KOLEJ UNIVERSITI TUNKU ABDUL RAHMAN

FACULTY OF ACCOUNTANCY, FINANCE AND BUSINESS

ACADEMIC YEAR 2019/2020

SEPTEMBER EXAMINATION

ABBE1013 MICROECONOMICS

TUESDAY, 10 SEPTEMBER 2019   TIME: 9.00 AM – 11.00 AM (2 HOURS)

DIPLOMA IN BUSINESS STUDIES (BUSINESS ECONOMICS)
DIPLOMA IN BUSINESS STUDIES (FINANCE AND INVESTMENT)
DIPLOMA IN BUSINESS STUDIES (INTERNATIONAL BUSINESS)
DIPLOMA IN BUSINESS STUDIES (LOGISTICS AND SUPPLY CHAIN MANAGEMENT)
DIPLOMA IN BUSINESS STUDIES (RETAIL MANAGEMENT)

DIPLOMA IN ACCOUNTING

DIPLOMA IN BUSINESS ADMINISTRATION

DIPLOMA IN E-MARKETING

DIPLOMA IN HUMAN RESOURCE MANAGEMENT

DIPLOMA IN MARKETING

DIPLOMA IN BANKING AND FINANCE

DIPLOMA IN ENTREPRENEURSHIP

Instructions to Candidates:

Answer **All FOUR (4)** questions.

This question paper consists of 4 questions on 3 printed pages.

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Question 3

(a)   Discuss the types of inputs used and the related costs in the short run and long run. (4 marks)

(b)

Labour (unit)	Total Output (Unit)	Marginal Physical Product (MPP) (Unit)	Total Variable Cost (TVC) (RM)	Total Cost (TC) (RM)	Marginal Cost (MC) (RM)
0	0		0	18	-
1	70		38		
2	160		50		
3	220		65		
4	250		82		

Based on the table above:

(i)   Compute the marginal physical product (MPP) of labour for each unit of labour.
(4 marks)

(ii)   Calculate the total cost (TC) and marginal cost (MC) for each level of output.
(4 marks)

(iii)   Define the "law of diminishing marginal returns" and identify at which unit of labour employed does the law of diminishing marginal returns set in.   (6 marks)

(c)   Using an appropriate diagram, explain "economies of scale" and "diseconomies of scale".
(7 marks)
[Total: 25 marks]

Question 4

(a)   Explain any THREE (3) characteristics of a monopolistic market.   (6 marks)

(b)   Using an appropriate diagram, explain how a perfectly competition firm achieves profit-maximising output level.   (6 marks)

(c)   Describe THREE (3) types of price discrimination.   (9 marks)

(d)   Distinguish between a "price searcher" and a "price taker".   (4 marks)
[Total: 25 marks]