

Name:	 UPES UNIVERSITY WITH A PURPOSE
Enrolment No:	

Program : BALLB(Hon)UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
Final Examination, Dec.-2020

Course: Business Economics II **Semester: III**
Course Code: CLNL2001 **Time: 03 hrs.**
Max. Marks: 100

Instructions:

SECTION A (Attempt all) : True and False

S. No.	Question	Marks	CO
Q 1	a)GNP includes the net factors' incomes abroad . b) C- Consumption expenditure- includes the expenditure on constructing houses.	5	CO1
Q 2	a)Import is an injection in the economy. b) Saving is an injection.	5	CO2
Q 3	a)Remittances are included in the current a/c of the Balance of Payment a/c . b) With the increase in c- Marginal Propensity of Consumption, the multiplier increases.	5	CO1
Q 4	a)As per classical view, the economy should operate always at potential level of income . b) Demand-pull inflation increases the price level but decreases the GNP .	5	CO1
Q 5	a)Institutionalized borrowings are given for short term . b) As per mercantilism, both export and import should be discouraged.	5	CO4
Q 6	a)India always has current a/c surplus . b) As per absolute advantage, country should export a commodity it produces efficiently.	5	CO4

SECTION B

Q1	What are absolute advantage and comparative advantage theories? Is it possible for a country to have a comparative advantage in producing a good without having an absolute advantage? Briefly explain.	10	CO4
Q2	Given Saving function $S = -80 + 0.46Y$, calculate the consumption expenditure at the level of income of Rs 800 crores.	10	CO3
Q3	Calculate equilibrium level of income from the following: (i) Consumption expenditure at zero income Rs. 80 (ii) Marginal Propensity to Consume 0.6 (iii) Investment Rs. 120	10	CO3
Q4	What is the impact of COVID19 pandemic on Indian and global economies?	10	CO4
Q5	a)Why is unemployment such an important social problem? What are the economic and social costs of unemployment ? Critically discuss. Or b) What are differences between Consumer price index and GNP deflator? Critically explain with hypothetical examples.	10	CO1

SECTION-C

Q 1	<p>1) a) Calculate Real GNP and Inflation rates with the method of GNP deflator. Use the hypothetical information given below and take year 2017 as base year.</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%;"></th> <th style="width: 20%; text-align: center;">2017</th> <th style="width: 20%; text-align: center;">2018</th> <th style="width: 20%; text-align: center;">2019</th> </tr> </thead> <tbody> <tr> <td>Chairs</td> <td style="text-align: center;">50@ 100Rs</td> <td style="text-align: center;">60@ 125Rs</td> <td style="text-align: center;">60@ 130 Rs</td> </tr> <tr> <td>Tables</td> <td style="text-align: center;">25@ 150 Rs</td> <td style="text-align: center;">30@ 140 Rs</td> <td style="text-align: center;">40@ 160Rs</td> </tr> <tr> <td>Apples</td> <td style="text-align: center;">100@ 10 Rs</td> <td style="text-align: center;">110@ 12Rs</td> <td style="text-align: center;">120@ 14Rs</td> </tr> <tr> <td>Bananas</td> <td style="text-align: center;">150@ 5Rs</td> <td style="text-align: center;">160@ 6Rs</td> <td style="text-align: center;">200@ 5Rs</td> </tr> <tr> <td>Wheat</td> <td style="text-align: center;">200Kg@20Rs</td> <td style="text-align: center;">220Kg@ 25Rs</td> <td style="text-align: center;">230 Kg@ 30Rs</td> </tr> </tbody> </table> <p>b) What are the role of injections and leakages in regulating the economy? Critically explain it with pictorial presentation of the modern economy comprising the House Hold Sector, Firms, Financial Sector , Government sector and External Sector.</p>		2017	2018	2019	Chairs	50@ 100Rs	60@ 125Rs	60@ 130 Rs	Tables	25@ 150 Rs	30@ 140 Rs	40@ 160Rs	Apples	100@ 10 Rs	110@ 12Rs	120@ 14Rs	Bananas	150@ 5Rs	160@ 6Rs	200@ 5Rs	Wheat	200Kg@20Rs	220Kg@ 25Rs	230 Kg@ 30Rs	20	C02
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