

**FINAL EXAMINATION****BACHELOR OF BUSINESS ADMINISTRATION (HONOURS)****COURSE : MACROECONOMICS****COURSE CODE : ECO2173****DURATION : 3 HOURS****INSTRUCTIONS TO CANDIDATES:**

1. This question paper consists of **THREE (3)** parts. : PART A (20 questions)
: PART B (4 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.
 - 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 Answer Booklet
 - iii. An Objective Answer Sheet
4. Do not bring any material into the examination hall. Students are **NOT** allowed to take this question paper out of 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 11 printed pages including the front page

PART A: MULTIPLE CHOICE

Instruction: Answer **ALL** questions.

1. An annual excess of revenue over government expenditure is _____.
 - A. a trade deficit
 - B. a deficit budget
 - C. a surplus budget
 - D. a balance budget

2. A surplus budget occurs when government spending _____.
 - A. equal to revenues
 - B. less than revenues
 - C. greater than revenues
 - D. dependent on expenditures

3. Which of the following is the primary source of revenue for the government?
 - A. Income tax.
 - B. Regressive tax.
 - C. Petroleum royalty.
 - D. Sales and services tax.

4. Operating expenditure refers to the expenses involved in operating and administering a government department. Which of the following is **NOT** considered an operating expenditure?
 - A. Debts.
 - B. Emoluments.
 - C. Social services.
 - D. Pensions and gratuities.

5. Which of the following is **NOT** included in fiscal instruments?
 - A. Change in income tax.
 - B. Change in non-tax revenue.
 - C. Changes in government expenditures.
 - D. Changes in legal reserve requirement.

6. The common concepts in international trade is _____.
- A. gains from trade that will be equally divided
 - B. ratio at which nations will exchange two types of goods
 - C. difference between invisible imports and invisible exports
 - D. amount of goods and services that been produced by the country

7. *"Labour is the only primary input to production."*

Which economic model is based on the assumption above?

- A. Ricardian model.
 - B. Adam Smith model.
 - C. Solow Growth model.
 - D. Heckscher-Ohlin model.
8. Based on the information given in Table 1, if these countries produce according to their comparative advantage, Malaysia should _____.

Table 1

Country	Apple	Oren
Malaysia	25	19
Thailand	25	17

- A. produce oren
 - B. produce apple
 - C. produce both apple and oren
 - D. neither produce apple or oren
9. Which of the following would benefit the **MOST** from the protectionism policy?
- A. Big firms.
 - B. Importers
 - C. Unemployed.
 - D. Domestic industry.

10. Regulation that limits the amount of foreign goods that may be brought into a country during a specific period is referred to _____.
- A. tariff
 - B. trade quotas
 - C. import quotas
 - D. export quotas
11. _____ is referring to the balance of payments.
- A. Any transaction that supplies the domestic country's currency
 - B. The identity that illustrates balance between exports and imports
 - C. A record of payments made by one company in one country to another company in another country
 - D. A periodic statement of the monetary value of all transactions between residents in one country and residents of all other countries
12. Net transfer is part of the components in the _____.
- A. capital account
 - B. overall account
 - C. current transfer
 - D. official financing account
13. Below are the items that are counted under Service Account Balance **EXCEPT** _____.
- A. tourism
 - B. transport
 - C. current transfer
 - D. freight and insurance
14. Which of the following policies is **NOT** suitable for correcting a deficit in the balance of payments?
- A. Devaluation of the currency.
 - B. Encouraging the import capital.
 - C. Discouraging the import of goods.
 - D. Imposition of foreign exchange controls.

15. The situation when a country exports more than it imports is known as a/an _____.
- A. expansion
 - B. term of trade
 - C. trade surplus
 - D. budget surplus
16. The price of one country's currency in terms of another country's currency called the _____.
- A. inflation rate
 - B. terms of trade
 - C. exchange rate
 - D. currency valuation
17. Flexible or floating exchange rate is determined by the _____.
- A. World Bank
 - B. price of gold
 - C. forces supply and demand
 - D. International Monetary Fund
18. The depreciation of the Malaysia Ringgit will _____.
- A. reduce the prices of Malaysia's imports and exports
 - B. increase the prices of Malaysia's imports and exports
 - C. reduce the prices of imported goods, but increase the prices of exported goods in Malaysia
 - D. increase the prices of imported goods, but decrease the prices of exported goods in Malaysia
19. An appreciation of country's currency is likely to _____.
- A. increase its GDP
 - B. decrease its GDP
 - C. leave GDP unaffected
 - D. increase consumption

20. When domestic currency gains its value in relation to a foreign currency in the international money market, it is a situation of currency _____.

