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SEAT No. \_\_\_\_\_

No. of Printed Pages : 1

**SARDAR PATEL UNIVERSITY**  
**FYBBA (ITM) (3 years) SEM-II Examination**  
**Subject: - Macro Economics**  
**Code: UM02EBBI02**

**Date: 05/04/2018, Thursday**  
**Time: 02:00 to 04:00 pm**

**Total Marks: 60**

**Note:** a) Figures to the right indicate full marks of the question.  
b) Draw diagrams and cite examples wherever necessary.

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- Q.1 a) Explain basic problems of an economy. [08]  
b) Write a note on mixed economy system. [07]
- OR**
- Q.1 a) Explain the basic concepts of national income and discuss its methods of measuring national income. [15]
- Q.2 a) Write a note on consumption function. [08]  
b) Write a note on Liquidity trap. [07]
- OR**
- Q.2 Discuss Liquidity preference theory of interest. [15]
- Q.3 Explain various functions of commercial banks with special emphasis on credit creation function. [15]
- OR**
- Q.3 What is Inflation? Explain in detail various types and causes of inflation. [15]
- Q.4 What do you mean by direct taxes? Discuss the advantages and disadvantages of direct taxes. [15]
- OR**
- Q.4 a) Define public debt. Explain different methods of public debt redemption. [08]  
b) Write note on deficit financing and its safe limit. [07]

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