



PENINSULA
COLLEGE
GEORGETOWN

FINAL EXAMINATION

Programme Name	:	DIPLOMA IN BUSINESS STUDIES DIPLOMA OF ACCOUNTANCY 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 the 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. a) Explain **THREE (3)** assumptions of the monopoly. (9 marks)

- b) Differentiate between a government monopoly and a market monopoly. (4 marks)

- c) Table 1 below shows the demand and cost schedules of a monopolist firm.

Output (Units)	Price (RM)	Total Revenue (RM)	Marginal Revenue (MR) (RM)	Total Cost (RM)	Marginal Cost (MC) (RM)
1	40	40		20	
2	36	72		40	
3	32	96		58	
4	28	112		72	
5	24	120		80	
6	20	120		84	

Table 1

- i) Compute the marginal revenue (MR) and the marginal cost (MC) of the monopolist firm at each level of output. (6 marks)
 - ii) Determine the profit maximising price and output level that the firm should produce. (3 marks)
 - iii) Calculate the firm profits or losses at the profit maximising output level. (3 marks)
- Total: [25 marks]
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2. a) Differentiate the following terms:
 - i) Final good and intermediate good. (4 marks)
 - ii) Personal income and disposable income. (4 marks)

 - b) Define national income and explain by using a formula how it is computed for a country. (4 marks)

 - c) Explain **ONE (1)** shortcoming of Gross Domestic Product (GDP). (4 marks)

d) Table 2 below shows the national income accounting data for the year 2022.

Items	RM (Billion)
Consumption expenditures	232
Federal government purchases of goods and services	100
State and local government purchases	80
Income earned by the rest of the world	170
Income earned from the rest of the world	110
Net private domestic investment	35
Net exports of goods and services	-25
Capital consumption allowance	95

Table 2

Using expenditure approach, calculate the following values:

- i) Gross Investment (3 marks)
 - ii) Gross Domestic Product (3 marks)
 - iii) Gross National Product (3 marks)
- Total: [25 marks]

3. a) Define aggregate demand and explain how the real balance effect that results from a fall in the price level would affect the quantity of real GDP (Gross Domestic Product) demanded. (5 marks)
- b) Discuss **TWO (2)** factors that cause the consumption component of the aggregate demand to increase. (5 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 measures announced in the Revised Budget 2023:
- i) RM400 million is given to youths aged between 18 to 20 through e-cash credits for their spending on goods and services. (5 marks)
 - ii) The Invest Malaysia Council to implement fast approval of high potential investment projects which are expected to increase the amounts of investment in the country. (5 marks)

- iii) In support of automation and digitalisation which help to increase the productivity of Malaysian firms, RM100 million has been allocated under the SME (Small and Medium Enterprise) digitalisation schemes. (5 marks)
Total: [25 marks]

4. a) Explain **TWO (2)** sources of government tax revenues. (5 marks)

b) Fiscal policy is used by the government to achieve certain macroeconomic goals.

i) Differentiate between expansionary and contractionary fiscal policies implemented by the government. (6 marks)

ii) Discuss which type of these fiscal policies the government would implement if it is facing the problem of high inflation due to excessive spending. (4 marks)

c) Using examples explain the difference between progressive and regressive income tax structures. (10 marks)

Total: [25 marks]

- END OF QUESTIONS -