



FINAL EXAMINATION

COURSE : MICROECONOMICS

COURSE CODE : PEC1154

DURATION : 03 HOURS

INSTRUCTIONS TO CANDIDATES:

1. This question paper consists of **TWO (2)** parts : PART A (03 questions)
PART B (05 questions)
2. Answer ALL questions from PART A, and PART B.
 - i. Answer PART A and B in the Answer Booklet provided
3. Please check to make sure that this examination pack consists of:
 - i. The Question Paper
 - ii. An Answer Booklet
4. Do not bring any material into the examination hall unless permission is given by the invigilator.
5. Please write your answer using a ball-point pen.

MYKAD NO : _____

ID. NO. : _____

LECTURER : _____

SECTION : _____

DO NOT OPEN THIS QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO

The question paper consists of 7 printed pages

MAR2024/B/PEC1154

PART A: STRUCTURED QUESTIONS

Answer ALL Questions

1. **(13 points)**

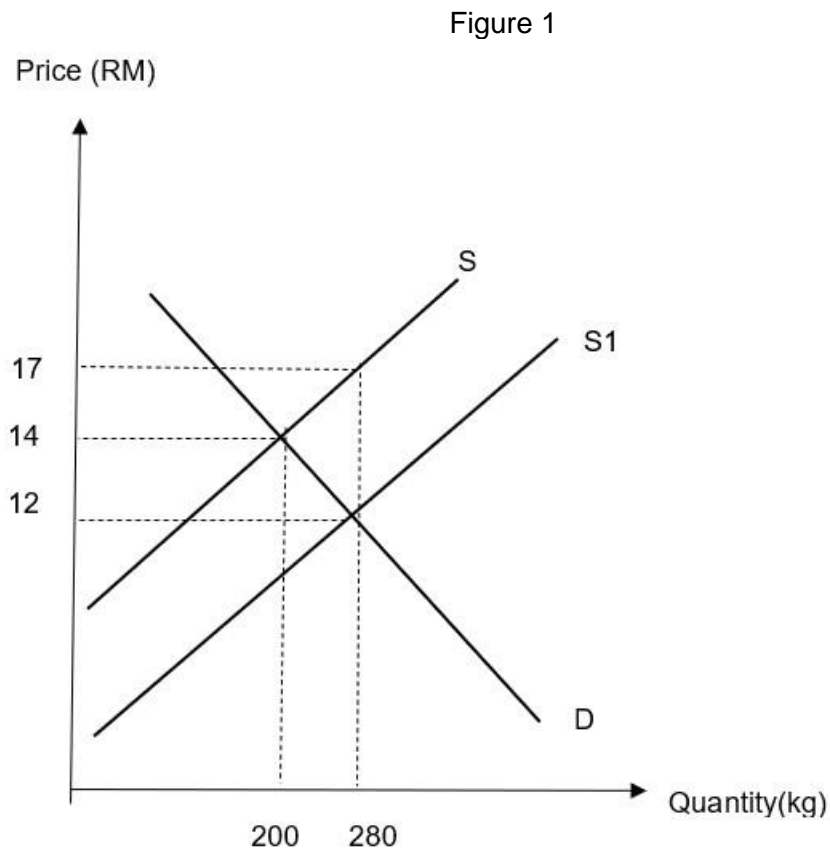
a. Table 1 shows the demand and supply of tomatoes in Semenyih.

Table 1

Price/kg (RM)	Quantity Demand (kg)	Quantity Supplied (kg)
6.00	50	500
5.50	100	450
5.00	150	300
4.50	200	200
4.30	350	180
2.20	450	150

- i. Find the equilibrium price and quantity. (2 points)
- ii. Assuming the government fixed the price of tomatoes at RM4.30 per kg. Identify whether there would be problem of shortage or surplus and how much it would be. (2 points)
- iii. Based on answer in a (ii), state an advantage of price control implemented. (1 point)

b. Figure 1 shows the supply curve shift from S to S1 impact of subsidy given by the government.



Answer the following questions based on the figure above.

- i. Identify the equilibrium price and quantity before subsidy. (1 point)
- ii. Identify the equilibrium price and quantity after subsidy. (1 point)
- iii. Compute the total amount of subsidy:
 - a. receives by the producer (2 points)
 - b. receive by the consumers (2 points)
 - c. paid by the government (2 points)

2. (25 points)

a. Table 2 shows the production of JCW Enterprise.

Table 2

Factory	Labors	Total Product (TP)	Average Product (AP)	Marginal Product (MP)
1	0	0	-	-
1	1			150
1	2			190
1	3			170
1	4			90
1	5			70
1	6			50
1	7			80
1	8			0
1	9			-30
1	10			-40

i. Complete the table above. (5 points)

(Instruction: Draw a complete table that consists of TP and AP in the answer booklet)

ii. Indicate the number of labors when the negative returns and diminishing return set in. (2 points)

iii Illustrate **THREE (3)** stages of production in a diagram. (4 points)

iv Identify whether the firm operating in the short run or long run. Justify your answer. (2 points)

v. Give **TWO (2)** examples of variable input. (2 points)

b. Table 3 shows the production cost of Suhan Enterprise Sdn. Bhd.

Table 3

Output (Units)	Total cost (TC)	Total Variable Cost (TVC)	Total Fixed cost (TFC)	Average Cost (AC)	Average Variable cost (AVC)	Marginal Cost (MC)
0	300	0	300	-	-	-
1						90
2						80
3						70
4						60
5						70

i. Complete the table above. (5 points)

(Instruction: Draw a complete table that consist of TC, TVC, TFC, AC, and AVC in the answer booklet)

ii. Illustrate the Total Cost (TC), Total Fixed Cost (TFC), Total Variable Cost (TVC) in a diagram. (3 points)

iii. State **TWO (2)** examples of explicit cost. (2 points)

3. (17 points)

Table 4 shows the cost and revenue curves for Setia's Corporation Bhd.

Table 4

Output	Total Cost (TC)	Marginal Cost (MC)	Price	Total Revenue (TR)	Marginal Revenue (MR)
0	40	-	40		
1	41		36		
2	44		32		
3	50		28		
4	62		24		
5	80		20		
6	104		16		

- a. Compute the table above. (5 points)

(Instruction: Draw a complete table MC, TR and MR in the answer booklet).

- b. Identify profit maximizing price and output for this firm. (2 points)

- c. Compute the amount of profit or loss at the profit-maximizing output. State the type of profit earned. (3 points)

- d. Based on answer in (c), illustrate the type of profit earned in a diagram. (4 points)

- e. Identify **THREE (3)** barriers of entry of a monopoly firm. (3 points)

PART B: SHORT-ESSAY QUESTIONS

Answer ALL questions

1. (8 points)

- a. Discuss **TWO (2)** capitalist economic system. (4 points)
- b. Describe the concepts of scarcity and opportunity cost. (4 points)

2. (9 points)

- a. Discuss any **TWO (2)** determinants of supply. (4 points)
- b. Discuss exceptional demand for luxury goods with appropriate diagram. (5 points)

3. (10 points)

- a. Describe **THREE (3)** types of goods in cross elasticity of demand. (6 points)
- b. Describe any **TWO (2)** determinants in price elasticity of demand. (4 points)

4. (12 points)

- a. Discuss any **THREE (3)** factors of production by providing appropriate examples. (6 points)
- b. Describe any **THREE (3)** factors of economies of scale. (6 points)

5. (6 points)

- Discuss any **THREE (3)** characteristics of monopolistic competition. (6 points)

END OF QUESTION PAPER