

Name:

Enrolment No:



Name of the Program: BBA (FAS)

Semester – II

Subject Name : Business Economics II

Max. Marks : 100

Subject Code : ECON1002

Duration: 3 Hrs

This question paper has 2 page(s).

**Instructions:**

**Section A** (each carrying 5 marks); **Section B. Attempt any 4 Question** (each carrying 10 marks). **Section C** (carrying 20 marks each).

**Section A ( Attempt All Questions)**

1.	Briefly Explain the following terms		
a)	Real GDP	[5]	CO1
b)	Balance of Payments	[5]	CO2
c)	Repo Rate	[5]	CO1
d)	Marginal Propensity to Consume	[5]	CO1

**SECTION B ( Attempt Any Four )**

2.	Explain in detail phases and features of Business Cycle.	[10]	CO2
3.	What is FDI and FII? Why is it considered important for economic development of a nation?	[10]	CO2
4.	How does exchange rate mechanism work in the market driven economy.	[10]	CO2
5.	Explain purchasing power theory or law of one price with the help of example.	[10]	CO3
6.	Explain in detail evolution function and role of WTO.	[10]	CO4

**SECTION C ( Attempt all Questions)**

7.	<p>“When Chinese e-commerce giant Alibaba in 2018 announced it had chosen the ancient city of Xi’an as the site for its new regional headquarters, the symbolic value wasn’t lost on the company: it had brought globalization to its ancient birthplace, the start of the old Silk Road. It named its new offices aptly: “Silk Road Headquarters”. The city where globalization had started more than 2,000 years ago would also have a stake in globalization’s future.”</p> <p>Explain in detail the road to globalization and the developments it brought.</p>	<b>20</b>	<b>CO1,C O2,CO 3, CO4</b>
8.	<p>What is absolute cost advantage? With a help of an example of a two country and two-product economy, explain how it is different from comparative cost advantage.</p>	<b>20</b>	<b>CO1,C O2,CO 3, CO4</b>

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**Section A ( Attempt All Questions)**

1.	Briefly Explain the following terms		
e)	Multiplier	[5]	CO1
f)	Balance of Trade	[5]	CO2
g)	Reverse Repo Rate	[5]	CO1
h)	Autonomous Consumption	[5]	CO1

**SECTION B ( Attempt Any Four )**

2.	Explain a three sector model for Circular flow of Income.	[10]	CO2
3.	What is FDI and FII? Why is it considered important for economic development of a nation?	[10]	CO2
4.	How does exchange rate mechanism work in the market driven economy.	[10]	CO2
5.	Explain in detail phases and features of Business Cycle.	[10]	CO3
6.	Explain in detail evolution function and role of WTO.	[10]	CO4

**SECTION C ( Attempt all Questions)**

7.	<p>“In a world increasingly dominated by two global powers, the US and China, the new frontier of globalization is the cyber world. The digital economy, in its infancy during the third wave of globalization, is now becoming a force to reckon with through e-commerce, digital services, 3D printing. It is further enabled by artificial intelligence, but threatened by cross-border hacking and cyberattacks.</p> <p>At the same time, a negative globalization is expanding too, through the global effect of climate change. Pollution in one part of the world leads to extreme weather events in another. And the cutting of forests in the few “green lungs” the world has left, like the Amazon rainforest, has a further devastating effect on not just the world’s biodiversity, but its capacity to cope with hazardous greenhouse gas emissions.</p> <p>Explain in detail the road to globalization and the developments it brought.</p>	<b>20</b>	<b>CO1,C O2,CO 3, CO4</b>
8.	<p>What is absolute cost advantage? With a help of an example of a two country and two-product economy, explain how it is different from comparative cost advantage.</p>	<b>20</b>	<b>CO1,C O2,CO 3, CO4</b>