PENINSULA COLLEGE GEORGETOWN

FINAL SEMESTER EXAMINATION

Student NRIC : ______________________________

Student ID : ______________________________

Programme	:	**DIPLOMA IN E-BUSINESS TECHNOOGY (MQA/PA13807)**
Intake	:	**JANUARY 2021 & SEPTEMBER 2021**
Course	:	**PRINCIPLES OF ECONOMICS**
Course Code	:	**DEB1243**
Duration	:	**3 hours**

INSTRUCTIONS TO CANDIDATES:

1. Please read the instructions given in the question paper **CAREFULLY.**
2. This question paper consists of **FOUR (4)** questions
3. Answer **ALL** questions in the question paper.
4. Answers to the questions are to be written into the examination booklet.
5. 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 most 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 3 printed pages including this page*)

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

For examiner's use only

QUESTION NO.	MARKS
1	/ 25
2	/ 25
3	/ 25
4	/ 25
Total	**/ 100**

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

1. a) Compare between a perfectly competitive firm and a monopolist in terms of:

   i) Type of product produced (3 marks)

   ii) Entry condition (3 marks)

   iii) Resource allocative efficiency (3 marks)

   b) Below is a demand schedule facing an individual firm:

Price	Quantity Demanded	Total Revenue (RM)	Marginal Revenue (RM)
RM30	1	**A**	**F**
RM30	2	**B**	**G**
RM30	3	**C**	**H**
RM30	4	**D**	**I**
RM30	5	**E**	**J**

   i) Calculate the total revenue and marginal revenue and fill up columns **A – J** in the table above. (5 marks)

   ii) Explain in which market structure this firm is operating. (5 marks)

   c) Explain the relationship between price and marginal revenue for a firm operating in a monopolistically competitive market. (6 marks)

[Total: 25 marks]

2. a) Differentiate between nominal and real Gross Domestic Product (GDP). (4 marks)

   b) Explain any **THREE (3)** items that are excluded or omitted from the calculation of Gross Domestic Product (GDP). (6 mark)

   c) Table below shows the national income accounting data for a particular country in 2020.

ITEMS	**RM million**
Consumption expenditures	7250
Government expenditures on goods and services	6500
Income earned by the rest of the world	5892
Income earned from the rest of the world	5963
Gross private domestic investment	8769
Imports of goods and services	8823
Export of goods and services	8654
Depreciation	563
Statistical discrepancy	21
Indirect business tax	1265

Using the expenditure approach, calculate the following:

i) Gross Domestic Product (GDP) (5 marks)

ii) Gross National Product (GNP) (5 marks)

iii) National Income (NI) (5 marks)

[Total: 25 marks]

3. a) Use the following economic concept to explain the reason why the aggregate demand curve is downward sloping:

i) The real balance effect (3 marks)

ii) The interest rate effect (3 marks)

b) Using short-run aggregate supply (SRAS) and aggregate demand (AD) diagrams, explain the effects on equilibrium prive level and real Gross Domestic Product (GDP) for each of the following situations:

i) A decline in government expenditure (4 marks)

ii) An increase in the price of non-labour input (4 marks)

iii) There is an increase in interest rate (4 marks)

c) Define aggregate supply and use the sticky wage theory to explain why the short-run aggregate supply (SRAS) curve is upward sloping. (7 marks)

[Total: 25 marks]

4 a) Explain any **TWO (2)** functions of money in an economy. (5 marks)

b) With examples, distinguish between ”progressive” and ”regressive” income tax structures. (10 marks)

c) Differentiate between ’expansionary’ and ’contractionary’ fiscal policies. (10 marks)

[Total: 25 marks]

- END OF QUESTIONS -