UNIVERSITI POLY-TECH MALAYSIA
UPTM

FINAL EXAMINATION

BACHELOR OF ACCOUNTANCY (HONOURS)

COURSE	:	**ECONOMICS**
COURSE CODE	:	**ECO2303**
DURATION	:	**3 HOURS**

INSTRUCTIONS TO CANDIDATES:

1. This question paper consists of **THREE (3)** parts : PART A (20 questions)
   : PART B (3 questions)
   : PART C (3 questions)

2. Answer ALL questions from PART A and PART B. Answer TWO (2) questions from PART C.
   i. Answer PART A in the Objective Answer Sheet; and
   ii. Answer PART B and C in the Answer Booklet provided.

3. Please check to make sure that this examination pack consists of:
   i. The Question Paper
   ii. An Objective Answer Sheet
   iii. An Answer Booklet

4. Do not bring any material into the examination hall. The use of calculator is allowed.

5. Please write your answer using permanent ink.

MY KAD/PASSPORT NO : ______________________

ID NUMBER : ______________________

LECTURER : ______________________

SECTION : ______________________

DO NOT OPEN THIS QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO

This question paper consists of 10 printed pages including the front page

PART A: MULTIPLE CHOICE

Instruction: Answer ALL questions

1. The income received by Malaysian working in Norway will be included in ______.

   A. net interest
   B. proprietors' income
   C. Gross National Product (GNP)
   D. Gross Domestic Product (GDP)

2. Which of the following refers to the transfer payment?

   A. A student received scholarship from the government.
   B. A firm provides housing allowances to the permanent staff.
   C. A firm pays the moving expenses for a transferred employee.
   D. A student working as a part-time tutor receives wages from the university budget.

3. ________________ are included in the primary sector in the output approach to measuring national income.

   A. Electricity and water
   B. Agriculture and forestry
   C. Manufacturing and construction
   D. Finance, insurance and real estate

4. The leakage-injection approach for a three-sector economy can be written as __________.

   A. $C + T = I + G$
   B. $S + T = I + G$
   C. $Y = C + I + G$
   D. $Y = S + I + T$

5. For saving function $S = -100 + 0.4Y$, the value of 0.4 referred to ____________.

   A. MPC
   B. MPS
   C. APC
   D. APS

6. Barter trading will occur when there is _________.

   A. singularity of interests
   B. bargaining intermediary
   C. sufficient supply of cash
   D. double coincidence of wants

7. If Mr. Ghadaffi write a cheque to purchase a new set of golf, he uses money as a __________.

   A. store of value
   B. unit of account
   C. medium of exchange
   D. standard of deferred payment

8. Which of the following is **NOT** included in money supply (M1)?

   A. Coins
   B. Currency notes
   C. Demand deposits
   D. Bank Negara certificates

9. According to Keynes, people buying insurance for uncertainty happens. This motive of holding money is called _______.

   A. emergency motive
   B. speculative motive
   C. transaction motive
   D. precautionary motive

10. Money in which its metallic value is lower than the face value is known as ________.

   A. fiat money
   B. legal tender
   C. token money
   D. demand deposit

11. The goal of expansionary monetary policy is to______.

    A. decrease price levels
    B. decrease interest rates
    C. increase level of aggregate output
    D. Increase the level of unemployment

12. The use of a dollar bill to buy a shoe represents the function of money as a_______.

    A. store of value
    B. emergency money
    C. medium of exchange
    D. standard of deferred payments

13. Commodity money refers to ______.

    A. credit cards or debit cards
    B. Bank money in current accounts
    C. items used as money such as shells
    D. metals used as money such as iron and copper

14. When bond prices rise, which of the following falls?

    A. Stock price
    B. Interest rate
    C. Money supply
    D. Money demand

15. Acting as a banker to the publics to accept deposit and providing loans are two basic functions of _________.

    A. Central Bank
    B. Bank Rakyat
    C. Merchant Bank
    D. Discount House

16. Which type of tax is levied on the sale of goods and services?

A. Direct tax
B. Indirect tax
C. Regressive tax
D. Progressive tax

17. What is the main objective of direct taxes?

A. To redistribute wealth
B. To regulate consumption
C. To promote international trade
D. To raise revenue for government

18. In a regressive tax system, who typically bears a proportionately larger tax burden?

A. Low-income individuals.
B. High-income individuals.
C. Middle-income individuals.
D. Tax burden is the same for all income levels.

