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Number of printed Pages - 01

**Sardar Patel University**  
Vallabh Vidyanagar – 388 120  
Semester End Examination – March/April 2016  
FYBBA (SEM 2)  
UM02CBBA05 – Macro Economics

Date: 4<sup>th</sup> April 2016  
Time: 2.30 pm to 4.30 pm

Total Marks: 60

Note: Figures to the right indicate marks,  
All the questions are compulsory,  
Draw diagrams and cite examples wherever necessary.

- Q.1 What are the basic problems of an economy? Discuss with the help of Production possibility curve. (15)
- OR
- Q.1 Explain the concept of circular flow with the help of five sector model. (15)
- Q.2 Write a note on (i) Multiplier and (ii) Liquidity Trap. (15)
- OR
- Q.2 Discuss liquidity preference theory of interest. (15)
- Q.3 Define commercial bank and discuss various functions of Commercial bank. (15)
- OR
- Q.3 Critically examine comparative cost advantage theory of international trade. (15)
- Q.4 Define business cycle? Explain various phases of business cycle. (15)
- OR
- Q.4 What is inflation? Explain causes of inflation and suggest measures for arresting inflation. (15)

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