- A. revaluation
- B. devaluation
- C. appreciation
- D. depreciation

(TOTAL: 20 MARKS)

PART B: STRUCTURED

Instruction: Answer ALL questions.

1. Table 2 shows the total taxes paid by individuals from Malaysia at different income levels.

Table 2

Total taxes income (RM)	Amount of tax paid (RM)	
	Daniel	Sophia
12,000	1,200	1,800
24,000	2,400	3,000
36,000	3,600	4,200
48,000	4,800	5,400

- a. Based on Table 2, calculate:

i. The rate of taxation for Daniel and Sophia.

(8 marks)

ii. Identify the types of taxation each individual is paying.

(2 marks)

- b. Table 3 show various types of tax in an economy.

Table 3

Items	US Dollar
Sales tax	220
Petroleum revenue tax	150
Import duties	180
Individual income tax	650
Stamp duties	300
Export duties	250

Calculate direct taxes and indirect taxes.

(5 marks)

(Total: 15 marks)

2. Table 4 shows the output that can be produced by two countries A and B. Assume that the resources are divided equally between two products.

Table 4

Countries	Car (Units)	Radio (Units)
A	600	2,200
B	1,200	2,400

- a. Which country has an absolute advantage in production of car? Justify your answer.
(2 marks)
- b. Calculate the opportunity cost of producing car and radio for both countries. Identify comparative advantage for each country.
(6 marks)
- c. Construct the output table after specialization. Suggest the terms of trade that will benefit both countries equally.
(4 marks)
- d. Describe any **TWO (2)** tools of protectionism policy.
(3 marks)

(Total: 15 marks)

3. Table 5 shows data on Balance of Payment for Malaysia.

Table 5

Items	RM million
Portfolio investment	620
Import	240
Tourism	410
Net capital	500
Export	390
Banking and Finance	160
Freight and insurance	280
Net transfer	320
Transportation	210
Other services	140
Error and Omissions	450
Net income	370

- a. Based on Table 5, calculate:
- i. Trade balance. (2 marks)
 - ii. Service account balance. (2 marks)
 - iii. Current account balance. (2 marks)
 - iv. Capital and financial account balance. (2 marks)
 - v. Overall balance. (2 marks)
- b. Refer to your answer in a (i), identify whether Malaysia is experiencing trade surplus or trade deficit. Explain. (2 marks)
- c. Give **THREE (3)** examples of current transfer in Malaysia. (3 marks)

(Total: 15 marks)

4. a. Distinguish the concept below:

i. Fixed exchange rates and floating exchange rates.

(4 marks)

ii. Appreciation and depreciation.

(4 marks)

b. Table 6 shows the exchange rate of the Ringgit Malaysia (RM) against major currencies for the year 2024. Based on Table 6, convert the exchange rates into units of other currencies.

Table 6

Currency	Exchange rate in terms of RM	Exchange rate in other currency
1 US Dollar	RM 5.80	
1 British Pound	RM 6.90	
100 Japanese Yen	RM 40.00	
100 Brunei Dollar	RM 320.00	
1000 Indonesian Rupiah	RM 16.00	
1 Singaporean Dollar	RM 3.40	
1 Euro Dollar	RM 4.90	

(7 marks)

(Total: 15 marks)

(TOTAL: 60 MARKS)

PART C: SHORT ESSAY

Instruction: Answer only TWO (2) questions.

1. Distinguish **THREE (3)** types of tax structure with the aid of diagrams. (10 marks)
2. Explain any **FOUR (4)** reasons of protectionism policy. (10 marks)
3. Differentiate between short-term capital and long-term capital flows in balance of payments. (10 marks)

(TOTAL: 20 MARKS)
(TOTAL: 100 MARKS)

END OF QUESTION PAPER