19. Which of the following is the strategy of expansionary fiscal policy?

A. Lowering interest rates
B. Increasing government refunds
C. Increasing government spending
D. Providing subsidies to industries

20. Which institution typically formulates and implements monetary policy in Malaysia?

A. The World Bank
B. Bank Negara Malaysia
C. The Ministry of Finance
D. The International Monetary Fund

(TOTAL: 20 MARKS)

PART B: STRUCTURED

Instruction: Answer ALL questions.

1. a. Table 1 show the data of a country for the year ended December 2015.

Table 1

Items	RM (million)
Subsidies	450
Net factor payment received abroad	100
Manufacturing	700
Electricity, gas and water	420
Export	320
Corporate profit	105
Banking and finance	240
Imports	380
Capital consumption	120
Mining and quarrying	340
Tax on expenditure	110
Agriculture, Forestry and Fishing	210

i. Calculate the Gross Domestic Product (GDP) at market price. (3 marks)

ii. National income. (5 marks)

b. Given is the information of a three-sector economy. All values are in RM million.

Consumption (C)	=	$40 + 0.75Yd$
Investment (I)	=	300
Taxes (T)	=	20
Government expenditure (G)	=	60

i. Derive the consumption function after tax.

(2 marks)

ii. Calculate income equilibrium for this economy.

(3 marks)

iii. Find the value of consumption at equilibrium.

(2 marks)

(Total: 15 marks)

2. a. Table 2 shows the money supply data in year 2019.

Table 2

Assets		Liabilities	
Cash Loans	RM 14,000 RM 56,000	Deposits	RM 70,000
Total	RM 70,000	Total	RM 70,000

Based on the balance sheet:

i. Define cash ratio and calculate its value.

(3 marks)

ii. Based on the cash ratio calculated above, calculate the money multiplier and interpret your answer. Then calculate the total money supply can be created.

(4 marks)

b. Table 3 shows information from the monetary items for Malaysia in 2015.

Table 3

Items	RM Million
Fiat money	9,000
Demand deposits	1,320
Repurchase agreements (REPOS) with commercial banks	2,000
Bank Negara Certificate	1,500
Saving and fixed deposit in commercial banks	4,500
Saving and fixed deposits in other financial institutions	5,435

i. Calculate M1, M2 and M3.

(6 marks)

ii. Broad near money

(2 marks)

(Total: 15 marks)

3. Table 4 shows various types of taxes in a country.

Table 4

Nayra	Income level (RM)	1000	2000	3000
	Tax paid (RM	60	180	360
	Tax rate			
Raiqal	Income level (RM)	8000	11000	12000
	Tax paid (RM)	480	660	720
	Tax rate			

a. Based on Table 4, answer the following questions:

i. Calculate the tax rate for each person for every income level.

(6 marks)

ii. Determine the tax rate structure implemented for each person.

(4 marks)

(Total: 10 marks)

(TOTAL: 40 MARKS)

PART C: SHORT ESSAY

Instruction: Answer only TWO (2) questions.

1. a. Using an appropriate diagram, explain the circular flow of income in four sector economy.

(10 marks)

b. With diagram, explain **TWO (2)** types of investment.

(10 marks)

(Total: 20 marks)

2. a. Discuss **FOUR (4)** functions of Central Bank in Malaysia.

(10 marks)

b. Explain **FOUR (4)** instruments that the Bank Negara Malaysia can adopt to implement a "loose" (expansionary) monetary policy.

(10 marks)

(Total: 20 marks)

3. a. Explain how fiscal policy can be used to overcome the problem of inflation and unemployment.

(10 marks)

b. With examples, explain **TWO (2)** government expenditure and **TWO (2)** government revenue in a country.

(10 marks)

(Total: 20 marks)

(TOTAL: 40 MARKS)
(TOTAL: 100 MARKS)

END OF QUESTION PAPER