KOLEJ YAYASAN PELAJARAN JOHOR
ONLINE FINAL EXAMINATION

COURSE NAME	:	**MICROECONOMICS**
COURSE CODE	:	**ECO1013**
EXAMINATION	:	**DECEMBER 2021**
DURATION	:	**3 HOURS**

INSTRUCTION TO CANDIDATES

1. This question paper consists of **TWO (2)** parts :   PART A (40 Marks)

                                                                     PART B (60 Marks)

2. Please refer to the detailed instructions in this question paper.

3. Answer ALL questions in the answer sheet which is A4 size paper (or other paper with the consent of the relevant lecturer).

4. Write your details as follows in the upper left corner for each answer sheet:
   i. Student Full Name
   ii. Identification Card (I/C) No.
   iii. Class Section
   iv. Course Code
   v. Course Name
   vi. Lecturer Name

5. Each answer sheet must have a page number written at the bottom right corner.

6. Answers should be **neat and clear in handwritten form**.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO
*This examination paper consists of **12** printed pages including front page*

PART A

This part consist of **TWENTY (20)** questions.

Answer ALL in Answer Sheet.

1. Which of the following statements about the use of resources is **not** one of the key questions in economics?

   A How are the resources used?

   B Where are the resources used?

   C For what are the resources used?

   D For whom are the resources used?

2. Which of the following is **not** required for a country to be producing at a point of its production possibility frontier?

   A Stable price.

   B Full employment of labour.

   C Fixed technology used in production.

   D All producers having productive efficiency.

3. Which of the following types of economy describes the economy of Malaysia?

   A Mixed economy.

   B Islamic economy.

   C Socialist economy.

   D Capitalist economy.

4. As the price of normal good decreases, the quantity demanded will _____.

   A increase.

   B decrease.

   C be uncertain.

   D be unchanged.

5. Which of the following goods is forbidden in Islamic perspective?

   A *Hajiyyah.*

   B *Tarafiyyah.*

   C *Kamaliyyah.*

D *Dharuriyyah.*

6. Which of the following will **not** cause the demand for product B to change?

    A Number of the supplier increase.

    B A change in the consumer tastes.

    C An increase in the consumer incomes.

    D A change in the price of close-substitute product B.

7. The demand for mutton and wool may be interrelated because both are?

    A Supplementary.

    B Complementary.

    C Jointly supplied.

    D Jointly demanded.

8. If the demand for Good K declines as the price of Good Z increase, then Good K and Good Z are_____.

    A Normal good.

    B Inferior good.

    C Substitute good.

    D Complementary good.

9. Market equilibrium refers to a situation in which market price?

    A Is high enough to allow firms to earn a fair profit.

    B Is low enough for consumers to buy all that they want.

    C Is at a level where there is neither a shortage nor a surplus.

    D Is just above the intersection of the market supply and demand curves.

10. Consumer pay more tax burden when?

    A Supply is perfectly inelastic.

    B Demand is perfectly inelastic.

    C Demand is less elastic than supply.

    D Demand is more elastic than supply.

11. If the price is below the equlibirium price, there would be the problem of _____
and the price will _____ towards the equilibrium price.

   A surplus; increase.

   B surplus; decrease.

   C shortage; increase.

   D shortage; decrease.

12. In the _____ all factors or inputs become variable and no input is fixed.

   A long run.

   B short run.

   C law of variable proportion

   D law of diminishing marginal returns.

13. A farm is able to produce 5,000 tons of melons per season on 100 acres.
Assume it adds one more acre and is able to produce 6,000 tons per season.
The marginal product of the additional acre of land for this farm is?

   A 6,000 tons per acre per year.

   B 5,000 tons per acre per year.

   C 1,000 tons per acre per year.

   D 11,000 tons per acre per year.

14. In _____ phase of the laws of returns to scale, TP rises as decreasing
rate because MP starts diminishing, but AP rises.

   A returning.

   B constant returns.

   C increasing returns.

   D decreasing returns.

15. Which of the following is not an internal sources of economics of scale?

   A Economic of labour.

   B Economic of financial.

   C Economic of technical.

   D Economic of concentration.

16. In a perfect competition market _____.

   A there are few sellers in the industry.

   B the demand curve is downward slopping.

   C one firm produces the entire market supply.

   D the firm cannot influence the price of its product.

17. If a perfectly competitive firm produce 10 units of goods at the market price of RM 5.00, the marginal revenue faced by the firm is _____.

   A RM 5.00

   B RM 10.00

   C less than RM 5.00.

   D more than RM 5.00.

18. Which of the following is not a characteristic of a monopolistic competitive market?

   A Product differentiation.

   B A relatively large number of firms.

   C A downwards sloping demand curve.

   D Mutual interdependence among firms.

19. Which of the following market structures will have the most difficult entry of new firms?

   A Oligopoly.

   B Monopoly.

   C Perfect competition.

   D Monopolistic competition.

