



FACULTY OF BUSINESS

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Course Code & Name : **ECO1123 Macroeconomics**
Semester & Year : May – August 2023
Lecturer/Examiner : Wan Ahmad Asrar Nik @ Wan Yahya
Duration : 2 Hours

INSTRUCTIONS TO CANDIDATES

- 1 This question paper consists of 2 parts:
 - PART A (60 marks) : FOUR (4) short answer questions. Answers are to be written in the Answer Booklet provided.
 - PART B (40 marks) : TWO (2) structured-type questions. Answers are to be written in the Answer Booklet provided.
- 2 Candidates are not allowed to bring any unauthorized materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.
- 3 This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.
- 4 Only ballpoint pens are allowed to be used in answering the questions, with the exception of multiple-choice questions, where 2B pencils are to be used.

WARNING The University Examination Board (UEB) of BERJAYA University College regards cheating as a most 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 BERJAYA University College.

PART A
INSTRUCTION (S)

: SHORT ANSWER QUESTIONS (60 MARKS)

: Answer all **FOUR (4)** short answer questions.

Write your answers in the Answer Booklet (s) provided.

Question 1

- a. Define consumption goods. (2 marks)
- b. Describe the **THREE (3)** major sectors in an economy. (6 marks)
- c. Explain how land, capital and labour can give income to the household. (6 marks)
- d. Give **ONE (1)** example of an economy in which economic activities occur in aggregate. (1 mark)

[Total: 15 marks]

Question 2

- a. Define money. (2 marks)
- b. Explain money supply in terms of M1, M2 and M3. (6 marks)
- c. Describe **TWO (2)** roles of the central bank. (4 marks)
- d. State **THREE (3)** functions of the central bank as a banker to the federal government. (3 marks)

[Total: 15 marks]

Question 3

- a. Describe **FOUR (4)** components of private investment demand. (8 marks)
- b. Explain the effects of excess demand on price, output, employment. (6 marks)
- c. Give **ONE (1)** example of gross domestic product (GDP) per capita. (1 mark)

[Total: 15 marks]

Question 4

- a. Describe **THREE (3)** implications of fiscal deficit. (6 marks)
- b. Explain **THREE (3)** ways how government can influence allocation of resources through government budget. (6 marks)
- c. State **THREE (3)** sources of the government's non-tax revenue receipts. (3 marks)

[Total: 15 marks]

END OF PART A

PART B**: STRUCTURED-TYPE QUESTIONS (40 MARKS)****INSTRUCTION (S)**: Answer all **TWO (2)** structured-type questions.

Write your answers in the Answer Booklet (s) provided.

Question 1

- a. Suppose a country produces four goods: rice, cloth, cement and cars. The production of the four commodities in the year 2013- 14 was 1000 units, 5000 units, 2000 units and 500 units respectively. The per unit price of the four commodities is RM10, RM20, RM50, RM200000 respectively. Calculate the gross domestic product (GDP) market prices. (3 marks)
- b. Suppose the gross domestic product (GDP) at market prices of Malaysia in 2012- 13 was RM 85000 and net factor income from abroad was (-) RM 430 . Calculate gross national product (GNP_{MP}) (3 marks)
- c. Suppose we are provided with the following information:
(i) Gross national product (GNP_{MP}) = RM35800
(ii) Consumption of fixed capital = RM1670
Calculate the Net National Product (NNP) at market price. (3 marks)
- d. Given the following data:
(i) Gross National Product (GNP) at market prices = RM85000
(ii) Consumption of fixed capital = RM3000
(iii) Net factor income from abroad = RM2000
Calculate net domestic product (NDP) at market prices (3 marks)
- e. Given the following information:
(i) Net domestic product (NDP) at market prices = RM25000
(ii) Indirect taxes = RM1500
(iii) Subsidies = RM500
Calculate net domestic product (NDP) at factor cost (3 marks)
- f. Given the following information:
(i) Net National Product (NNP_{MP}) = RM3200
(ii) Net factor income from abroad (NFIA) = RM200
(iii) Consumption of fixed capital = RM1000
(iv) Indirect taxes = RM500
(v) Subsidies = RM300
Calculate gross domestic product (GDP_{FC}) (5 marks)

[Total: 20 marks]

Question 2

Based on the information, income (Y) and consumption (C) in the table below, determine the average propensity to consume (APC), marginal propensity to consume (MPC), saving (S), average propensity to save (APS) and marginal propensity to save (MPS). (20 marks)

Y	C	APC	MPC	S	APS	MPS
100	90	0.9	-	10	0.10	-
120	108					
140	124					
160	139					
180	153					
200	167					

END OF EXAM PAPER