UPES

UNIVERSITY OF PETROLEUMAND ENERGY STUDIES

End Semester Examination,December 2017
Program: B.COM. LLB. (Hons.) Taxation Laws   **Semester –**   **III**
Subject (Course): BUSINESS ECONOMICS II   **Max. Marks**   **: 100**
Course Code   :   **Duration**   **: 3Hrs**
No. of page/s:

Note: All Section are Compulsory

Section – A

Objective Type   (10 x 1=10 Marks)

1) There are _____methods of measuring GDP:

a) Four
b) Three
c) Five
d) None

2) Exchange rates that are determined by the unregulated forces of supply and demand are

a)   floating exchange rates.
b)   pegged exchange rates.
c)   fixed exchange rates.
d)   managed exchange rates

3) When referring to economic growth, we normally refer to:

 a) growth in actual real per capita output
b) growth in potential real per capita output
c) growth in actual nominal per capita output
d) growth in potential real per capita output

4) Inflation is mostly harmful to which of the following:
a) Debtors
b) Creditors

c) Business class
d) Holder of real assets

5) Consider the following statements and identify the right ones:
1. National income is the monetary value of all final goods and services produced.
2. Depreciation is deducted from gross value to get the net value.

a) I Only
b) 2 Only
c) Both
d) None

6) Balance of payments of a country includes:
a) Current account
b) Monetary account
c) Capital account
d) All of the above

7) When depreciation is deducted from GNP, the net value is:
a) Net national product
b)Net domestic product
c)Gross national product
d) Disposable income

8) Invisible items in balance of payments include:

a) Foreign remittances
b) Income from tourists
c) Internet charges
d) All the three

9) Globalisation has posed major challenges for:
a) Big producers
b) small producers
c) Rural poor
d) None of these

10) Unemployment which occurs when workers move from one job to another job is known as:
a) Cyclical Unemployment
b) Seasonal Unemployment
c) Technological Unemployment
d) Frictional Unemployment

SECTION – B

Short Questions: Do any 4 questions. (5x4=20)

Ques.2. What do you understand by transfer payments?

Ques.3. Distinguish between 'current transfers' and 'capital transfers'.

Ques.4. What do you understand by private income?

Ques.5. Define foreign exchange?

Ques 6. Define full employment.

SECTION – C

Description Type Analytical Question: Do any 2 questions. (10x2=20)

Ques7. What do you mean by adverse BOPs? Mention any 2 causes for it.

Ques.8. How do we solve the problem of double counting in the estimation of NI?

Ques 9. Explain purchasing power parity theory in detail. Give its relevance in context with the current economic situation.

Ques 10. What do you mean by FDI? How does FDI benefit the home country?

SECTION – D

Long Type Questions Do any 2 questions. (25*2=50)

Ques. 11. What do you mean by balance of payments? State the broad classification of components of BOPs. Explain the items included in BOPs.

Ques. 12 What do you mean by globalization? Explain in detail the factors influencing globalization.

Ques. 13 Read carefully the given case study and answer the questions:

The growth of free trade in Asia At the start of 2010 a new free trade area was established incorporating China and the six founding members of the Association of South East Asian Nations (ASEAN). These countries are Brunei, Indonesia, Malaysia, Philippines, Singapore, and Thailand. The aim is to eliminate 90% of imported goods. This deal created the largest trade area in the world, with nearly 1.9bn people. Although there are undoubted gains there have also been warnings from South East Asia that some industries are not ready to compete with China and that jobs will be lost. Questions
1. What is a free trade area?
2. Outline the potential advantages and disadvantages of joining this area for the member countries.
3. What factors determine the extent to which industries within a country gain or lose?

