



BERJAYA BUSINESS SCHOOL

FINAL EXAMINATION

Student ID (in Figures) :

| | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Student ID (in Words) : _____

Subject Code & Name : **ECO 1523 MACROECONOMICS**
 Semester & Year : September- December 2017
 Lecturer/Examiner : Dr Smitha Geetha
 Duration : 3 Hours

INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 parts:
 - PART A (20 marks) : Answer all TWO (2) Short answer questions.
 - PART B (80 marks) : Answer all EIGHT (8) 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 of Hospitality 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 of Hospitality.

Total Number of pages = 4 (Including the cover page)

PART A : Answer ALL the Short answer questions (20 MARKS)
INSTRUCTION(S) : Answer ALL questions on the answer sheet provided.

Question 1

- a. What is macroeconomics? (2 marks)
- b. Identify FOUR (4) primary issues addressed in macroeconomics? (8 marks)

[Total: 10 marks]

Question 2

- a. Differentiate between real and nominal interest rates. (4 marks)
- b. Explain how Gross Domestic Product is measured. (6 marks)

[Total: 10 marks]

END OF PART A

PART B : STRUCTURED TYPE QUESTIONS (80 MARKS)

INSTRUCTION(S) : Answer all **EIGHT (8)** questions. Write your answers in the Answer Booklet(s) provided.

Question 1

a. Define production function (2 marks)

b. Analyse the effects on full employment level of employment. (8 marks)

[Total: 10 marks]

Question 2

a. Explain why the saving curve slopes upward and the investment curve slopes downward in the saving- investment diagram. (6 marks)

b. Give TWO (2) determinants that would shift the saving curve to the right, and two examples of changes that would shift the investment curve to the right (4 marks)

[Total: 10 marks]

Question 3

a. Define money. (2 marks)

b. List out the functions of money (4 marks)

c. How is money supply measured? (4 marks)

[Total: 10 marks]

Question 4

Identify the forces that determine the growth rate of an economy. (10 marks)

Question 5

a. With the help of the diagram explain aggregate demand curve.

(6 marks)

b. Distinguish between short-run and long-run aggregate supply.

(4 marks)

[Total: 10 marks]

Question 6

a. What is Phillips curve?

(2 marks)

b. Give TWO (2) costs of unemployment and TWO (2) costs of anticipated inflation.

(8 marks)

[Total: 10 marks]

Question 7

a. Define income tax structures.

(6 marks)

b. Distinguish between expansionary fiscal policy and contractionary fiscal policy.

(4 marks)

[Total: 10 marks]

Question 8

a. Explain monetary policy.

(2 marks)

b. Analyze THREE (3) tools of monetary policy used and how they affect the money supply.

(8 marks)

[Total: 10 marks]

END OF EXAM PAPER