

Course Code: BBCE 112	Business Economics II	L	T	P	C
Version 1.0		3	0	0	3
Pre-requisites/Exposure	12 th Standard Economics				
Co-requisites					

Course Objectives

1. To understand the functioning of economy at the macro level.
2. To Understand how the economy is regulated through monetary and fiscal policies.
3. To study the important indicators of the economy and their significance.

Course Outcomes

On completion of this course, the students will be able to:

- CO1. To explain the concept of macroeconomics.
- CO2. To apply the circular flow of income and expenditure.
- CO3. To analyse the income determination through classical and Keynesian economics.
- CO4. To integrate the role of fiscal and monetary policies in regulating economy.

Catalog Description: Macroeconomics is a basic subject of Economics. It is required to understand the major economic phenomena at the national and international levels. It would cover the concepts like measuring the economic performance of the economy, determinants of economic performance, fiscal policy , monetary policy, trade policy, etc.

Course Content

- Module 1: Introduction to Macroeconomics: Liberalization, Privatization, Globalization -4 Lecture hours**
- Module 2: Measuring National Income and Output- GNP, GDP. Three methods to calculate output 4 lecture hours**
- Module 3: Consumption and Investment- Consumption function, Psychological law of consumption, Multiplier, Leakages of Multiplier 5 lecture hours**
- Module 4: Unemployment and Inflation. -5 lecture hours**
- Module 5: International Trade, Comparative Advantage and Protectionism.- 5 lecture hours**
- Module 6: The Balance of Payments and Exchange Rates. -4 lecture hours**
- Module 7: Long-Run and Short-Run Concerns: Economic Growth, Productivity- 4lecture hours**
- Module 8: Evolution, Functions and Role of WTO- 5lecture hours**

Text Books

1. David Colander, Macroeconomics, ISBN -13:9789352605514, McGraw-Hill Education, 2017
2. Dornbusch, Fischer and Startz, Macroeconomics, McGraw Hill, 11th edition, 2010. 2. N.
3. Gregory Mankiw. Macroeconomics, Worth Publishers, 7th edition, 2010.
4. Olivier Blanchard, Macroeconomics, Pearson Education, Inc., 5th edition, 2009.
5. Richard T. Froyen, Macroeconomics, Pearson Education Asia, 2nd edition, 2005.
6. Andrew B. Abel and Ben S. Bernanke, Macroeconomics, Pearson Education, Inc., 7th edition, 2011.
7. Errol D'Souza, Macroeconomics, Pearson Education, 2009.

Paul R. Krugman, Maurice Obstfeld and Marc Melitz, International Economics, Pearson Education Asia, 9th edition, 2012

Reference Books

1. Getting India Back on Track by Bibek Debroy

Modes of Evaluation: Quiz/Assignment/ presentation/ extempore/ Written Examination Examination Scheme:

Components	MSE	IA	ESE
Weightage (%)	20	30 <ul style="list-style-type: none">• Case Presentation (30 Marks)• Online Assignments (40 Marks)• Quiz (30 Marks)	50

Relationship between the Course Outcomes (COs) and Intended Student Learning Outcomes (ISLOs) or PO's

Mapping between COs and Intended Student Learning Outcomes (ISLOs)

	Course Outcomes (COs)	Mapped Intended Student Learning Outcomes (ISLOs)/ PO's
CO1	To explain the concept of macroeconomics.	PO1, PO 2, PO 3, PO 4, PO 5, PO 6, PO 7, PO 8, PO 9, PO 10
CO2	To apply the circular flow of income and expenditure.	PO1 PO 3, PO 4, PO 5, PO 6, PO 7, PO 8, PO 9, PO 10,11
CO3	To analyze the income determination through classical and Keynesian economics.	PO1, PO 2, PO 3, PO 5, PO 6, PO 7, PO 8, PO 9, PO 10, 11
CO4	To integrate the role of fiscal and monetary policies in regulating economy.	PO1, PO 2, PO 3, PO 4, PO 5, PO 7, PO 8, PO 9, PO 10, 11, 12