Ques. 14 **From the following data, estimate the net value added at factor cost and show that it is equal to the sum of factor incomes :–**

- Sales   11000
- Change in stock   680
- Intermediate Consumption   2370
- Depreciation   450
- Wages and salaries   5400
- Interest   250
- Rent   750
- Profit   2150
- Net indirect Taxes   310
- Students scholarship   75

       (All the amounts are in Rs. Crore)

UPES

UNIVERSITY OF PETROLEUMAND ENERGY STUDIES

End Semester Examination,December 2017
Program: B.COM. LLB. (Hons.) Taxation Laws   **Semester –   III**
Subject (Course): BUSINESS ECONOMICS II   **Max. Marks   : 100**
Course Code   :   **Duration   : 3Hrs**
No. of page/s:

Note: All Section are Compulsory

Section – A

Objective Type   (10 x 1=10 Marks)

1) It is NOT transfer payment:

a) Payment of pocket money to children
b) Financial support to old parents
c) A broker's commission
d) Donation to a hospital

2) Intermediate goods are meant for:

a) Direct use by the consumers
b) further processing
c) The term do not exist
d) None

3) Deflation is:

a) An increase in the overall level of economic activity
b) An increase in the overall price level
c) A decrease in the overall level of economic activity
d) A decrease in the overall price level

4) Inflation brings most benefits to which one of the following:

a) Government pensioners
b) Creditors
c) Saving bank account holders
d) Debtors

5) Consider the following statements and identify the correct ones:

1. While calculating GDP, income generated by foreigners in a country is taken into account.

2. While calculating GDP, income generated by nationals of a country outside the country is taken into account.

a) I Only
b) 2 Only
c) Both
d) None

6) A country that does not trade with other countries is called an economy:

a) Open
b) Closed
c) Independent
d) None of these

7) The net value of GDP after deducting depreciation from GDP is:

a) Net national product
b)Net domestic product
c)Gross national product
d) Disposable income

8) Balance of payments of a country includes:

a) Balance of trade
b) Capital receipts and payments
c) Saving and investment account
d) Both (a) and (b)

9) Government can make globalisation more 'fair' by:

a) increasing competition
b) increasing employment
c) implementing the labour laws
d) imposing trade barriers

10) Unemployment in a developing country takes place due to

a) Natural disasters

b) Lack of effective demand

c) lack of complementary factors of production

d) Switch over from one job to another

SECTION – B

Short Questions: Do any 4 questions. (5x4=20)

Ques.2. Explain briefly the problem of double counting in the estimation of national income.

Ques.3. Distinguish between domestic product (income) and national product (income).

Ques.4. What is a tax? Explain direct and indirect tax with the help of examples.

Ques.5. What is personal income?

Ques 6. Explain briefly any 2 types of unemployment.

SECTION – C

Description Type Analytical Question: Do any 2 questions. (10x2=20)

Ques 7. Mention the main invisible items in balance of payments.

Ques 8. What do you mean by compensation of employees? State its components.

Ques9. What do you mean by foreign exchange? Explain in detail the determinants of it.

Ques 10. What is FDI? What does it mean for the managers?

SECTION – D

Long Type Questions   Do any 2 questions. (25*2=50)

Ques.11. Explain foreign exchange rate. Mention its types and also differentiate between them using examples.

Ques.12. What do you mean by multinational companies? Explain the positive and negative impacts of globalization.

Ques.13. Read carefully the given case study and answer the questions:

China targeting 8% growth in 2010 At the beginning of 2010 the Chinese government announced that it was targeting 8% growth for the economy again, despite the global recession. The target had been 8% for a number of years and the government had always met it. About 9% growth is expected in 2010 thanks to huge government fiscal and monetary stimulus measures. The Chinese economy is the third largest in the world. Forecasts for economic growth made by the International Monetary Fund for 2010 included China 9.2%, UK 0.9%, Japan 1.7%, US 1.5% and India 6.4%. However government officials in China recognized that growth was not guaranteed. China relies

heavily on exports and so is vulnerable to economic change elsewhere in the world.

Questions
1. Why is economic growth often important to governments?
2. 8% is relatively fast economic growth. Why does China set such as high target?
3. Why is China predicted to grow faster than many other economies?
4. What types of fiscal and monetary stimulus might have been used to help the economy grow? 5. Why does the reliance on exports make Chinese growth vulnerable to changes in other economies? 6. Could the government make the economy less reliant on exports?

Ques. 14. **From the following data calculate Gross Domestic Product at Market Price**

Gross national product at factor cost	6,150
Net exports	(-)50
Compensation of employees	3,000
Rent	800
Interest	900
Undistributed Profit	1,300
Net indirect taxes	300
Net domestic capital formation	800
Gross fixed capital formation	850
Change in stock	50
Dividend	300
Factor income to abroad	80

(All the amounts are in Rs. Crore)