PENINSULA COLLEGE GEORGETOWN

UNIVERSITY OF PLYMOUTH

FINAL EXAMINATION

Programme Name	:	**BA (HONOURS) BUSINESS 3+0 IN COLLABORATION WITH UNIVERSITY OF PLYMOUTH** **BSc (HONOURS) MARITIME BUSINESS & LOGISTICS 3+0 IN COLLABORATION WITH UNIVERSITY OF PLYMOUTH**
Course Code & Name	:	**MAL1024 INTRODUCTION TO BUSINESS ECONOMICS**
Duration	:	**3 HOURS**

INSTRUCTIONS TO CANDIDATES:

1. Please read the instructions given in the question paper **CAREFULLY.**
2. Answer **ALL** questions in the question paper.
3. Answers to the questions are to be written into the examination booklet.
4. Electronic dictionaries, lecture notes, files or any unauthorised materials except writing equipment are strictly prohibited.

This question paper must be submitted along with all used and/or unused rough papers and/ or graph papers (if any). Candidates are **NOT ALLOWED** to take any examination paper(s) used or unused out of the examination hall.

WARNING:

The Examination Board of Peninsula College Georgetown regards cheating as a very serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in the accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from Peninsula College Georgetown.

(*This booklet contains 2 printed pages including this page*)

DO NOT OPEN THIS BOOKLET UNTIL YOU ARE ALLOWED TO DO SO

Answer **ALL** questions on the separate sheet provided. **[100 marks]**

1. Using relevant diagrams and examples, explain what is meant by **social efficiency** and how would the market fail to achieve social efficiency due to the existence of **externalities**. Briefly explain how can the government address the problems of externalities. (40 marks)

2. **Inflation** can have cost implications for the economy and can be caused by various factors. Discuss the costs and causes of inflation. Explain the relationship between inflation and unemployment according to the Phillips curve. Remember to use relevant diagrams and examples throughout your answer to support your arguments. (30 marks)

3. Using relevant diagrams, explain how the exchange rate is determined in the foreign exchange market. Discuss the economic effects of the **depreciation of a country's currency** on its manufacturing industry. (30 marks)

- END OF QUESTIONS -