



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
OCTOBER 2024 SEMESTER**

COURSE CODE	: EIB10203
COURSE NAME	: PRINCIPLES OF ECONOMICS
PROGRAMME NAME	: BACHELOR OF BUSINESS ADMINISTRATION (HONS)
DATE	: 6 FEBRUARY 2025
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 FIVE (5) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

SECTION A (Total: 60 marks)

INSTRUCTION: Answer ALL questions.

Please use the answer booklet provided.

Question 1

- a) The following is the Long Run Average Cost curve (LRAC) for a firm. Based on the Figure 1, answer the following questions.

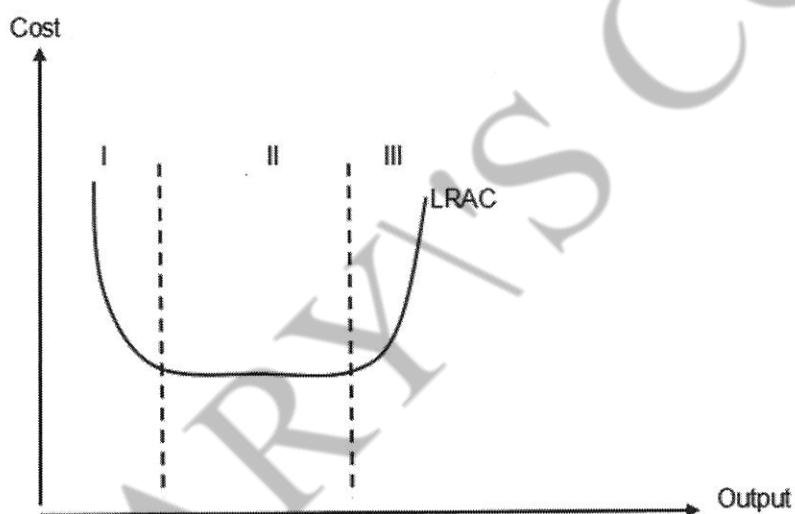


Figure 1: Long Run Average Cost Curve

- i. Identify what these labels I, II and III indicate.

(3 marks)

- ii. Explain **TWO (2)** factors that lead to efficiency in production in the long run.

(2 marks)

- b) Table 1 shows the Production cost of Quil City Sdn. Bhd. Based on the information below, complete the table.

Table 1: Production Cost of Quil City Sdn. Bhd.

Output (unit)	Total Fixed Cost (TFC)	Total Variable Cost (TVC)	Total Cost (TC)	Average Fixed Cost (AFC)	Average Variable Cost (AVC)	Average Total Cost (ATC)	Marginal Cost (MC)
0	200	0	200	-	-		
1			300				
2			340		70		40
3		160	360				
4			400				
5			460				
6			600			100	
7			800				

- Complete the table. (10 marks)
- At what level of output is the company operating at the minimum cost? Explain. (2 marks)
- Sketch AFC, AVC, and MC. (3 marks)

Question 2

- a) The following Figure 2 shows the short-run equilibrium position of a Monopolistic Competition market structure.

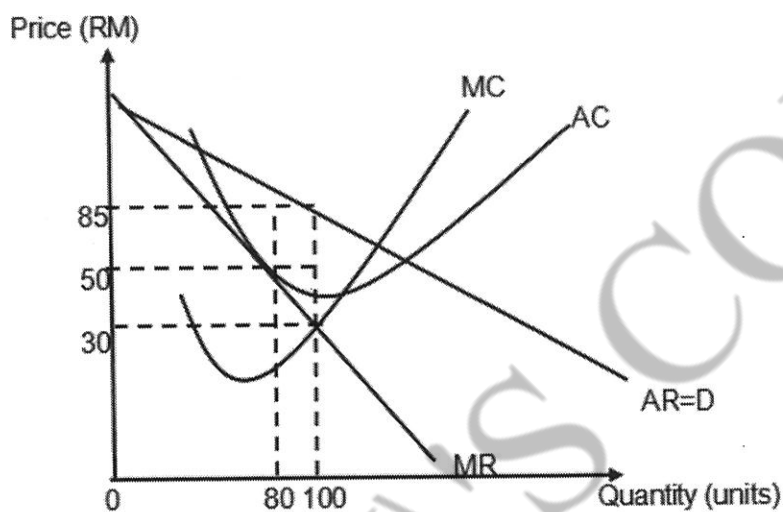


Figure 2: Short-run Equilibrium

- What is the equilibrium price and output of the company?
(2 marks)
- Calculate the Total Revenue (TR) earned.
(2 marks)
- Is the company earning a profit or loss? Explain.
(2 marks)
- Calculate the profit earned by the firm at equilibrium?
(2 marks)

- v. In a market with differentiated products, firms use various strategies to distinguish their products from competitors. Explain the four different methods firms use to differentiate their products. Give an example for each method used.

(12 marks)

Question 3

- a) The following Table 1 provides information about the workforce of country A in 2020.

Table 1: Statistics on workforce for country A in 2020

Statistics	Values
Labor Force Participation Rate	63%
Working-Age Population	254 million
Employment-to-Population Ratio	60%

Define the following terms and calculate their respective values:

- i. Labor Force (5 marks)
- ii. Employment (5 marks)
- iii. Unemployment rate (5 marks)

- b) Define frictional and structural unemployment. Give examples of each type of unemployment. (5 marks)

SECTION B (Total: 40 marks)

INSTRUCTION: Answer ALL questions.

Please use the answer booklet provided.

Question 4

Analyze four factors that can affect changes in short-term aggregate supply (SRAS). Use a diagram to demonstrate and discuss how the short-run aggregate supply curve shifts using a diagram.

(20 marks)

Question 5

Due to slow economic activity, Country X is looking to stimulate its economy through expansionary policies. Distinguish between TWO (2) fiscal policy instruments and THREE (3) monetary policy instruments in order to achieve this objective.

(20 marks)

END OF EXAMINATION PAPER