

**FINAL**  
Alternative Assessment

(COVER PAGE)

Session : August 2020

Programme : Certificate in Business Studies (CBSI)

Course : ECO1001: Principles of Economics

Date of Examination : 14 December 2020 (Monday)

Time : 2:00pm – 4:30pm Reading Time : Nil

Duration : 2 hours 30 minutes

Special Instructions :

Answer ALL questions. All questions carry equal marks.

Materials permitted : Nil

Materials provided : Nil

Examiner(s) : Ms. Diane Janet A/P Alphonse Joseph

Chief Moderator : Mr. Khor Kok Chin

*This paper consists of 4 printed pages, including the cover page.*

CERTIFICATE IN BUSINESS STUDIES (CBSI)  
ECO1001: PRINCIPLES OF ECONOMICS  
FINAL ALTERNATIVE ASSESSMENT: AUGUST 2020 SESSION

**Instructions: This section consists of FOUR (4) QUESTIONS. Answer ALL questions. All questions carry equal marks.**

**Question 1**

Table 1

Quantity of Computers	Quantity of Textbooks
0	70
1	69
2	67
3	64
4	60
5	55
6	48
7	39
8	24
9	0

- a) Illustrate the Production Possibilities Curve diagram according to Table 1. (6 marks)
- b) On the same diagram, plot a point where production is possible, but inefficient for the nation. Explain why it is inefficient. (4 marks)
- c) On the same diagram, plot a point where production is not possible for this nation. Explain why it is impossible to produce at this point. (4 marks)
- d) Calculate the opportunity cost of producing an additional one computer from the:
  - I. First to the second unit. (2 marks)
  - II. Second to the third unit. (2 marks)
  - III. Third to the fourth unit. (2 marks)
  - IV. Fourth to the fifth unit. (2 marks)
- e) Differentiate positive economic statement and normative economic statement with examples. (3 marks)

**Question 2**

For each scenarios, support your answers with appropriate demand and supply curves diagram and explain the shifts of the affected curve (s).

- a) If consumer’s income were to increase by 10% in the new future, explain the effect on equilibrium price and quantity of normal good. (5 marks)
- b) Chicken and beef are production substitutes. If more beefs are slaughtered, explain the effect on equilibrium price and quantity of chicken. (5 marks)
- c) If the price of the flour were to increase, explain the effect on equilibrium price and quantity of pizza? (5 marks)
- d) If the price of peanut butter falls, explain the effect on equilibrium price and quantity for jelly. (Jelly and peanut butter is complements when making sandwiches) (5 marks)
- e) A huge labor strike hits milk production companies due to low wages issues, explain the effect on the equilibrium price and quantity of milk. (5 marks)

**Question 3**

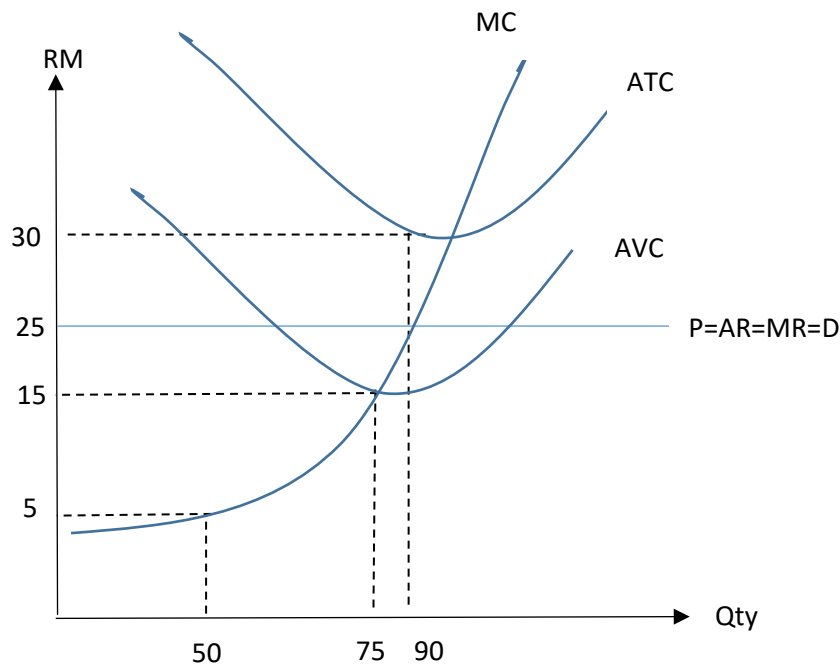
- a) Company ABC Sdn. Bhd, is a small business that rents several rooms in an office building for RM600 per months and has computer equipment that costs RM480 a month. The following table shows its costs. Fill in the blanks in the Table 2 below. (15 marks)

Table 2

Quantity	VC (RM)	TC(RM)	AFC(RM)	AVC (RM)	ATC (RM)
0			-	-	-
1	400	1480		400	
2		2430			1215
3	1350	2430	360	450	810
4	1900			475	
5	2500		216	500	
6		4280			
7	4100				
8	5400		135	675	
9	7300				
10		10880			

b) Based on the Figure 1 below, answer the following questions:

Figure 1



- i. Identify the types of the market structure in Figure 1 and explain why? (2 marks)
- ii. List **TWO (2)** characteristics of the market structure. (2 marks)
- iii. Determine the profit maximizing price and quantity. (2 marks)
- iv. Calculate the total profit or loss of the firm. (4 marks)

**Question 4**

- a) Describe positive externality with an appropriate example. (4 marks)
- b) Describe negative externality with an appropriate example. (4 marks)
- c) Explain **THREE (3)** differences between competitive firm and monopoly firm with an appropriate diagram. (12 marks)
- d) List **FIVE (5)** barriers of entry that prevents and discourage competitors from entering the monopoly market. (5 marks)

--THE END--