



FINAL EXAMINATION
MARCH 2024

COURSE TITLE	PRINCIPLES OF MICROECONOMICS
COURSE CODE	TECO2113
DATE/DAY	20 JUNE 2024 / THURSDAY
TIME/DURATION	02:00 PM - 04:00 PM / 02 Hour(s) 00 Minute(s)

INSTRUCTIONS TO CANDIDATES :

1. Please read the instruction under each section carefully.
2. Candidates are reminded not to bring into examination hall/room any form of written materials or electronic gadget except for stationery that is permitted by the invigilator.
3. Students who are caught breaching the Examination Rules and Regulation will be charged with an academic dishonesty and if found guilty of the offence, the maximum penalty is expulsion from the University.

(This Question Paper consists of 3 Printed Pages including front page)

*****DO NOT OPEN THE QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO*****

There are TWO (2) questions in this section. Answer ALL questions on the answer booklet provided. (100 MARKS)

Question 1 (50 Marks)

Supposed the demand and supply schedule for good X in Malaysia is given as below:

Table 1: Demand and Supply schedule of Good X

Price (RM)	Quantity Demanded	Quantity Supplied
7.75	-	100
8.35	-	125
8.95	-	150
9.55	-	175
10.15	-	200
10.75	-	225

- a) The demand function is given as $P = 14.5 - 0.2Q_d$. Complete the demand schedule in Table 1 (10 marks)
- b) Derive the supply function based on the supply schedule above (Quantity Supplied as dependent variable). (5 marks)
- c) Using algebra, compute the equilibrium price and quantity. (10 marks)
- d) The Malaysian government imposes a price floor of RM7.50. (15 marks)
 - i. Compute the quantity surplus / shortage
 - ii. Explain the impacts on consumer and producer surpluses, and deadweight loss
- e) Evaluate under what circumstances, it is justifiable for the government to implement a price floor. Provide at least one example. (10 marks)

Question 2 (50 marks)

Table 2: Production and Cost Schedule of Company A

Total Product	Total Labour	Marginal Product of Labour	Total Variable Cost	Total Cost	Marginal Cost
1	1	1.00	-	-	-
-	2	1.00	-	-	-
-	3	2.00	-	-	-
-	5	0.50	-	-	-
-	8	0.33	-	-	-
-	11	-0.33	-	-	-

- a) Using the Total Labour and Marginal Product of Labour, compute the Total Product for every quantity of Total Labour. (10 marks)
- b) Assuming that only capital and labour are used in the production and the Total Capital Cost is fixed at RM50, while Labour cost is RM6 per unit of labour, compute the Total Variable Cost, Total Cost and Marginal Cost. (12 marks)
- c) If the price of the product produced by Company A is fixed at RM18, determine the quantity of output that Company A should produce to maximize profits and also compute the maximum amount of profit that Company A will earn. (10 marks)
- d) Based on the information provided, determine in which market structure Company A is likely to operate. Evaluate the pros and cons of this market structure. (10 marks)
- e) Based on the market structure that Company A operates in, Company A is likely to produce product that is uncreative and undifferentiated.

Do you agree with the above statement? Justify your answer. (8 marks)

***** END OF QUESTION PAPER *****

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