CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
JULY 2024 SEMESTER

COURSE CODE	:	EIB10203
COURSE NAME	:	PRINCIPLES OF ECONOMICS
PROGRAMME NAME	:	BACHELOR OF BUSINESS ADMINISTRATION (HONS)
DATE	:	24 SEPTEMBER 2024
TIME	:	9.00 AM – 12.00 PM
DURATION	:	3 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**. **Section A** and **Section B**.
4. Answer **ALL** questions in **Section A** and **Section B**.
5. Please write your answers on the answer booklet provided.
6. All questions must be answered in **English** (any other language is not allowed).
7. **This question paper must not be removed from the examination hall.**

THERE ARE FOUR (4) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

SECTION A (Total: 60 marks)

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

Question 1

The table 1 below shows the production cost of an electric company in Kuang, Selangor.

Table 1: Cost for Electric company in Kuang, Selangor

Total product (unit) (Q)	Total Cost (TC) (RM)	Variable cost (VC) (RM)	Fixed cost (VC) (RM)	Marginal Cost (MC)	Average Total Cost (ATC) (RM)	Average variable cost (AVC) (RM)	Average Fixed Cost (AFC) (RM)
0	500			-	-	-	-
1	700						
2	800						
3	1050						
4	1450						
5	2000						

a) Complete the table above.

(12 marks)

b) Is the firm operating in the short-run or long-run? Why?

(2 marks)

c) Draw using graph paper the following curves:
  i. Average Total Cost (ATC)
  ii. Average Variable Cost (AVC), and
  iii. Marginal Cost (MC)

(6marks)

d) Define implicit cost and explicit cost by giving appropriates examples.

(4 marks)

Question 2

a) The figure 1 below shows the cost and revenue curves for a profit maximizing firm.

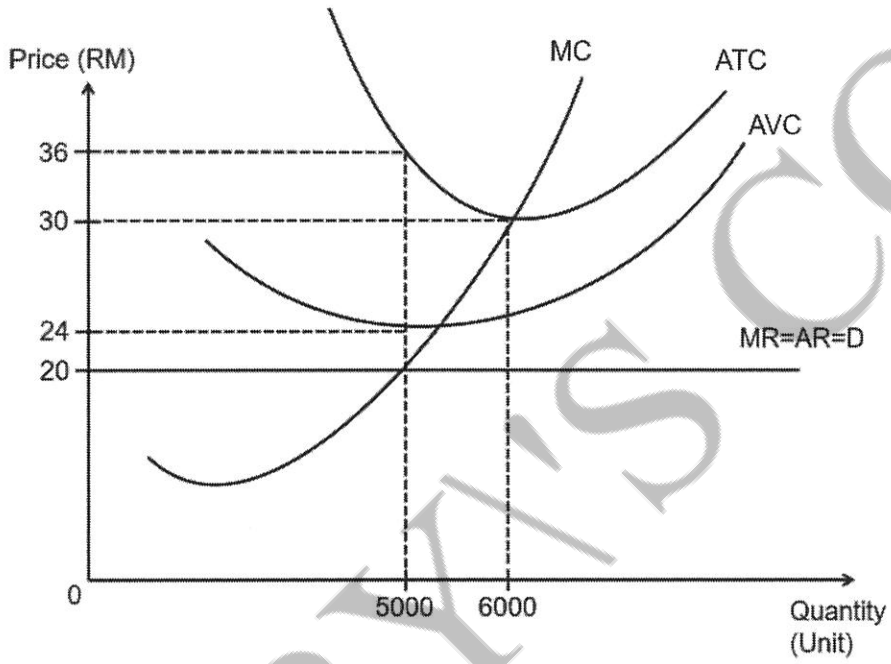

Figure 1: Profit-Maximizing Firm

Note:

MR: Marginal revenue

AR: Average revenue

D: Demand curve

i. What are the conditions for achieving profit-maximizing point? Determine the profit-maximizing price and output.

(3 marks)

ii. In what type of market structure is the firm operating? Why?

(3 marks)

iii. Determine the total revenue (TR) and total cost (TC) at profit-maximizing point.

(2 marks)

iv. Does the firm earn a profit or incur a loss and what is the amount?

(3 marks)

b) Define oligopoly market and provide one example of this market.

(3 marks)

c) Why does an oligopolist face a kinked-demand curve?

(3 marks)

Question 3

The following table 2 shows the number of people in Country ABC.

Table 2: Population, labour force and rate of unemployment in Country A

Item	2007	2008
Total population (,000)	33,511.9	34,263.6
Labour force ('000)	9,884.6	10,151.5
Labour force participation rate	66.8%	66.5%
Unemployment rate	3.2%	3.4%

a) Based on the table, explain what labour force and unemployment rate is.

(2 marks)

b) Calculate the total unemployment for 2007 and 2008.

(4 marks)

c) Calculate the total population for age 15-64 for 2007 and 2008.

(4 marks)

d) Based on the table, what is the relationship between unemployment rate and labour force participation rate?

(3 marks)

e) Explain THREE (3) effects of inflation.

(6 marks)

SECTION B (Total: 40 marks)

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

Question 4

Discuss FOUR (4) factors that can influence towards a change in short-run aggregate-supply (SRAS). With the aid of diagram, show and discuss how the short-run aggregate-supply curve shift.

(20 marks)

Question 5

Differentiate between discretionary fiscal policy and non-discretionary fiscal policy. Explain how discretionary fiscal policy and non-discretionary fiscal policy can be implemented to combat unemployment and to combat inflationary problems.

(20 marks)

END OF EXAMINATION PAPER