



PENINSULA
COLLEGE
GEORGETOWN DK266-03(P)

FINAL EXAMINATION

Semester	:	JAN 2025 SEMESTER
Programme Name	:	DIPLOMA IN BUSINESS STUDIES DIPLOMA IN LOGISTICS MANAGEMENT DIPLOMA OF ACCOUNTACY
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 5 printed pages including this page)

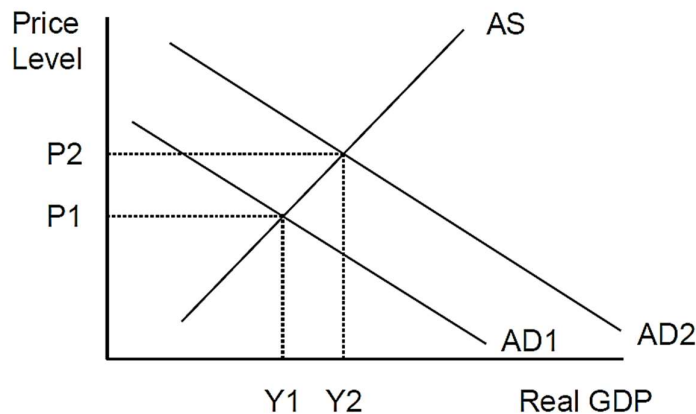
DO NOT OPEN THIS BOOKLET UNTIL YOU ARE ALLOWED TO DO SO

Answer **ALL** the questions on the **examination booklet** provided.

[100 marks]

1. Please write your answer in the examination booklet.
 - a) Which of the following would shift the aggregate demand curve outward?
 - A An increase in taxation
 - B A rise in the price level
 - C An increase in the interest rate level
 - D An increase in net exports
 - b) Which of the following statements explains the slope of the aggregate demand curve?
 - A Increases in the general price level will cause a reduction in spending in the economy.
 - B Increases in spending reduce output, forcing the general level of prices to rise.
 - C Decreases in the general price level will cause a reduction in spending in the economy.
 - D Increases in the general price level will cause interest rates to fall, encouraging greater spending.
 - c) All other things being equal, which of the following events would cause an economy's aggregate supply curve to shift to the left?
 - A An increase in wage rates
 - B An increase in imports
 - C An increase in exports
 - D An increase in labour productivity

- d) Which of the following would be most likely to have caused the shift in aggregate demand (AD) shown in the diagram below?



- A A rise in interest rates
 - B A rise in the price level
 - C A decrease in income taxes
 - D A fall in share prices
- e) Which of the following will **NOT** shift the aggregate demand curve?
 - A An increase in consumption
 - B A decrease in government purchases
 - C A decrease in the price level
 - D An increase in the money supply

- f) Which of the following best describes the relationship between the short-run aggregate supply (SRAS) curve and the long-run aggregate supply (LRAS) curve?
A The SRAS curve is always vertical, while the LRAS curve slopes upward.
B The SRAS curve is upward sloping, while the LRAS curve is vertical.
C The SRAS curve is downward sloping, while the LRAS curve is horizontal.
D The SRAS curve and the LRAS curve are both vertical
- g) What happens when firms experience an increase in production costs, such as higher wages or raw material prices?
A The aggregate demand curve shifts to the right.
B The short-run aggregate supply curve shifts to the right.
C The short-run aggregate supply curve shifts to the left.
D The aggregate demand curve shifts to the left.
- h) Which of the following scenarios would cause the aggregate demand curve to shift to the left?
A A decrease in corporate tax rates
B An increase in government spending
C A decrease in consumer confidence
D An increase in disposable income
- i) Which of the following is most likely to reflect government policy designed to improve labour productivity?
A The aggregate supply curve shifts to the left.
B The aggregate demand curve shifts to the left.
C The aggregate supply curve shifts to the right.
D The aggregate demand curve shifts to the right.
- j) The initial impact of an increase in government spending is to shift:
A aggregate demand to the right.
B aggregate demand to the left.
C aggregate supply to the right.
D aggregate supply to the left.

(10 x 2.5 marks)

Total: [25 marks]

Please write your answer in the answer booklet.

2. In July 2020, the Bank Negara Malaysia (BNM) cash rate was 1.75%. In February 2025, it was 3.00%. This event has caused the interest rate raise.
- a) **Illustrate** an aggregate demand and supply (AD/AS) 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) Describe the impact of increased interest rates to the housing market sector in Malaysia. (5 marks)
Total: [25 marks]
3. a) **Illustrate** the aggregate demand and aggregate supply (AD/AS) model, demonstrate and **explain** the likely short-term impact on the Malaysia economy of each of the following events: *(4 marks for graph + 3 marks for explanation)*
- i) There is an increase in consumer confidence leading to higher household spending. (7 marks)
- ii) A new technological advancement significantly reduces production costs for businesses. (7 marks)
- iii) The government increases its spending on infrastructure projects. (7 marks)
- b) Identify the **FOUR (4)** components of aggregate demand (AD). (4 marks)
Total: [25 marks]

4. The Fourth Industrial Revolution involves the transformation of the entire ecosystem across and within companies, industries, society and countries. The application of the Fourth Industrial Revolution technologies in Malaysia has huge potential economic and social benefits as well as risks.
- a) Explain **TWO (2)** main causes of structural change in Malaysia. (4 marks)

 - b) Describe **TWO (2)** potential benefits of the Fourth Industrial Revolution. (4 marks)

 - c) Describe **TWO (2)** potential limitations of the Fourth Industrial Revolution. (4 marks)

 - d) Describe **THREE (3)** challenges facing the implementation of the Fourth Industrial Revolution in Malaysia. (6 marks)

 - e) Illustrate **and** explain how an increase in productivity can impact Malaysia's macroeconomic objectives using an AD/AS diagram. (7 marks)
(4marks for graph + 3 marks for explanation)
- Total: [25 marks]

- END OF QUESTIONS -