



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.

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 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) Explain any **THREE (3)** characteristics of a perfectly competitive firm. (9 marks)

 - b) Discuss why the demand curve for a firm in perfect competition is also its marginal revenue curve. (7 marks)

 - c) It is extremely difficult if not near impossible for a firm to enter the monopolistic market. Examine **THREE (3)** of these barriers to entry. (9 marks)
- Total: [25 marks]

2. a) The table below shows the national income accounting data for a particular country for the year 2022:

Items	RM (Billion)
Consumption expenditures	600
Gross private domestic investment	700
Government expenditures on goods and services	500
Imports of goods and services	700
Exports of goods and services	800
Income earned by the rest of the world	600
Income earned from the rest of the world	700

Using the expenditure approach, calculate the following values:

- i) Gross Domestic Product (GDP) (4 marks)
 - ii) Gross National Product (GNP) (3 marks)
 - iii) Real GDP if the price index is 110 (3 marks)
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- b) Differentiate the following terms:
 - i) Gross Domestic Product and Gross National Product (5 marks)
 - ii) Nominal GDP and Real GDP (5 marks)

 - c) Define "economic growth" and explain how it is measured. (5 marks)
- Total: [25 marks]

3. a) Using aggregate demand and short-run aggregate supply (AD-SRAS) diagrams, illustrate the effects on the equilibrium price level and Real Gross Domestic Product for each of the following events:
- i) Depreciation of Ringgit Malaysia versus the US Dollar causes more foreign investors to come to invest in Malaysia. (5 marks)
 - ii) To abate continuous fall of Ringgit Malaysia against the US Dollar, the Central Bank of Malaysia raises the interest rate. (5 marks)
 - iii) To restore fiscal discipline in managing financial resources, the Malaysian government reduces its expenditures in the recent Budget. (5 marks)
- b) Define investment and explain its various components. (5 marks)
- c) Use the interest rate effect to discuss how Real Gross Domestic Product is affected when there is a fall in the price level. (5 marks)
Total: [25 marks]
4. a) Differentiate between structural and cyclical deficit. (8 marks)
- b) Define fiscal policy and explain how the government uses fiscal policy to solve the inflation problem. (10 marks)
- c) Discuss which income tax structure "progressive or regressive" should government adopts if its intention is to let rich people pay a higher tax rate than poor people. (7 marks)
Total: [25 marks]

- END OF QUESTIONS -