CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2026 SEMESTER

COURSE CODE	:	EIB10203
COURSE NAME	:	PRINCIPLES OF ECONOMICS
PROGRAMME NAME	:	BACHELOR OF BUSINESS ADMINISTRATION (HONS)
DATE	:	23 JUNE 2026
TIME	:	9.00AM – 12.00PM
DURATION	:	3 HOURS

INSTRUCTIONS TO CANDIDATES

1. **Please CAREFULLY read the instructions given on this question paper.**
2. **This question paper has information printed on both sides of the paper.**
3. This examination comprises of only **ONE (1)** section.
4. You are required to answer only **FOUR (4)** questions
5. Please write your answer in 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 THREE (3) PAGES OF QUESTIONS, INCLUDING THIS PAGE.

SECTION A (Total: 100 marks)

INSTRUCTION: Answer only **FOUR (4)** questions. As each question brings in 25 marks, the maximum mark for this examination is 100.

Question 1

(a) Define the following terms:

i. Total Revenue (TR)

ii. Average Revenue (AR)

iii. Marginal Revenue (MR)

(6 marks)

(b) A firm sells 100 units at RM20 each. The fixed cost is RM500 and the variable cost is RM1,000. Calculate:

i. Total Revenue

ii. Total Cost

iii. Profit

(6 marks)

(c) Briefly explain **TWO (2)** differences between fixed cost and variable cost.

(4 marks)

(d) Explain the relationship between Average Cost (AC) and Marginal Cost (MC) curves in the short run.

(9 marks)

Question 2

(a) List **THREE (3)** characteristics of perfect competition.

(3 marks)

(b) Briefly explain how a monopolist determines profit maximization.

(6 marks)

(c) Compare perfect competition and monopoly in terms of:

i. Number of sellers

ii. Product differentiation

iii. Barriers to entry

iv. Price control

(8 marks)

(d) Explain **TWO (2)** advantages and **TWO (2)** disadvantages of oligopoly market structure.

(8 marks)

Question 3

(a) Define inflation and unemployment.

(4 marks)

(b) Explain **THREE (3)** causes of inflation.

(6 marks)

(c) Country X recorded the following data:

- Consumption = RM400 billion
- Investment = RM120 billion
- Government Expenditure = RM150 billion
- Exports = RM90 billion
- Imports = RM60 billion

Calculate the Gross Domestic Product (GDP) using the expenditure approach.

(5 marks)

(d) Explain the phases of a business cycle with the aid of a diagram.

(10 marks)

Question 4

(a) Define Aggregate Demand (AD).

(3 marks)

(b) List **THREE (3)** determinants of Aggregate Demand.

(6 marks)

(c) Explain the differences between Short-Run Aggregate Supply (SRAS) and Long Run Aggregate Supply (LRAS).

(6 marks)

(d) Using AD-AS analysis, explain the effects of an increase in government expenditure on price level and national output.

(10 marks)

Question 5

(a) Define fiscal policy.

(3 marks)

(b) Briefly explain **TWO (2)** functions of money.

(4 marks)

(c) Explain **THREE (3)** tools used by the central bank in monetary policy.

(9 marks)

(d) Discuss how expansionary fiscal policy can reduce unemployment during an economic recession.

(9 marks)

END OF EXAMINATION PAPER