20. The kinked demand curve of an oligopolistic firm explains the existence of.

   A Substitute products.

   B Few sellers in the industry.

   C Large advertising expenditures.

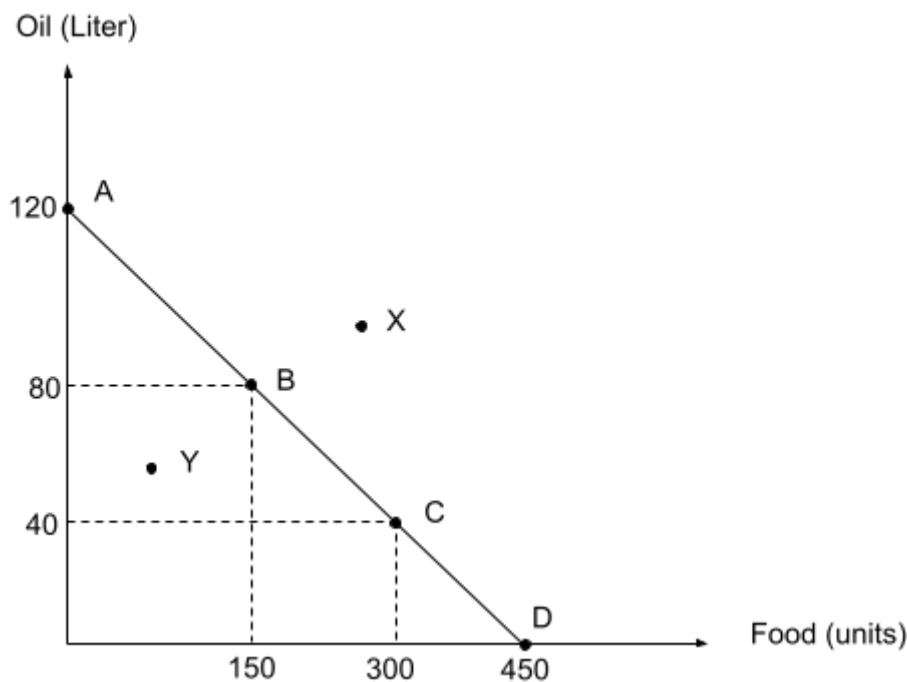   D The inability to change its prices.

[40 MARKS]

PART B

This part consist of **FOUR (4)** questions.

Answer ALL questions in Answer Sheet.

QUESTION 1

The diagram below depicts the Production Possibilities Curves (PPC) for a nation producing oil and food. The usual assumptions regarding PPC are implied.

Oil (Liter)

```
120 ●A
    |
    |        ●X
 80 |-------●B
    |       :
    |  ●Y   :
 40 |-------:----●C
    |       :    :    D
    |       :    :    ●
    |_____:____:____:_____ Food (units)
          150  300  450
```

a. Define Production Possibility Curve (PPC). List **two (2)** assumptions to construct a PPC.

(4 marks)

b. Calculate the opportunity cost for the first 450 units of food. State the type of opportunity cost faced by the country. Give a reason to your answer.

(3 marks)

c. List **two (2)** factors that can shift the production possibilities curve outward.

(2 marks)

d. Identify what these points indicate:

   i)   Point C.

   ii)   Point X.

   iii)   Point Y.

(3 marks)

e. Illustrate in separate diagrams the effect of the following situations on the Production Possibilities Curves (PPC).

   i)   The pandemic Coronavirus disease 2019 (COVID-19) spreads throughout the community causing a less people buying oil.

   ii)   An introduction of new technology in the productions of food.
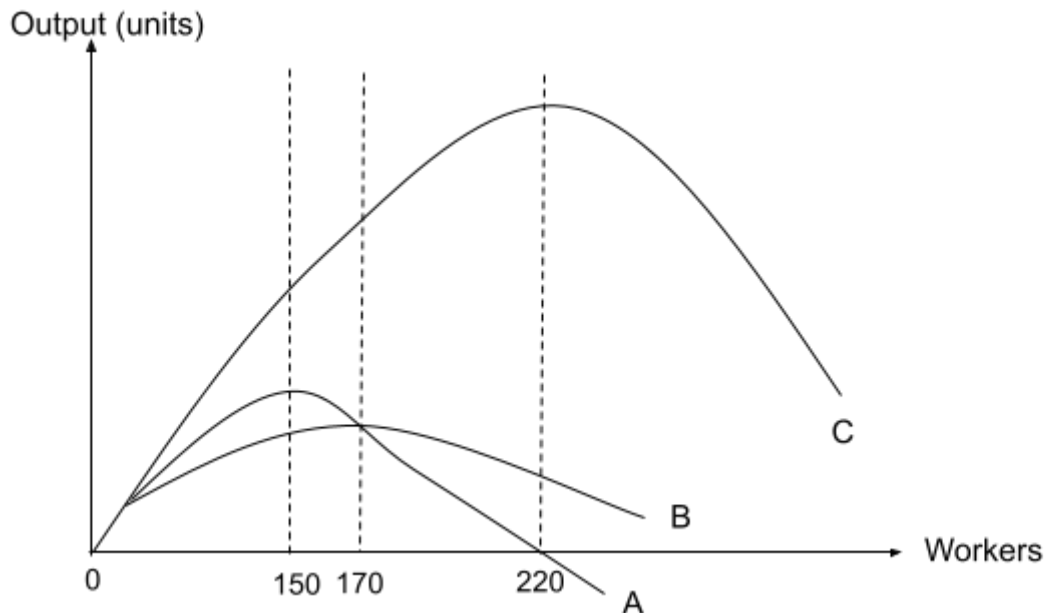
(3 marks)

