

## **ECO 162: MICROECONOMICS INTRODUCTION TO ECONOMICS Quiz 1**

Answer the entire question

Marks: 10%

You are required to give brief explanation for each of the questions.

1. Explain the basic economic concepts with the help of Production Possibility Curve. (5 marks)
2. Compare and contrast the differences between Capitalism and Socialism economic systems. (5 marks)

## **ECO 162: MICROECONOMICS DEMAND Quiz 2**

Answer the entire question

Marks: 10%

1. Distinguish between an increase in demand and an increase in quantity demand (4 marks)
2. Identify and explain two factors which influences the demand for Proton cars. (4 marks)
3. Explain the law of demand. (2 marks)

## ECO 162: MICROECONOMICS

### ELASTICITY

### Quiz 3

Answer all the question

Marks: 10%

The schedule below shows the relationship between the price of good A and the quantity demanded for goods A and B.

Price of Good A	Qd for A (units)	Qd for B (units)
150	25	60
130	30	55
110	35	50
90	40	45
70	45	40

- Calculate the price elasticity of demand for good A when its price increases from 130 to 150. State whether it is elastic or inelastic.
- Calculate the cross elasticity of demand for good B when price of A falls from 130 to 90. State the relationship between A and B.
- When income of consumer increase from RM 1200 to RM 1600, the demand for good A increase from 60 to 100 units. Calculate the income elasticity of demand for good A.
- List one factor, which influence the demand for good A.

# **ECO 162: MICROECONOMICS**

## **SUPPLY**

### **Quiz 4**

Answer all the question

Marks: 10%

1. Explain briefly how non-price factors influence the supply of a firm. (You are required to identify two factors only) (4 marks)
2. Define the price elasticity of supply. (2 marks)
3. What factors influence the price elasticity of supply? (4 marks)

# ECO 162: MICROECONOMICS

## MARKET EQUILIBRIUM

### Quiz 5

Answer the entire question

Marks: 10%

Table 1 shows the market demand and supply for soft drink in Malaysia.

Price (\$ per bottle)	Quantity Demanded (Million bottles per month)	Quantity Supplied (Million bottles per month)
5	2.25	3.75
4	2.50	3.50
3	3.00	3.00
2	4.00	2.00
1	5.50	0.50

- Draw the market demand and supply curve. (2 marks)
- What happens to the market when price is \$ 5 and \$ 2 per bottle? Is there a market surplus or shortage at these prices? (2 marks)
- What is the equilibrium price and quantity in the market? (1 mark)
- What effect does a surplus and shortage have upon the price? (2 marks)
- Suppose the government imposes a tax per unit on soft drinks. Show the effect in a diagram. (3 marks)

# ECO 162: MICROECONOMICS

## THEORY OF PRODUCTION

### Quiz 6

Answer the entire question

Marks: 10%

Table 2: Shows the total product of labor in the electronic factory.

FIXED FACTOR	VARIABLE FACTOR	TOTAL PRODUCT	MARGINAL PRODUCT	AVERAGE PRODUCT
10	1	10		
10	2	25		
10	3	35		
10	4	40		
10	5	42		
10	6	42		

a. Fill in the value for marginal product and average product.  
(4 marks)

b. What is meant by the law of diminishing marginal returns? When does it set in for the above factory? (4 marks)

c. What is the relationship between Marginal Product and Average Product? (2 marks)

## ECO 162: MICROECONOMICS

### COST OF PRODUCTION AND REVENUE

### Quiz 7

Answer the entire question

Marks: 10%

Table 3 shows the total cost for a manufacturing firm.

Output	Total Cost (RM)	Average Total Cost (RM)	Average Fixed Cost (RM)	Average Variable Cost (RM)	Marginal Cost (RM)
0	1000				
1	1450				
3	1900				
6	2350				
10	2800				
15	3250				
21	3700				
26	4150				
30	4600				
33	5050				
35	5500				

- What is the fixed cost face by the firm? (1 mark)
- Fill the values for ATC, AVC and MC. (3 marks)
- Draw the following cost curves: ATC, AVC, AFC and MC. (4 marks)
- Which output gives the minimum average cost for the firm? (2 marks)

# **ECO 162: MICROECONOMICS**

## **MARKET STRUCTURE**

### **Quiz 8**

Answer the entire question

Marks: 10%

1. Describe three of the characteristics of an oligopoly market. (3 marks)
2. Why do perfect competition only make normal profit in the long run? (2 marks)
3. Give two differences between monopoly and perfect competition market. (4 marks)
4. When do firms shut down their operations? (1 mark)