



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
MARCH 2024 SEMESTER**

COURSE CODE	: EIB10203
COURSE NAME	: PRINCIPLES OF ECONOMICS
PROGRAMME NAME	: BACHELOR OF BUSINESS ADMINISTRATION (HONS)
DATE	: 2 JULY 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 from **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 SIX (6) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

SECTION A (Total: 60 marks)**INSTRUCTION: Answer ALL questions.****Please use the answer booklet provided.****Question 1**

- a) A firm uses a fixed number of machines and several raw materials to produce its output. Based on the figure 1, answer the following questions.

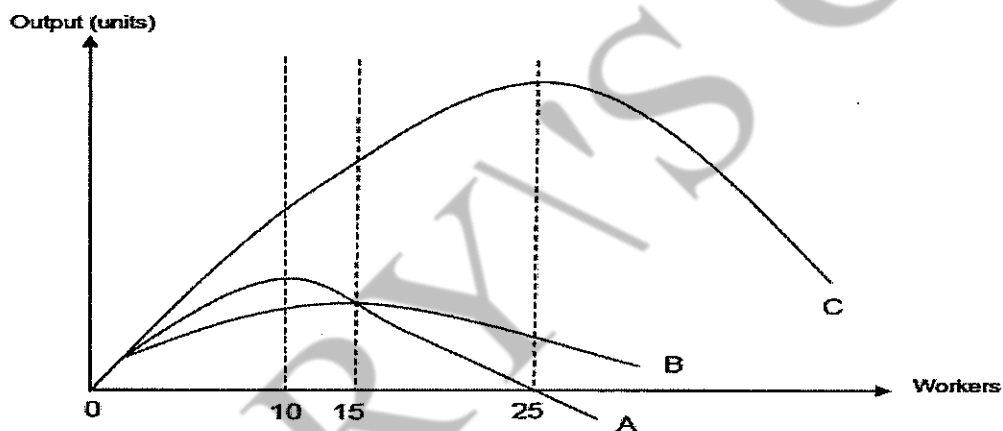


Figure 1: The Three Stages of Production

- Identify what these labels A, B and C indicate.
(3 marks)
- Define the law of diminishing marginal return and state at what number of workers the diminishing marginal returns set in.
(3 marks)
- State the range of number of workers that the firm would most likely hire. Justify your answer.
(3 marks)

- b) The table 1 shows the Marginal Product of Green Curly Sdn. Bhd. Based on the information below, complete the table.

(5 marks)

Table 1: Production of Green Curly Sdn. Bhd.

Land (Acre)	Labor (Units)	Total Product (Units)	Average Products (Units)	Marginal Product (Units)
3	0	0	-	-
3	1			12
3	2			18
3	3			20
3	4			19
3	5			15
3	6			10
3	7			6
3	8			2
3	9			0
3	10			-3

- i. State whether the firm operates in the short-run or long-run. Give a reason for your answer.

(3 marks)

- c) Define average total cost and explain its relationship with marginal cost.

(3 marks)

Question 2

a) The following figure 2 shows the long-run equilibrium position of Quintex Company.

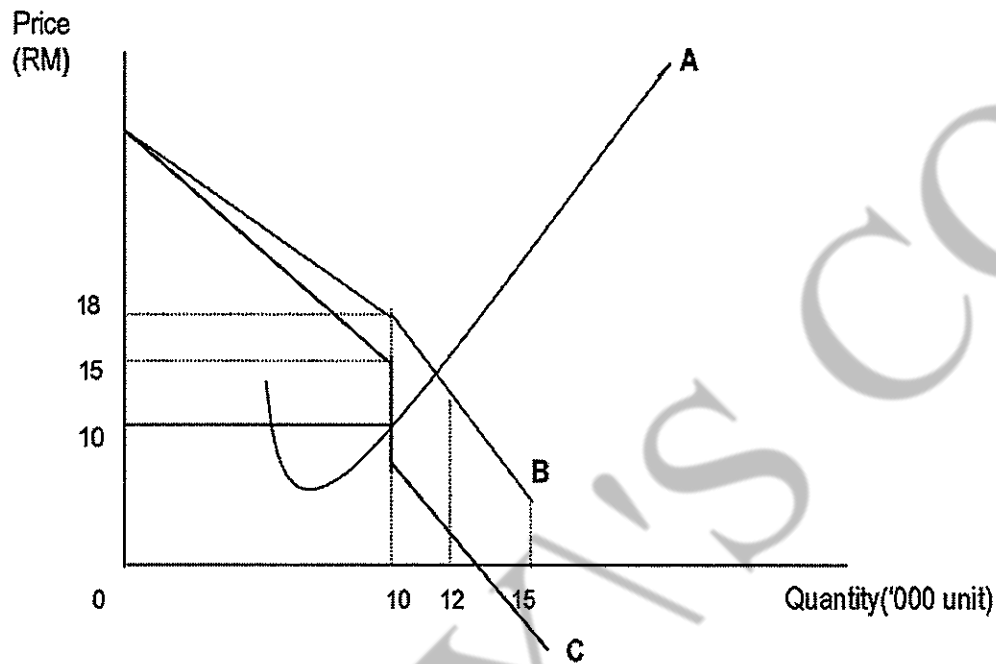


Figure 2: Long-run Equilibrium Position of Quintex Company.

i. Label curves A, B, and C.

(3 marks)

ii. What is the equilibrium price, level of output and total revenue?

(5 marks)

iii. In which type of market structure does Quintex Company operate?

(2 marks)

iv. Calculate profit earned by the firm at equilibrium?

(6 marks)

- v. Give two examples of Malaysian firms and its activities that operate in this type of market.

(2 marks)

- a) Discuss any FOUR (4) characteristics of monopoly market.

(10 marks)

Question 3

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

Table 2: The Number of People in Country ABC.

Component	Number of People (Million)
Under 16	45
Working full-time	80
Working part-time	40
Retired	30
Unemployed	5

Calculate:

- i. Total labour force

(3 marks)

- ii. Unemployment rate

(3 marks)

- b) Consider a simple economy in which consumers buy only two goods: Roti Canai and Nasi Lemak. The typical consumers buy a basket of 4 Roti Canai and 2 Nasi Lemak. Table 3 shows the prices of Roti Canai and Nasi Lemak for three different years.

Table 3: The Prices of Roti Canai and Nasi Lemak

Year	Price of Roti Canai (RM)	Price of Nasi Lemak (RM)
2019	1	2
2020	2	3
2021	3	4

Calculate the inflation rate for the years 2020 and 2021, keeping the basket of goods the same (4 Roti Canai and 2 Nasi Lemak) and isolating the effects of price changes from the effect of any quantity change that might occur at the same time.

(6 marks)

SECTION B (Total: 40 marks)

INSTRUCTION: Answer ALL questions.

Please use the answer booklet provided.

Question 4

With the aid of a diagram, explain what happen to the long-run aggregate-supply and aggregate-demand if the technology improves, and the quantity of money grows faster than potential GDP.

(20 marks)

Question 5

Discuss FIVE (5) monetary instruments that could be implemented to reduce inflation.

(20 marks)

END OF EXAMINATION PAPER