PENINSULA COLLEGE GEORGETOWN DK266-03(P)

FINAL EXAMINATION

Semester	:	**MAY 2024 SEMESTER**
Programme Name	:	**DIPLOMA IN BUSINESS STUDIES** **DIPLOMA IN LOGISTICS MANAGEMENT**
Course Code & Name	:	**DBEC3013 INTRODUCTION TO ECONOMICS**
Duration	:	**3 HOURS**

INSTRUCTIONS TO CANDIDATES:

1. Please read the instructions given in the question paper **CAREFULLY.**
2. The 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 very serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from Peninsula College Georgetown.

(*This booklet contains 4 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. The table below shows the cost and revenue for a perfectly competitive firm. The Average Revenue (AR) is fixed at RM12 per unit.

Quantity (unit)	Total Variable Cost (TVC)	Total Cost (TC)	Marginal Cost (MC)	Total Revenue (TR)	Marginal Revenue (MR)
0		12			
1		22			
2		28			
3		33			
4		40			
5		52			
6		72			

a) Complete the table above. (8 marks)

b) Determine the profit maximizing output. (2 marks)

c) Calculate the amount of profit the firm is earning at equilibrium. State the type of profit. (4 marks)

d) How much is the total fixed cost for the above firm? (2 marks)

e) At equilibrium, calculate:
   i) the Average Cost (AC). (2 marks)

   ii) the Average Variable Cost (AVC). (2 marks)

f) List **FIVE (5)** characteristics of oligopoly market structure. (5 marks)

Total: [25 marks]

2. a) Distinguish between Gross Domestic Product (GDP) and Gross National Product (GNP). (6 marks)

   b) Describe the **THREE (3)** methods used to calculate GDP. (9 marks)

   c) Explain the **FOUR (4)** main components of GDP under the expenditure approach. (10 marks)

   Total: [25 marks]

3. a) Identify **FOUR (4)** factors that can cause changes in consumption. (4 marks)

   b) Explain the negative relationship between the price level and quantity of real Gross Domestic Product (GDP) demanded by using the following **TWO (2)** effects:

      i) The interest rate effect. (3 marks)

      ii) The international trade effect. (3 marks)

   c) Using aggregate demand and short-run aggregate supply (AD-SRAS) diagrams, illustrate the effects on the equilibrium price level and Real Gross Domestic Product (GDP) for each of the following:

      i) There is a significant increase in consumer confidence leading to higher household spending. (5 marks)

      ii) A new technological advancement significantly reduces production costs for businesses. (5 marks)

      iii) The government increases its spending on infrastructure projects. (5 marks)

   Total: [25 marks]

4. a) Define money and state the **FOUR (4)** functions of money. (5 marks)

b) The table below shows the monetary aggregates released by the central bank of Country A for December 2023.

Monetary Aggregate	RM (million)
Currency in circulation	85,000
Coins	32,000
Demand/Current deposits of the private sector	105,000
Savings and deposits in commercial banks	210,000
NCD, repo and BNM certificates	198,000
Deposits placed with other banking institutions	18,300

Calculate the value of:

i) Paper Money (2 marks)

ii) M1 (2 marks)

iii) M2 (2 marks)

iv) M3 (2 marks)

v) Narrow near money (2 marks)

c) The table below shows the total tax paid by individuals in Country A and Country B at different income level.

Country A	**Income level ($)**	1,000	2,000	3,000	4,000
	Tax paid ($)	60	180	360	600
	Tax rate (%)				
Country B	**Income level ($)**	8,000	11,000	12,000	15,000
	Tax paid ($)	480	660	720	900
	Tax rate (%)				

i) Calculate the tax rate for each at every income level country. (8 marks)

ii) Determine the tax structure adopted by each country. (2 marks)

Total: [25 marks]

- END OF QUESTIONS -