

**INDIVIDUAL ASSIGNMENT (10%)**

**ECMD113 PRINCIPLES OF MICROECONOMICS**

**Name: Marks:**

**ID:**

10%

**Section:**

**Instruction: Answer all questions on the question paper.**

**Submission date: FRIDAY, 2 SEPTEMBER 2016 (Before 11am)**

**QUESTION 1 [5 MARKS]**

Indicate whether each of the following statements is analyzed in microeconomics or macroeconomics.

|  |  |
| --- | --- |
| **Statements** | **Microeconomics/Macroeconomics** |
| 1. Mary allocates her time between leisure and work. |  |
| 2. The number of workers in the steel industry has increased tremendously over the last five years. |  |
| 3. The price of meat has increased as a result of higher tariff. |  |
| 4. It is anticipated that demand for cars will rise since the government had raised the income of civil servant. |  |
| 5. The unemployment rate in China was 25% in the year 2012. |  |

**QUESTION 2 [7 MARKS]**

The following table shows the individual demand curve for CDs.

|  |  |  |  |
| --- | --- | --- | --- |
| **Price per CD (RM)** | **Individual A** | **Individual B** | **Market Demand (unit)** |
| 12 | 4 | 8 |  |
| 10 | 6 | 12 |  |
| 8 | 8 | 16 |  |
| 6 | 10 | 20 |  |
| 4 | 12 | 24 |  |

1. Fill in the table above.
2. Using a graph paper, construct a market demand curve.
3. On the graph, indicate what happens to the demand curve if the price of DVD increases. (Assume CD and DVD are substitute goods).

**QUESTION 3 [15 MARKS]**

The following is the demand and total cost for a firm selling eggs.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Quantity (units)** | **Price (RM)** | **Total Cost** | **Profit/Loss** | **Marginal Revenue** | **Marginal Cost** |
| 0 | 80 | 80 |  |  |  |
| 1 | 72 | 82 |  |  |  |
| 2 | 64 | 88 | 40 |  |  |
| 3 | 56 | 100 |  |  |  |
| 4 | 48 | 124 |  |  |  |
| 5 | 40 | 160 |  |  |  |
| 6 | 32 | 208 |  |  |  |
| 7 | 24 | 268 |  |  |  |
| 8 | 16 | 340 |  |  |  |

1. Fill in the table above.
2. Based on the marginal approach, what is the profit maximizing quantity?
3. At the profit maximizing quantity, what is the value of profit earned by the firm?

**QUESTION 4 [8 MARKS]**

Diagram below shows the cost and revenue of a monopoly firm.

MC

Price/Cost

80

50

15

10

5

MR

ATC

AR

Quantity

1. What is the profit maximizing price and quantity?
2. Calculate the total revenue and total cost.
3. State whether the firm is making profit or loss. Calculate the profit/loss.