



PENINSULA
COLLEGE
GEORGETOWN

FINAL SEMESTER EXAMINATION

Programme	:	DIPLOMA IN BUSINESS STUDIES DIPLOMA OF ACCOUNTANCY DIPLOMA IN LOGISTICS MANAGEMENT
Course	:	INTRODUCTION TO ECONOMICS
Course Code	:	DBEC3013
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.

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 2 printed pages including this page)

For examiner's use only

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

Answer **ALL FOUR (4)** questions on the separate sheet provided.

[100 marks]

1. a) Explain any **THREE (3)** differences between a perfectly competitive firm and a monopolistic firm. (9 marks)
- b) Briefly compare the demand curves in the perfect competition and monopoly markets. (8 marks)
- c) Discuss at which output level a perfectly competitive firm will choose to produce to maximise its profits. (8 marks)
- Total: [25 marks]

2. a) Explain the expenditure approach used to calculate the Gross Domestic Product (GDP) for a country like Malaysia. (10 marks)
- b) Discuss what are the **FIVE (5)** adjustments needed in order to convert National Income (NI) to Gross Domestic Product (GDP). (9 marks)
- c) Differentiate between nominal GDP and real GDP. (6 marks)
- Total: [25 marks]

3. a) Using appropriate diagrams, differentiate between a change in quantity demanded of real GDP and a change in aggregate demand. (10 marks)
- b) Explain **FOUR (4)** factors that would increase consumption and shift the aggregate demand curve rightwards. (8 marks)
- c) Discuss how sticky wages is used to explain why the aggregate supply curve is upward sloping. (7 marks)
- Total: [25 marks]

4. a) With examples, differentiate between progressive and regressive income tax structures. (10 marks)
- b) Define fiscal policy and explain why transfer payments are part of government expenditures but not counted in the gross domestic product (GDP). (6 marks)
- c) Assuming that Malaysia is currently in recession, use a diagram to explain the type of fiscal policy that the government should undertake to revive the economy. (9 marks)
- Total: [25 marks]

- END OF QUESTIONS -