory of the kinked demand curve is based on **TWO (2)** assumptions. List those assumptions. (4 marks)
- (b) Based on the assumptions, discuss how kinked demand curve could happen. (6 marks)

SECTION B (Total: 60 marks)

**INSTRUCTION: Answer THREE (3) of the following questions.
Please use the answer booklet provided.**

Question 5

Market structure refers to the number and distribution size of buyers and sellers in the market of a good and service. Two of the market structure types are Monopolistic Competition and Oligopoly. Contrast these two types of market structure in terms of their definition and their characteristics.

(20 marks)

Question 6

The main goal or objective of a firm is to maximize profit and to minimize cost. The two ways to determine the equilibrium of a firm are Total Approach and Marginal Approach methods. Differentiate both methods for both under Perfect Market and under Imperfect Market.

(Hints: There should be 4 graphs that need to be explained)

(20 marks)

Question 7

The following table shows cost information for a firm.

Units of Output	Fixed Cost	Variable Cost	Total Cost	Marginal Cost	Average Total Cost
0	15				Div/0
5	15				7.40
12	15				4.92
21	15				3.86
31	15				3.32
40	15				3.13
48	15				3.06
55	15				3.07
61	15				3.13
66	15				3.23
70	15				3.36
73	15				3.52
75	15				3.72
76	15				3.96
76	15				4.25
75	15				4.60

- (a) At each level of production, calculate the:
- i. Variable cost (5 marks)
 - ii. Total cost (5 marks)
 - iii. Marginal cost (5 marks)
- (b) Draw one single graph to show the marginal cost, average fixed cost, average variable cost and average total cost (use X axis as Output and Y axis as the marginal cost and average total cost) (5 marks)

Question 8

Explain the following based on your knowledge on the law of demand. Support your answers with suitable diagrams.

- (a) Secret Recipe experienced a 30% decrease of their sales due to the news stating that their products are non-halal. (4 marks)
- (b) Maria gets a promotion and gains a 15% increase in her salary and decides to reward herself by purchasing a new Poh Kong bracelet. (4 marks)
- (c) Due to potential problems with its braking system, Volkswagen has experienced a decline in sales of its *Passat* cars. (4 marks)
- (d) Many young parents take advantage of Baby Kiko's 3-day 70% discount sale in the local shopping mall recently. (4 marks)
- (e) When the price of *nasi lemak* unexpectedly rises, many consumers choose to purchase *roti canai* instead for breakfast. (4 marks)

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END OF EXAMINATION PAPER