

**FINAL  
ALTERNATIVE ASSESSMENT**

(COVER PAGE)

Session	:	<b>August 2020</b>
Programme	:	Diploma In Business (DIB) Diploma In Finance (DIF) Diploma In Accounting (DIAN) Diploma In Marketing (DMKT) Diploma In Entrepreneurship (DENT)
Course	:	<b>ECO2104/2105: Principles Of Macroeconomics</b>
Date of Examination	:	
Time Start	:	<b>December 18, 2020 (Friday) @10.00am</b>
Time End	:	<b>December 19, 2020 (Saturday) @10.00am</b>
Duration	:	<b>24 Hours</b>
<b>Special Instructions</b>	:	<b>Answer ALL questions.</b>
Materials permitted	:	Non-Programmable Calculator
Materials provided	:	Nil
Examiner(s)	:	<b>Nageswari Parmasivam, Yee Aik Phoay, Mohd Haziq Bin Murshidi and Ravi Kanapathy</b>
Chief Moderator	:	<b>Abdullah Sholehin Mohd Zainudin</b>

*This paper consists of 5 printed pages, including the cover page*

DIPLOMA IN BUSINESS PROGRAMME (DIB)  
DIPLOMA IN FINANCE PROGRAMME (DIF)  
DIPLOMA IN ACCOUNTING PROGRAMME (DIAN)  
DIPLOMA IN MARKETING PROGRAMME (DMKT)  
DIPLOMA IN ENTREPRENEURSHIP PROGRAMME (DENT)

ECO2104/2015: PRINCIPLES OF MACROECONOMICS  
FINAL ALTERNATIVE ASSESSMENT: AUGUST 2020 SESSION

**Instruction:** Please answer **ALL** questions; type in a Word files, with the 12-font size, Times New Roman, font type and 1.5 spacing. For each question your answer should not exceed 250 words.

Please make sure this alternate assessment is complete by you and all work must submit into Safe Assign (**ONE** time submission) and similarity index benchmark as per below table:

**Plagiarism rule shall apply. The guideline for plagiarism is as follows:**

0 – 25% of plagiarized material: no deduction of marks

26 – 50% of plagiarized material: 30% deduction of marks

51 – 80% of plagiarized material: 50% deduction of marks

81 and more: 0 mark awarded and student will receive a failed grade for the paper

## Question 1

As the nation slowly transitions into recovery mode post the movement control order (MCO), another forecast storm is brewing – unemployment.

There is a mounting pressure on the number of job losses as businesses struggle to see through the turbulent period even as the local economy gradually restarts.

The government anticipated this, which saw it rolling out the Employee Retention Programme (ERP) and Wage Subsidy Programme (WSP) in March and April, respectively, for companies to retain their workforce.

But at the rate that businesses are having their cash burnt more than they can generate, perhaps the most viable exit plan would be to exit the business for good and that would mean letting go of their workers as well.

The most recent case would be the upcoming closure of the Holiday Inn Resort in Penang by the end of the month. The hotel, which has been in business for over 40 years, has around 200 employees.

Based on the situation Malaysia is experiencing in the form of a low inflation now, premised on weaker demand and expectations of a contraction in the gross domestic product (GDP), the only direction that unemployment can go is up.

Malaysia faced an unprecedented drop in its working population as the number of unemployed individuals rose 48.8% year-on-year to 778,800, as compared to a 17.1% jump in March.

This brings the unemployment rate to 5%, up from 3.9% in March, breaching the full employment condition of below 4%.

The Socio-Economic Research Centre executive director Lee Heng Guie said as the country emerged from the pandemic, it is expected that consumer demand and businesses would take some time to recover as revenue may not be restored back to pre-Covid levels just yet.

MIDF Research in its economic review said the country's unemployment rate is likely to stay high in the upcoming months as some companies are likely to retrench employees in order to reduce operating costs, particularly with new standard operating procedures in place and on expectations of lower revenue, moving forward, as consumer activities will take longer to fully resume.

It added that as the economy gradually opens and via various government measures through its stimulus packages, employment will be more stable in the second half this year.

**References: The Star 2020:** *Brewing storm of unemployment*

**Questions:**

1. Using the article as above, describe how an increase in unemployment rate will affect the economic performance as a whole. Your explanation should include examples from economic perspective. (25 marks)
2. Critically review and suggest on how government can impose fiscal stimulus to overcome the problem as mentioned in the article above. (25 marks)

**(Total: 50 marks)**

## Question 2

KUALA LUMPUR (REUTERS) - Malaysia's central bank said on Friday (April 3) the economy could shrink by as much as 2 per cent or grow 0.5 per cent this year due to the coronavirus pandemic, in what would be its worst economic performance in more than a decade.

Malaysia, which has the highest number of reported coronavirus infections in Southeast Asia with more than 3,100 cases and 50 deaths, is in the middle of month-long restrictions on travel and non-essential business that have hit trade and tourism.

"Overall, risks to the domestic growth outlook are tilted to the downside, mainly due the risk of a prolonged and wider spread of Covid-19 and its effects on the global and domestic economy," Bank Negara Malaysia said in documents released with its annual report.

Bank Negara said inflation was expected to average between -1.5 per cent and 0.5 per cent this year, lower than last year's 0.7 per cent.

It said monetary operations would continue to support liquidity in the foreign exchange, bond and money markets to ensure uninterrupted financial intermediation.

"We will continue with monetary policy that is accommodative of sustainable economic activity amid low inflation," the central bank said, adding it could employ its "policy levers" to cushion the impact of the virus.

**References: News Straits Times 2020:** *Malaysia's central bank says economy could shrink by up to 2% in 2020 due to coronavirus*

### Questions:

1. Using the article as above, describe how slowdown in economic performance affects consumer's daily life. Your explanation should include examples from economic perspective.  
(25 marks)
2. Critically review and suggest on how Central Bank can impose monetary policy to overcome the problem as mentioned in the article above.  
(25 marks)

**(Total: 50 marks)**

~The End~

*Formatted/ACC201 (F)/ August 2020 Session/hizam*