

<b>Name:</b>	
<b>Enrolment No:</b>	

**UNIVERSITY OF PETROLEUM AND ENERGY STUDIES**

**End Semester Examination, December 2018**

**Course: Business Economics-II      CC:      ECON 1006**

**Semester: III**

**Programme: BBA -Aviation Operation**

**Time: 03 hrs.**

**Max. Marks: 100**

**Instructions: Write the correct choice only for Section A and True or False for question no 10.**

**Highlight the important points of your answers for section C and D.**

**SECTION A**

S. No.	All the questions are compulsory in this section ( Multiple choice Questions)	Marks	CO
Q 1	If the investment multiplier is 4, the relevant consumption function is given by (a) $28+0.75Y$ (b) $28+0.70Y$ (c) $-28+0.78Y$ (d) $28+0.40Y$	2	1 & 2
Q 2	Which one of the following saving functions corresponds to the investment Multiplier of 5? (a) $S = -28 + 0.25 Y$ (b) $S = -40 + 0.80 Y$ (c) $S = -60 + 0.20 Y$ (d) $S = -75 + 0.60 Y$	2	1 & 2
Q 3	If MPS rises, then the equilibrium level of output will (a) Rise (b) fall (c) remain constant (d) be indeterminate	2	1 & 2
Q 4	If the consumption function passes through the origin then $APC=MPC$ . Then consumption function may be (a) linear with out intercept (b) non-linear without intercept (c) linear with a negative intercept on the income axis (d) linear with a positive intercept on consumption axis	2	1 & 2
Q 5	If the $MPC= 0.70$ & income raise by \$20, then consumption spending will rise by (a) \$6 (b) \$14 (c) \$20 (d) \$28	2	1 & 2
Q 6	In the multiplier process, a decrease in spending, causes: (a) an increase in production and income, which leads to a further increase in spending, (b) a decrease in prices and wages, which causes an increase in spending, (c) a decrease in production and income, which leads to a further decrease in spending, (d) a decrease in production and income, which leads to an increase in spending	2	1 & 2

Q 7	By definition, the marginal propensity to consume (a) Equals $\Delta C/\Delta Y$ (b) Is the behavioral coefficient $c$ in the equation $C = C + cY_d$ (c) Is the slope of consumption function (d) All the above	2	1 & 2
Q 8	In a two sector model, if Consumption is $.40 + 0.9Y$ , and Investment is Rs. 50/- Then equilibrium output is: (a) Rs. 90/- (b) Rs. 400/- (c) Rs. 500/- (d) Rs. 900	2	1 & 2
Q 9	If consumption function is $C = a + bY$ , and investment function is $I = c + dY$ , what will be the $Y$ at equilibrium level? (a) $a/[1-(b+d)]$ (b) $b/[1-(b+d)]$ (c) $a+c/[1-(b+d)]$ (d) $1/[1-(b+d)]$	2	1 & 2
Q 10	In a closed economy, there will be always saving equals to investment (True or False)	2	1 & 2
<b>SECTION B</b> <b>Answer any four questions</b>			
Q 11	What do you mean by real interest rate and nominal interest rate	5	1
Q 12	Derive saving function	5	2
Q 13	What do you mean by balance of payments? Explain	5	5
Q 14	What are the different types of unemployment?	5	3
Q 15	What are the various measures of Inflation?	5	3
<b>SECTION-C</b> <b>Answer any two questions</b>			
Q 16	How does fluctuations in exchange rate affect the business sector? Explain.	15	4
Q 17	Differentiate between demand pull and cost push inflation.	15	3
Q 18	How does globalization affect Indian economy? Explain in detail.	15	4
<b>SECTION-D</b> <b>This section is compulsory</b>			
Q 19	What do you mean by Investment function? Explain the factors affecting rate of investment. How do you relate the concept to analyze the aviation sector in India?	30	2, 3 & 4