Course Outcomes	CO 1	CO 2	CO 3	CO 4
PO 1	3	3	3	2
PO 2	3	3	3	2
PO 3	3	3	3	2
PO 4	3	1	1	2
PO 5	2	1	1	1
PO 6	2	2	2	2
PO 7	3	2	1	2
PO 8	3	3	3	3
PO 9	1	1	1	1
PO 10	2	2	2	2
PO 11	3	2	1	2
PO 12	1	2	1	1

BBCG 106	International Business	ISLO /PO1	Students will demonstrate strong conceptual knowledge of international business
		ISLO /PO2	Students will demonstrate effective oral and written communication skills in the professional context
		ISLO /PO3	Students will be able to work effectively in team building capabilities
		ISLO /PO4	Students will develop critical thinking and problem-solving skills applicable to business and management
		ISLO /PO5	Students will be able to describe the global environment of business
		ISLO /PO6	Student will demonstrate sensitivity towards ethical and moral issues and have ability to address them in the
		ISLO /PO7	Students will be able to apply decision support tools to business decision making.
		ISLO /PO8	Student will be apply knowledge of business concepts and function in an integrated manner
		ISLO /PO9	Students will demonstrate conceptual domain knowledge of international business
		ISLO /PO10	Students will apply decision support tools to decision making in international business
		ISLO /PO11	Students will apply conceptual knowledge of Foreign Trade in an integrated manner.
		ISLO /PO12	Students will demonstrate employable and deployable skills for appropriate roles in management.

	CO	3	3	3	2	1	2	2	3	1	2		
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1=weakly mapped

2= moderately mapped

3=strongly mapped

Model Question Paper

Name:

Enrolment No:



University of Petroleum & Energy Studies
College of Management & Economics Studies
Kandoli Campus, Dehradun

Model Question paper

Programme Name: BBA (FT)

Semester III

Subject : Business Economics II

M.Marks: 100

Subject code: BBCE 112

Duration: 3 Hrs

Instructions :

- a) There are three sections. All sections are Compulsory.
- b) Use hypothetical examples and graphs wherever necessary.

Section A

Multiple choice questions

(20 marks)

1. In a private sector model
 - a. Household saving is a leakage from the circular flow of income
 - b. Investment is a spending injection
 - c. Saving leakages equal investment injections
 - d. All of the above
2. In an open economy model, GDP is sum of
 - a. Consumption, gross investment, government spending and net exports
 - b. Consumption, net investment, government spending and net exports
 - c. Consumption, gross investment, government spending and gross exports
 - d. Wages, rent, interest, profit and depreciation
3. Frictional unemployment exists
 - a. When there is a decrease in real GDP
 - b. Because it takes time to find a job when one is first entering the labor force

- c. As a result of technological change
 - d. When an individual retires
4. In stating that $C=f(Y_d, W)$
- a. It is hypothesized that Y_d , a more important determinant of C than W
 - b. It is hypothesized that W is more important determinant of C than Y_d
 - c. W and Y_d , are dependent variables explaining C
 - d. Y_d , and W are independent variables explaining C
5. Walmart is exploring to invest in and open retail stores collaborating with an Indian company. The name of the company is
- a. Pantaloon
 - b. Big Bazaar
 - c. Flipkart
 - d. Westside
6. The name of the body regulating digital payments in India is
- a. National Payments Commission of India
 - b. National Payments Corporation of India
 - c. National Payments Council of India
 - d. National Digital Corporation of Indian Digital Corporation of India
7. Which of the following does not increase output?
- a. An increase in the supply of labor, ceteris paribus
 - b. Technological progress, ceteris paribus
 - c. Government imposes new environmental laws, ceteris paribus
 - d. There are improved methods for managing resources, ceteris paribus
8. When saving is greater than investment in a two-sector model,
- a. Output should increase
 - b. Output should decrease
 - c. Output should not change
 - d. All of the above
9. When an increase in government spending is matched by an equal decrease in government transfers, output will
- a. Stay same
 - b. Increase
 - c. Decrease
 - d. both 'a' & 'c'
10. By definition, the marginal propensity to consumer
- a. Equals $\Delta C/\Delta Y_d$
 - b. Is the behavioral coefficient c in the equation $C = C + cY_d$
 - c. Is the slope of consumption function
 - d. All of the above.

