

Name:
Enrolment No:



UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
Online End Semester Examination, June 2021

Course: Business Economics-II
Program: BBA (EPRCC)
Time: 03 Hours

Semester: II
Course code: ECON1006
Max. Marks: 100

SECTION A

1. Each Question will carry 5 Marks
2. Instruction: Complete the statement / Select the correct answer(s)

		CO
Q1	Gross Domestic Product : (a) ignores the contributions of the foreign factors of production (b) includes the contributions of the domestic factors abroad (c) ignores the contribution of the self-employed factors in the economy.	CO1
Q2	What of the following does NOT enter GDP? (a) public service (b) public education (c) life expectancy (d) national defence	CO1
Q3	The difference between real and nominal GDP is : (a) nominal GDP only accounts for citizens. (b) nominal GDP uses price-levels of some base year. (c) nominal GDP uses actual price-levels. (d) real GDP also includes services, whereas nominal GDP only takes goods into account.	CO2
Q4	An important indicator of a nation's well-being is... (a) gross domestic product (GDP) (b) gross national product (GNP) (c) gross national income (GNI) (d) the growth rate of GDP or GNP	CO2
Q5	The General Theory of Employment, Interest and Money was written by: (a) J S Mill (b) Adam Smith (c) J M Keynes (d) Alfred Marshal	CO3
Q6	During business cycles the opposite of a trough is... (a) an inflation (b) a hyperinflation. (c) a trend. (d) a peak.	CO4

SECTION B

1. Each question will carry 10 marks

2. Instruction: Write short / brief notes

Q1.	“Macroeconomics is the branch of economics that is concerned with the major, general features of a country’s economy”. Explain with suitable examples.	CO1
Q2.	How is GDP calculated using expenditure, income and value added method? Which method is more suitable and why?	CO3
Q3.	A farmer grows a bushel of wheat and sells it to a miller for Rs. 100.00. The miller turns the wheat into flour and then sells the flour to a baker for Rs. 300.00. The baker uses the flour to make bread and sells the bread to an engineer for Rs. 600.00. The engineer eats the bread. What is the value added by each person? What is GDP?	CO3
Q4.	Given $C = 500 + 0.75Y$ and $I = 500$, Find ? 1. Equilibrium Income 2. Expenditure Multiplier 3. Saving Function 4. MPC and MPS 5. Prove $MPC + MPS = 1$	CO4
Q5.	From Q4, Suppose Consumption function changes to : $C = 800 + 0.50Y$ and $I = 1000$ What will be new ? 1. Equilibrium level of income 2. Expenditure Multiplier and 3. Saving Function	CO4

SECTION-C

1. Each Question carries 20 Marks.

2. Instruction: Write long answer

Q 1.	Consider the following information, i. $C = 10 + 0.75Y$, where ‘ C ’ is consumption and ‘ Y ’ is income ii. $I = 150 - 10i$, where ‘ I ’ is investment and ‘ i ’ is rate of interest iii. $L = 0.20Y - 5i$, where ‘ L ’ is demand for money, ‘ Y ’ is income and ‘ i ’ is rate of interest iv. $M = 200$, where ‘ M ’ is supply of money Use (i) and (ii) and find the IS equation ? Use (iii) and (iv) and find LM equation ?	CO2
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