QUESTION 2

The table below shows the demand and supply schedules of car per week at Bandar Takzim.

Price (RM per unit)	Quantity Supplied (unit)		Quantity Demanded (unit)	
	Firm A	Firm B	Buyer A	Buyer B
40,000	2	3	25	18
50,000	4	6	23	16
60,000	6	9	21	13
70,000	8	12	18	10
80,000	10	15	16	9
90,000	12	18	14	7
100,000	14	20	12	5

a. Determine the equilibrium price and the quantity of car.

(2 marks)

b. If consumers' income falls from RM4000 to RM2000, the quantity demanded for the car decrease from 30 units to 20 units. Calculate the income elasticity of demand and identify the type of good for car.

(3 marks)

c. Suppose the government has intervened in the market and set a price of RM 70,000;

     i. Name the type of price control implemented by the government.

(1 marks)

     ii. Determine whether there will be a surplus or shortage of car.

(1 marks)

     iii. Calculate how much surplus or shortage of car.

(2 marks)

d. Briefly explain the effect of the following situation on market equilibrium of car.

     i. Subsidy received by the car producer on market equilibrium.

(2 marks)

     ii. New car design release which icreases the preference among teenagers.

(2 marks)

     iii. New technology in car production.

(2 marks)

QUESTION 3

A firm uses a fixed number of land and several raw materials to produce its output. Based on the diagram below, answer the following questions.

a. Identify what these labels A, B and C indicate.

(3 marks)

b. Define the law of diminishing marginal return and state at what number of workers does the diminishing marginal returns set in.

(3 marks)

c. State the range of number of workers that the firm would most likely hire. Justify your answer why would the firm choose that range.

(2 marks)

d. State whether the firm operating in the short run or long run. Give a reason for your answer.
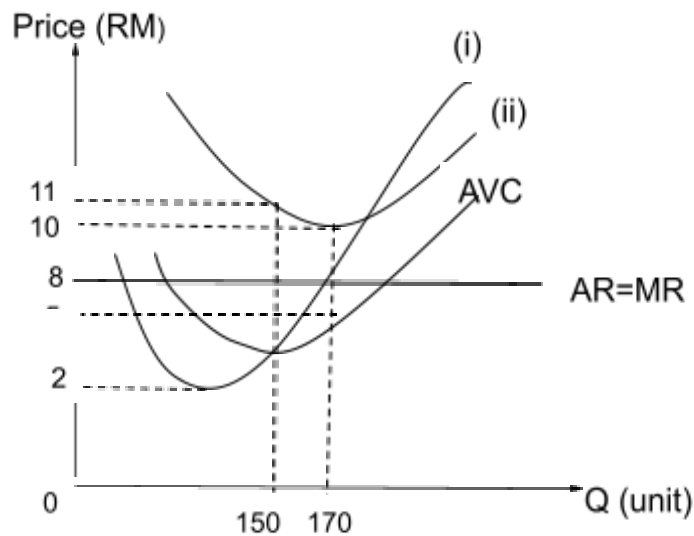
(2 marks)

e. The following table shows the cost schedule for the Kamaliah Sdn. Bhd. in the short run. Complete the table below.

Total Product (unit)	Total Cost (RM)	Total Variable Cost (RM)	Average Variable Cost (RM)	Average Cost (RM)	Marginal Cost (RM)	Total Fixed Cost (RM)
0	100					
10	120					
20	130					
30	170					
40	220					
50	280					
60	300					
70	320					
80	360					
90	400					

(5 marks)

QUESTION 4

The diagram below shows the profit-maximizing condition of a firm.

a. Identify the market structure that the firm is operating in. Give a reason for your answer.

(2 marks)

b. List any two (2) characteristics of this market structure.

(2 marks)

c. Label the curve (i) and (ii).

(2 marks)

d. Based on the diagram above;
    i.   Determine the profit-maximizing price and quantity of this firm.

(2 marks)

    ii. Calculate the profit or loss achieve by this firm.

(3 marks)

    iii. State the type of profit or loss earned.

(2 marks)

e. Find the total fixed cost (TFC) at the profit-maximizing point.

(2 marks)

[60 MARKS]

END OF QUESTION PAPER