


Course No:BUS1303
Course Title: Microeconomics
Date: 17/01/2015
No. of Questions: (6)
Time: 2 hours
Using Calculator (No)

University of Palestine

Final Exam
1st.Semester2014/2015
Total Grade:


Instructor Name:Dr. Moeen
Rajab &Mr. NaderSamara
Student No.:.....
Student Name:.....
College Name: Finance &
Business administration college.
Using Dictionary (No)

Answer all the following questions:-

QUESTION ONE / TRUE (✓) OR FALSE (X) / (10 MARKS)

1. Total revenue = price x sold quantity.
2. The purpose of a production function is to tell us just how much output we can produce with varying amounts of factor inputs.
3. The law of diminishing returns provides a clue to how fast costs rise.
4. Marginal Physical Product (MPP) is the additional output obtained by employing one more unit of input.
5. Consumer demand for any product is downward-sloping.
6. The demand curve facing a monopolist is downward-sloping.
7. Profit is the difference between total revenue and total cost.
8. A competitive firm maximizes total profit at the output rate where $MC = p$.
9. A firm should cease production only if total revenue is lower than total variable cost.
10. Utility means that the amount of satisfaction obtained from entire consumption of a product.
11. If elasticity is larger than 1, demand is inelastic.
12. If demand were perfectly elastic ($E = \infty$), the demand curve would be vertical.
13. Input depends on how much of a variable output is used.
14. The cost of basic plant and equipment are called variable cost.
15. Total costs will change of course as we keep the rate of production constant.
16. $AVC = AFC + ATC$
17. The objective for any firm is to maximize revenues, not profits.
18. Long run means the period in which the quantity (and quality) of some inputs can't be changed.
19. Property taxes are a variable cost for the firm.
20. If economic profits exist in an industry, no firms will want to enter it.

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QUESTION TWO /(10MARKS)

Choose a word from the following box to complete every sentence below:

Marginal utility/Law of diminishing marginal utility/Price elasticity of demand/ A production function/ Total cost/ Fixed cost/ Variable cost/ Competitive firms/ Equilibrium price/ Monopoly/Positive relationship

1.is the change in total utility obtained by consuming one additional unit of a good or service.
2.is the marginal utility of a good declines as more of it is consumed in a given time period.
3.refers to the percentage change in quantity demanded divided by the percentage change in price.
4.is a technological summary of our ability to produce a particular good.
5.is the market value of all resources used to produce a good or service .
6.is the costs of production that don't change when the rate of output is altered.
7.is the costs of production that change when the rate of output is altered.
8.is a firm without market power , with no ability to alter the market price of the goods it produces.
9.is the price at which the quantity of a good demanded in a given time period equals the quantity supplied.
- 10.....is a firm that produces the entire market supply of a particular good or service.

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QUESTION THREE / (10 MARKS)

- Suppose that the price of ice cream cones decreased from (2 – 1.5) NIS and the quantity demanded increased from (7– 10) million. Calculate price elasticity of demand then explain it.

- Complete the following table:

Output	Fixed cost	Variable cost	Total cost	Average fixed cost	Average variable cost	Average total cost
0	120	120	-	-	-
10	120	85	12	20.5
15	125	245	8.3
20	120	150	6	13.50
30	120	360	4	8	12
40	350	470	8.75

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QUESTION FOUR/(10MARKS)

Define each the following expressions:

1- Marginal physical product-----

-

2- Law of diminishing returns-----


3- Average total cost-----

4- Marginal cost-----

-

5- Monopoly-----

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QUESTION FIVE / (10 MARKS)

Translate the following sentences into Arabic:

1. The productivity of any factor of production depends on the amount of other resources available to it.
2. As more labor is hired, each unit of labor has less capital and land to work with.
3. If MPP is falling, each additional unit of input is producing less additional output, which means that the input cost of each unit of output is rising.
4. Because a competitive firm can sell all its output at the prevailing price, its total revenue curve is linear.
5. Price discrimination is the sale of an identical good at different prices to different consumers by a single seller.

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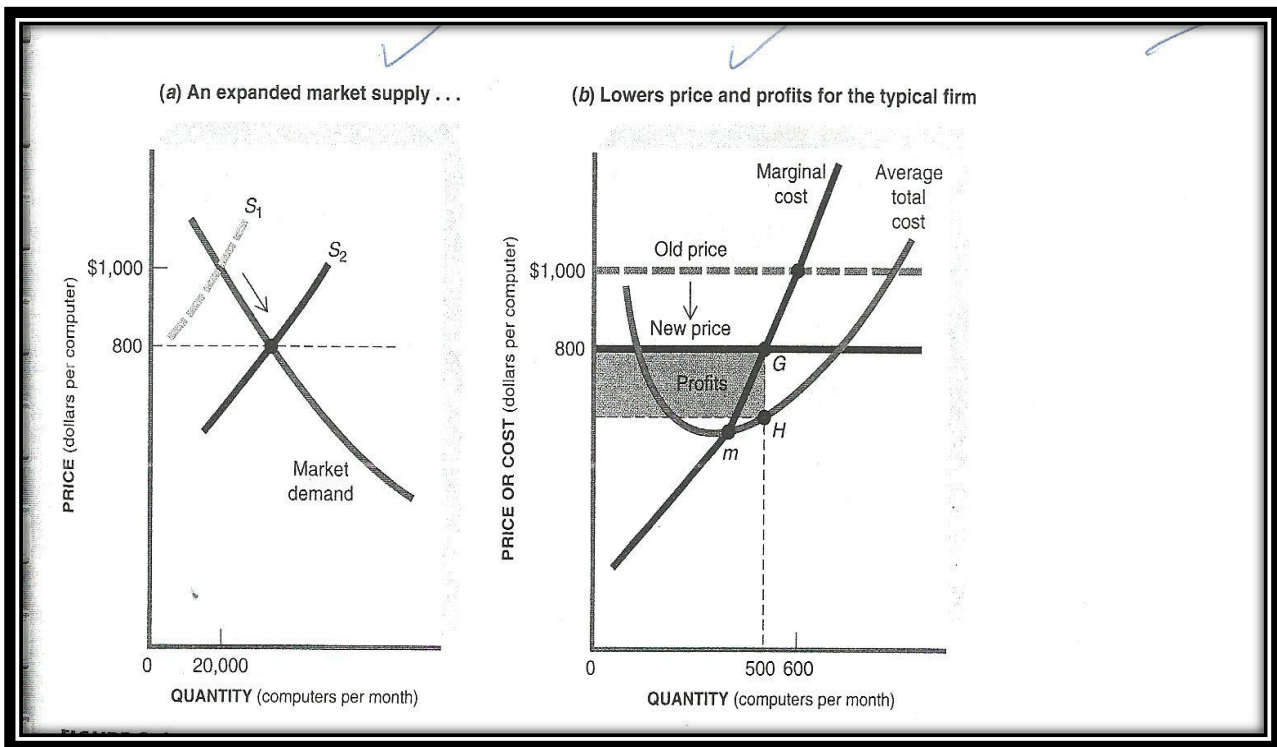
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QUESTION SIX / (10 MARKS)

Explain the following figure



FINISHE/ GOOD LUCK