

**UNIVERSITY COLLEGE TATI (UCTATI)****FINAL EXAMINATION QUESTION BOOKLET**

COURSE CODE	: BBM 2033
COURSE TITLE	: PRINCIPLES OF ECONOMICS
SEMESTER/SESSION	: 1 - 2022/2023
DURATION	: 3 HOURS

Instructions:

1. This booklet contains 5 questions. Answer **ALL** questions.
2. All answers should be written in answer booklet.
3. Write legibly and draw sketches wherever required.
4. If in doubt, raise your hand for invigilator attention.

**DO NOT OPEN THIS BOOKLET UNTIL YOU ARE TOLD TO DO SO
THIS BOOKLET CONTAINS 5 PRINTED PAGES INCLUDING COVER
PAGE**

QUESTION 1

The table below shows the relationship between price, quantity demand and quantity supply.

Price (RM)	Qd (units)	Qs (units)
1	61	0
2	53	10
3	45	20
4	37	30
5	29	40
6	21	50
7	13	60

- i. Determine the demand and supply function. (8 marks)
- ii. Using graph paper, illustrate the demand supply curves. (6 marks)
- iii. From the graph in (ii), identify the equilibrium price and equilibrium quantity. (6 marks)

QUESTION 2

There are many factors determining demands. Elucidate briefly the following determinants of demand.

- a. Price of goods
- b. Substitute goods
- c. Complementary goods
- d. Fashion and taste
- e. Consumer or household income

(20 marks)

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QUESTION 3

- a. In the table below you will find a schedule of a firm's fixed cost and variable cost. Complete the table by computing total cost, average fixed cost, average variable cost, average total cost, and marginal cost. Replicate the table below in your answer booklet.

Total product	Total fixed cost	Total variable cost	Total cost	Average fixed cost	Average variable cost	Average total cost	Marginal cost
0	RM100	RM 0	RM_____	—	—	—	—
1	100	100	_____	RM_____	RM_____	RM_____	RM_____
2	100	180	_____	_____	_____	_____	_____
3	100	240	_____	_____	_____	_____	_____
4	100	320	_____	_____	_____	_____	_____
5	100	440	_____	_____	_____	_____	_____
6	100	600	_____	_____	_____	_____	_____
7	100	800	_____	_____	_____	_____	_____
8	100	1040	_____	_____	_____	_____	_____
9	100	1340	_____	_____	_____	_____	_____
10	100	1800	_____	_____	_____	_____	_____

(15 marks)

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- b. Indicate whether the inputs below are variable (V) or fixed (F) in the short run. (5 marks)

V/F	Input	Output
_____	Meat	in hamburgers.
_____	Fire insurance	in dry cleaning.
_____	Tires	in automobiles.
_____	Property tax	in textile production.
_____	Gasoline	in trucking services.
_____	Depreciation	in aircraft production.

QUESTION 4

The following table shows the relationship between a firm's total production and total variable cost.

Production (units)	1	2	3	4	5	6	7	8
Total Variable Cost (RM)	16	56	82	102	155	124	209	278

- Interpret the difference between fixed cost and variable cost. (4 marks)
- If the firm's fixed cost is RM50, calculate the firm's total cost at each level of production. (4 marks)
- Using graph paper, illustrate the total cost, total fixed cost and total variable cost curves. (9 marks)
- From the graphs in c, show the average fixed cost, average variable cost and average cost at the production level of 5.5 units. (3 marks)

QUESTION 5

Illustrate **FOUR (4)** characteristics of the four basic market models; Pure Competition, Monopolistic Competition, Oligopoly and Monopoly. (20 marks)

-----**End of question**-----