2. 'True' and 'False'

(20 marks)

- (i) An increase in leakages results in decrease in equilibrium output
- (ii) In a $(C+I+G)$ model, there is an inverse relationship between the value of the income tax and the value of the expenditure multiplier
- (iii) Output in the short run is a function of the equilibrium condition in the labor market
- (iv) Increases in productivity are the result of increased knowledge.
- (v) A country which experiences a net outflow of capital has a deficit balance in its capital account.
- (vi) A university graduate is structurally unemployed when he or she looks for a job upon graduation from the college.
- (vii) An increase in real GDP indicates that there is an increase in the material well being of all individuals in an economy

- (viii) Keynesian economists take a noninterventionist approach to macroeconomic problems.
- (ix) In the expression, $C = f(Y_d)$, disposable income is the dependent variable
- (x) A classical approach to recessions attributes the decline in real GDP to a rapid adjustment of prices to a change in the level of aggregate demand

Section B (5*4)

1.	GNP deflator	[5]	CO1
2.	Producer Price Index	[5]	CO1
3.	National Income at Factor Cost	[5]	CO1
4.	Disposable income	[5]	CO1
5.	Transfer Payments	[5]	CO2, CO1

SECTION C (10*3=30)

1.	<table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Year 2015</th> <th style="text-align: left;">Year 2016</th> <th style="text-align: left;">Year 2017</th> </tr> </thead> <tbody> <tr> <td>50 Bananas@ Rs. 1</td> <td>60 Bananas@Rs.1.25</td> <td>65</td> </tr> <tr> <td>Bananas@Rs.1.50</td> <td></td> <td></td> </tr> <tr> <td>75 Oranges@Rs.0.5</td> <td>70 Oranges@Rs.0.75</td> <td>80</td> </tr> <tr> <td>Oranges@Rs.0.8</td> <td></td> <td></td> </tr> <tr> <td>125kg Wheat@ Rs. 5</td> <td>130Kg wheat@ Rs. 6</td> <td>130Kg</td> </tr> <tr> <td>wheat@ Rs. 7</td> <td></td> <td></td> </tr> <tr> <td>150 kg Rice@ Rs. 7</td> <td>155kg Rice@Rs.7.5</td> <td>160kg Rice@ Rs. 8</td> </tr> </tbody> </table> <p>Calculate the Real GDP for years 2016 and 2017 by taking year 2015 as base year. Also calculate the Real GDP growth rates .</p>	Year 2015	Year 2016	Year 2017	50 Bananas@ Rs. 1	60 Bananas@Rs.1.25	65	Bananas@Rs.1.50			75 Oranges@Rs.0.5	70 Oranges@Rs.0.75	80	Oranges@Rs.0.8			125kg Wheat@ Rs. 5	130Kg wheat@ Rs. 6	130Kg	wheat@ Rs. 7			150 kg Rice@ Rs. 7	155kg Rice@Rs.7.5	160kg Rice@ Rs. 8	[10]	CO1,C O2
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2.	Injections and leakages are used to regulate the economy. What kind of injections would you uses in a situation when the economy is in recession? Critically explain with the help of circular flow of income and expenditure graph.	[10]	CO1,C O2, CO3, CO4
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3	Injections and leakages are used to regulate the economy. What kind of injections would you uses in a situation when the economy is in recession? Critically explain with the help of circular flow of income and expenditure graph.	[10]	CO1,C O2, CO3, CO4
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SECTION D (15*2=30)

1	What is the difference between portfolio investment and Foreign Direct Investment ? If you are a manager of an Indian MNC wishing to invest in any one of the countries of	[15]	CO1, CO2,C O3, CO4
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	European continent, which macroeconomic factors would you study before finalizing the location for such investment? Critically analyze.		
2.	What are the advantages and disadvantages of fixed and flexible exchange rate regimes. Critically discuss.	[15]	CO1,C O2, CO3, CO4