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SARDAR PATEL UNIVERSITY  
BBA(IB) (Sem-II; CBCS) EXAMINATION

Friday, 1<sup>st</sup> April - 2016

UM02CBBB05: Macro Economics / UM02CBBF03

2.30 pm to 4.30 pm

Total marks: 60

- Note: (1) Answer should be to the point.  
(2) Figures to the right indicate full marks of the question.

- Q.1 (a) What is investment multiplier? Elaborate its concept with an example and diagram. (08)  
(b) What is consumption function? Discuss it with the help of schedule and diagram. (07)

OR

- Q.1 (a) Give the definition of effective demand. Discuss the principle of effective demand given by Prof. Keynes. (08)  
(b) Write short notes on: (i) average propensity to consume (APC), (ii) marginal propensity to consume (MPC), (iii) average propensity to save (APS) and (iv) marginal propensity to save (MPS). (07)
- Q.2 (b) Discuss the different methods of estimating national income. (08)  
(a) Explain and distinguish between: (i) GDP and NDP, (ii) GNP and NNP. (07)

OR

- Q.2 What is national income? Elaborate the conceptual and practical difficulties involved in measuring the national income. (15)
- Q.3 (a) Explain the comparative cost advantage theory given by Prof. Ricardo. (08)  
(b) Write note on exchange rate. (07)

OR

- Q.3 (a) What is deficit in balance of payments? List out and explain the causes of deficit in balance of payments. (08)  
(b) Write note on foreign trade multiplier. (07)
- Q.4 (a) Describe the methods of public debt redemption. (08)  
(b) What is deficit financing? Write note on safe limit of deficit financing. (07)

OR

- Q.4 What is indirect tax? Give advantages and disadvantages of indirect tax. (15)

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