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MALAYSIAN ITALY DESIGN INSTITUTE

FINAL EXAMINATION
MARCH 2026 SEMESTER

COURSE CODE	: PNB10203
COURSE NAME	: PRINCIPLES OF ECONOMICS
PROGRAMME NAME	: BACHELOR OF TECHNOLOGY MANAGEMENT
DATE	: 30th JUNE 2026
TIME	: 9:00 AM – 12:00 PM
DURATION	: 3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Please CAREFULLY read the instructions given in the question paper.
2. This question paper has information printed on both sides of the paper.
3. This question paper consists of TWO (2) sections; Section A and Section B.
4. Answer ALL questions in Section A. For Section B, answer THREE (3) questions ONLY.
5. Answer all questions in English language ONLY.

THERE ARE 4 PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

SECTION A (Total: 40 marks)

INSTRUCTION: Answer ALL questions.

QUESTION 1

The price of tablet devices increases from RM800 to RM1,000. As a result, the quantity demanded for laptops increases from 400 units to 520 units.

a) Calculate the cross elasticity of demand.

(8 marks)

b) Determine the relationship between tablet devices and laptops.

(2 marks)

c) Explain why laptop manufacturers should monitor changes in tablet prices.

(4 marks)

d) Using a graph, illustrate the effect of the increase in tablet prices on the market for laptops.

(6 marks)

QUESTION 2

The table below shows the prices of goods in a fixed consumer basket.

Item	Quantity	Price in 2024 (RM)	Price in 2025 (RM)
Rice	20	4	5
Chicken	10	12	15
Milk	5	8	10

Assume 2024 is the base year

a) Calculate the cost of the basket in 2024 and 2025.

(6 marks)

b) Calculate the Consumer Price Index (CPI) for 2025.

(6 marks)

c) Calculate the inflation rate from 2024 to 2025.

(4 marks)

d) Explain how rising inflation affects consumers' purchasing power.

(4 marks)

SECTION B (Total: 60 marks)

INSTRUCTION: Answer THREE (3) questions ONLY.

QUESTION 1

Suppose technological advancement improves productivity in the manufacturing sector.

a) Explain how technological progress affects the Production Possibilities Frontier (PPF).

(6 marks)

b) Analyze how technological advancement may create both benefits and costs to society.

(14 marks)

QUESTION 2

Central banks use monetary policy to stabilize the economy.

a) Explain the role of the central bank in the monetary system.

(6 marks)

b) Evaluate the effectiveness of expansionary monetary policy during an economic recession.

(14 marks)

QUESTION 3

Economists use several theories to explain the upward slope of the SRAS curve.

a) Explain the Sticky Wage Theory of Short-Run Aggregate Supply.

(8 marks)

b) Discuss how unexpected inflation may affect firms and workers according to the Sticky Wage Theory.

(12 marks)

QUESTION 4

Interest rates influence saving and investment decisions in the economy.

a) Explain how interest rate are determined in the market for loanable funds.

(6 marks)

b) Analyze the effects of lower interest rates on consumers, firms and the overall economy.

(14 marks)

END OF EXAMINATION PAPER