Roll No: --------------------------

**UNIVERSITY OF PETROLEUM
AND ENERGY STUDIES**

End Semester Examination – May 2018

Program/course: BBA A&IS   **Semester – II**
Subject: Business Economics -II   **Max. Marks   : 100**

Code   : BBCE 112   **Duration: 3 Hrs.**
No. of page/s: 03

Group A   **02 X 10 = 20**

Q1. Multiple Choice and Objective Questions. Answer all questions.

1. What is the formula for MPC?
    a. MPC= C/Y
    b. MPC=I/Y
    c. MPC=ΔC/ΔY
    d. MPC=C/I

2. A country is said to be experiencing inflation when-
    a. Prices of most goods and services are rising over time.
    b. Prices of most goods and services are falling over time.
    c. Total output is rising over time.
    d. Total output is falling over time.
3. A country has a trade deficit when
    a. Imports exceed exports
    b. Imports equal exports
    c. Exports exceed imports
    d. Export is zero.

4. GDP differs from GNP because
    a. GDP= GNP-net factor payments from abroad

b. GNP=GDP-net factor payments from abroad

c. GDP=GNP-capital consumption allowances

d. GNP=GDP-capital consumption allowances

5. Net national product equals

a. Gross national product minus indirect business taxes

b. Gross national product minus depreciation

c. National income minus indirect business taxes

d. National income plus depreciation

Objective Questions.

i.   Why Macro Economics is important for managers?

ii.   Define stock and flow concepts.

iii. Who takes the macroeconomics decisions in corporate sector?

iv.   What is the usefulness of GDP deflator

v.   How many sectors are there in a circular flow of income?

Group B

Q2. Short Questions. Answer any four.   **5 X 4 = 20**

 i. What do you mean by marginal propensity to consume? Explain consumption function.

ii. Explain demand-pull and cost push factors of inflation.

iii. What are the functions of WTO?

iv. Distinguish between economic growth and economic development. What do you mean by Human Development Index?

v. How do you calculate CPI and WPI? How many commodities are included in the calculation of CPI and WPI?

Group C

Q3. Broad Questions. Answer any two   **15 X 2 = 30**

      i.   What are the causes of disequilibrium in the Balance of Payments? Suggest some measures to correct the disequilibrium.

     ii.   Explain the comparative advantage theory of international trade. What are its limitations?

iii. Discuss different methods of calculating National Income. What are the problems of calculating National Income?

Group D

Q4. Analytical questions. **15 X 1 = 30**

i. Discuss the four sector circular flow of income. What are the leakages and injections from the circular flow?

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Group A   **02 X 10 = 20**

Q1. Multiple Choice and Objective Questions. Answer all questions.

i. Classification of Economics into two branches (macroeconomics and microeconomics) was done by

  (a) J. M. Keynes.

  (b) Milton Friedman.

  (c) Ragnar Frisch.

  (d) Adam Smith

ii. In the balance of payments, purchase of 2000 stocks of Tata Industries by a foreign national is

  considered as

  (a) Foreign Direct Investment.

  (b) Portfolio Investment.

  (c) Short term capital flows.

  (d) Unilateral transfer.

iii. BOP deficit equals

  (a) Merchandise imports minus merchandise exports.

  (b) Exports of goods and services minus imports of goods and services.

(c) Current account deficit plus capital account deficit.

(d) Increase in foreign exchange assets.

iv. GDP differs from GNP because

   a. GDP= GNP-net factor payments from abroad
   b. GNP=GDP-net factor payments from abroad
   c. GDP=GNP-capital consumption allowances
   d. GNP=GDP-capital consumption allowance

v. Net national product equals

   b. Gross national product minus indirect business taxes
   b. Gross national product minus depreciation.
   c. National income minus indirect business taxes
   d. National income plus depreciation

Objective Questions.
   i. Mention two important uses of macro economics
   ii. How many items of goods are there in WPI and CPI at present?
   iii. What is meant by stagflation?
   iv. Write the equation for Consumption function.
   v. Mention two leakages and two injections in the circular flow of income.

Group B

Q2. Short Questions. Answer anyfour questions.   **5 X 4 = 20**

   i.   Should Balance of Payments always be balance? Explain.

   ii. Define GDP Deflator. What are the importance of GDP deflator?

   iii. What are the problems of calculating National Income in India?

   iv. Why macroeconomics is relevant for managers?

   v.   Distinguish between nominal and real GDP.

Group C

Q3. Broad Questions. Answer any two   **15 X 2 = 30**

   vi. Define the concepts of GDP, GNP, NNP, PI and DPI relating to National Income.
   vii. What are the different accounts in the balance of payments? Distinguish between balance of payments and balance of trade.

viii. Explain the New Economic Policy that was introduced in the ear 1991 in Indian Economy.

Group D

Q4. Analytical questions. **15 X 1 = 30**

i. Suppose there are two countries, India and UK which produce two commodities, X and Y. The productivity of labour per unit in terms of the two goods in these countries is given as follows-

Country	Commodity X	Commodity Y
India	80	120
UK	120	150

Which country should specialize in what commodity? Will specialization and trade be gainful for both the countries? Explain