

FINAL SEMESTER EXAMINATION

Programme	:	CERTIFICATE IN BUSINESE STUDIES
Course	:	INTRODUCTION TO ECONOMICS
Course Code	:	CBS 1144
Duration	:	3 Hours

INSTRUCTIONS TO CANDIDATES:

1. Please read the instructions given in the question paper CAREFULLY.
2. Answer **ALL** questions in Section A, Section B and Section C.
3. Answers to the questions are to be written into the examination booklet.
4. Electronic dictionaries, lecture notes, files or any unauthorised materials except writing equipment are strictly prohibited.

This question paper must be submitted along with all used and/or unused rough papers and/ or graph papers (if any). Candidates are **NOT ALLOWED** to take any examination paper(s) used or unused out of the examination hall.

WARNING:

The Examination Board of Peninsula College Georgetown regards cheating as a most serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in the accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from Peninsula College Georgetown.

(This booklet contains 6 printed pages including this page)

For examiner's use only

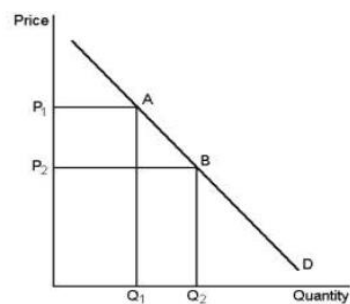
SECTION NO.	MARKS
A	/ 25
B	/ 25
C	/ 50
Total	/ 100

SECTION A: Choose the CORRECT answer.

[25 marks]

1. Scarcity requires that people must _____ .

- A trade
- B compete
- C cooperate
- D make choices



2. Based on the above diagram, the movement from point A to point B shows _____ .

- A a decrease in demand
- B an increase in demand
- C a decrease in quantity demanded
- D an increase in quantity demanded

3. All the inputs are _____ in the long run, while in the short run at least one input is _____ .

- A fixed; fixed
- B fixed; variable
- C variables; fixed
- D variable: constant

4. Firms in perfect competition is _____. Thus, can accept only the market price of goods and services.

- A price taker
- B price stock
- C price maker
- D price decision

5. A monopolistic market is typically dominated by only one firm. Thus, it has typical characteristics of _____ and _____ .
- A selling a unique product; restriction on the entry of new firms
 - B selling a unique product; no restriction on the entry of new firms
 - C selling homogenous products; restriction on the entry of new firms
 - D selling homogenous products; no restriction on the entry of new firms
6. _____ is the best example of a perfectly competitive market.
- A Farming
 - B Electricity
 - C Toothbrush
 - D Colleges and universities
7. In the oligopoly market, _____ .
- A all existing firms are equal
 - B there are few big leading firms
 - C there are only one leading firm
 - D there are no any big leading firms
8. Entry of new firms in _____ is harder than in _____ .
- A a pure monopoly; a perfect competition
 - B a perfect competition; a pure monopoly
 - C a pure monopoly; a monopolistic competition
 - D a perfect competition; a monopolistic competition
9. Choose the CORRECT statement of nominal wages.
- I It is so called money wages.
 - II For example, a lorry driver earns RM3500 per month.
 - III It is about the wage received by a worker in terms of money.
 - IV For example, how much a lorry driver can purchase with his income.
- A I and II
 - B II and III
 - C I, II and III
 - D I, II and IV

10. Which of the following statements about the reasons for the difference in wages is INCORRECT?

- A differences in the labour supply
- B differences in the labour demand
- C differences in the earning included in the job
- D differences in the difficulties included in the job

Total: [25 marks]

SECTION B: State (√) or (X) for each of the following statements.

[25 marks]

1. _____ Demand theory says that the higher the price of a good, the quantity demanded for that product will remain constant.
2. _____ A market is in equilibrium when supply and demand curves are intersected.
3. _____ A consumer is said to be in equilibrium when he/she attains maximum satisfaction from his/her current consumption pattern with the current market price and given income.
4. _____ Production function is about the relationship between fixed input and variable input.
5. _____ Economic cost are actual cost a firm has paid for.
6. _____ Economies and diseconomies of scale show the difference between fixed and variable costs.
7. _____ The main objective of a firm is to maximize profit.
8. _____ Firms in perfect competition are a price taker. Thus, to maximize its profits, the firm should increase its output.
9. _____ In the long run, firms in perfect competition can earn only normal profit (or zero profit) as many sellers enter the market.
10. _____ Based on the theory of marginal productivity, the higher the productivity, the higher will be the demand for the factors of production.

Total: [25 marks]

SECTION C: Answer ALL questions.

[50 marks]

1. a) Explain the difference between microeconomics and macroeconomics. (4 marks)
- b) Explain **THREE (3)** main economic concepts. (6 marks)
- c) List down all the **THREE (3)** main economic questions. (3 marks)
- d) The table below shows various efficient combinations of computers and radios that Enterprise XY can produce.

Combination	Computers (units)	Radios (units)
A	0	10
B	1	8
C	2	6
D	3	4
E	4	2
F	5	0

- i.) Define and draw a production possibility curve (PPC) for Enterprise XY. (8 marks)
- ii.) Label a point M to show an inefficient use of resources. (2 marks)
- iii.) Label a point N to show a scarcity of resources. (2 marks)

Total: [25 marks]

2. The following table shows the production costs of Company ZESH in RM.

Output (Q)	Total Cost	Total variable cost	Total fixed cost	Average total cost	Average variable cost	Average fixed cost	Marginal cost
0	60	0		-	-	-	-
1	160	100					
2	240	180					
3	300	240					
4	400	340					
5	560	500					

- a) Complete the table above. (10 marks)
- b) Explain the following terms with examples:
- i) Fixed cost (5 marks)
 - ii) Variable cost (5 marks)
- c) Discuss the total cost. (5 marks)

Total: [25 marks]

- END OF QUESTIONS -