

## FINAL EXAMINATION

Semester	:	<b>MAY 2025 SEMESTER</b>
Programme Name	:	<b>DIPLOMA IN E-BUSINESS TECHNOLOGY DIPLOMA IN LOGISTICS MANAGEMENT DIPLOMA OF ACCOUNTANCY</b>
Course Code & Name	:	<b>DBEC3013 INTRODUCTION TO ECONOMICS DEB1243 PRINCIPLES OF ECONOMICS</b>
Duration	:	<b>3 HOURS</b>

### 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** the questions on the **examination booklet** provided.

**[100 marks]**

1. Please **write** your answer in the examination booklet.
  - a) A sudden increase in share-market wealth raises household confidence and spending. What is the most likely immediate effect in the AD–AS model?  
A AD shifts left  
B AD shifts right  
C AS shifts left  
D AS shifts right
  - b) The aggregate demand curve slopes downward chiefly because, when the overall price level falls,  
A real wealth rises, encouraging higher consumption.  
B firms' unit labour costs drop, boosting output.  
C nominal wages fall in the short run.  
D imports become dearer relative to exports.
  - c) A discovery that sharply improves labour-saving technology will, *ceteris paribus*, cause  
A a rightward shift of the AS curve.  
B a leftward shift of the AS curve.  
C a downward movement along the existing AS curve.  
D a leftward shift of the AD curve.
  - d) World crude-oil prices jump 60 percent within a month. In an open economy this is best represented as  
A an adverse supply shock shifting AS left.  
B an expansionary demand shock shifting AD right.  
C a beneficial supply shock shifting AS right.  
D a movement down the existing AS curve.
  - e) Which of the following fiscal measures is *contractionary*?  
A Raising the standard GST/SST rate by 2 percentage points  
B Increasing development spending on highways  
C Introducing a temporary investment allowance for SMEs  
D Expanding cash-transfer programmes for low-income households
  - f) Bank Negara Malaysia hikes the Overnight Policy Rate (OPR) from 3.00 % to 3.50 %. The most direct transmission channel predicts that domestic aggregate demand will  
A shift right as credit becomes cheaper.  
B remain unchanged because the move is "neutral."  
C shift left owing to higher borrowing costs.  
D shift right because saving is discouraged.
  - g) A sharp appreciation of the ringgit (MYR) against major currencies is expected to  
A raise net exports and shift AD right.  
B lower net exports and shift AD left.  
C raise import prices and shift SRAS left.  
D have no effect on either AD or AS.
  - h) Which event is most likely to shift the long-run aggregate supply (LRAS) curve without moving the SRAS curve in the short run?  
A A one-off cut in employers' EPF contribution rates  
B A permanent increase in the working-age population through immigration  
C A temporary tax rebate for households  
D A fall in global semiconductor prices

- i) Cutting the corporate income-tax rate, other things equal, primarily influences the macro-economy by  
A shifting AD right via higher after-tax profits and investment.  
B shifting AD left as government revenue declines.  
C shifting SRAS left through lower productivity.  
D moving the economy along a given LRAS curve.
- j) The government launches an effective nationwide up-skilling programme that lifts average worker productivity within three years. The ultimate impact, ceteris paribus, will be  
A AD shifts left; SRAS unchanged.  
B AD unchanged; SRAS shifts right.  
C SRAS shifts left; LRAS unchanged.  
D Neither AD nor SRAS shifts, only price level falls.

(10 x 2.5 marks)

Total: [25 marks]

**Please write your answer in the answer booklet.**

2. On Jan 2025 Bank Negara Malaysia (BNM) set the Overnight Policy Rate (OPR) at 3%. By 9 July 2025 the OPR had been **drop** to 2.75%. Assume no other policy changes.
- a) Using an **AD-AS diagram, illustrate and explain** how this change of interest rate would operate to affect the level of economic activity because of this monetary policy stance. (6 marks for graph + 6 marks for explanation) (12 marks)
- b) Explain **TWO (2)** strengths and **TWO (2)** weaknesses of monetary policy. (8 marks)
- c) Analyse how lower interest rates are likely to affect the motorcar market in Malaysia (5 marks)
- Total: [25 marks]
3. a) Using an **AD-AS diagram, illustrate and explain** the likely short-term impact on the price level and output of Malaysia economy of **each** of the following events: (5 marks for graph + 2 marks for explanation)
- i) There is an increase in consumer confidence leading to higher household spending. (7 marks)
- ii) Widespread floods destroy agricultural output and disrupt logistics. (7 marks)
- iii) A sharp depreciation of the ringgit boosts export demand for electrical & electronic (E&E) goods. (7 marks)

- b) Identify the **FOUR (4)** components of aggregate demand (AD) (4 marks)  
Total: [25 marks]

4. Malaysia's adoption of Fourth Industrial Revolution technologies (AI, IoT, advanced robotics, etc.) promises sizeable gains but also presents policy challenges.

- a) Explain **TWO (2)** key drivers of structural change in Malaysia's economy. (4 marks)

- b) Describe **TWO (2)** potential economic or social benefits Malaysia could obtain from widespread 4IR adoption. (4 marks)

- c) Describe **TWO (2)** potential limitations or risks associated with the 4IR for Malaysia. (4 marks)

- d) Describe **THREE (3)** major challenges policymakers face when implementing 4IR initiatives nationwide. (6 marks)

- e) Using an **AD-AS diagram, illustrate** explain how a sustained rise in total-factor productivity triggered by 4IR investments could help Malaysia achieve its macroeconomic objectives.  
(4marks for graph + 3 marks for explanation) (7 marks)

Total: [25 marks]

**- END OF QUESTIONS -**