


Name: Enrolment No:			
UNIVERSITY OF PETROLEUM AND ENERGY STUDIES End Semester Examination, May 2022			
Course: Business Economics-II (Macro) Program: BBA/B.COM_LL B Course Code: ECON2025		Semester: 5th Time :03 hrs. Max. Marks: 100	
Instructions:			
SECTION A (5Qx2M=10Marks)			
S. No.		Marks	CO
Q 1	Cyclical unemployment is primarily associated with: a) Structural changes in the economy b) Changes in technology c) Changes in the business cycle d) Seasonal variations in employment	2	CO1
Q 2	Hyperinflation is characterized by: a) Mild and moderate increases in prices b) Extremely rapid and excessive increases in prices c) A steady and controlled inflation rate d) Stable prices with occasional fluctuations	2	CO1
Q 3	According to the theory of absolute advantage, trade is mutually beneficial when: a) One country is more efficient in producing all goods. b) Both countries have similar production costs. c) Comparative advantage is absent. d) Transportation costs are low.	2	CO1
Q 4	What is the formula for calculating Gross Domestic Product (GDP)? a) Consumption + Investment + Government Spending b) Consumption - Investment + Net Exports c) Consumption + Investment + Government Spending + Net Exports d) Consumption - Investment - Government Spending	2	CO1
Q 5	The term "opportunity cost" is best defined as: a) The cost of goods and services in an open market b) The value of the next best alternative forgone when a decision is made c) The total cost of production for a firm d) The cost of government intervention in the economy	2	CO1
SECTION B (4Qx5M= 20 Marks)			

Q 6	Define using suitable examples of how microeconomic entities adjust their strategies in response to macroeconomic forces.	5	CO1
Q 7	Explain the concept of a trade surplus and its impact on the Balance of Payments.	5	CO2
Q 8	Illustrate the key components and interactions in the circular flow, highlighting the roles of households, firms, and the government.	5	CO2
Q 9	Discuss the impact of unemployment on individuals and the economy, and mention one government policy that can be used to address unemployment.	5	CO4
SECTION-C (2Qx10M=20 Marks)			
Q 10	Explain the main assumptions and implications of the Product Life Cycle theory in international trade. How does this theory address the evolution of industries and the impact on trade patterns?	10	CO3
Q 11	Explore the role of the IMF in promoting global economic stability and preventing financial crises. Provide examples of instances where the IMF has intervened to address economic challenges on a global scale.	10	CO4
SECTION-D (2Qx25M=50 Marks)			
Q 12	<p>a) Examine the Phillips curve and the trade-off relationship between inflation and unemployment. Discuss the concept of the short-run Phillips curve and explain how changes in inflation and unemployment levels are interconnected. (15marks)</p> <p>b) Additionally, analyze the implications of government policies aimed at influencing this trade-off. (10 marks)</p>	25	CO4
Q 13	Analyze the role of international trade agreements in the context of globalization. How do such agreements impact the economies of participating countries, and what are the implications for businesses and consumers?	25	CO4