

**SARDAR PATEL UNIVERSITY**  
**F. Y. B. B. A (ISM) (II SEMESTER ) (REGULAR) EXAMINATION**  
**Friday, 20<sup>th</sup> April 2012**  
**11.00 am - 1.00 pm**  
**UA02CBBS06 - MACRO ECONOMICS**

**Total Marks: 60**

**Note:** Figures to the right indicate full marks of the question.

Q.1

- (A) Explain in detail the central problems of economics. [08]  
 (B) Discuss the circular flow of National Income. [07]

**OR**

Q.1

- (A) Define National Income. Explain methods of calculating National Income. [08]  
 (B) Discuss the types of Economic System in detail. [07]

Q.2

- (A) What is Consumption function ? Discuss Keynes's Consumption function with the help of diagram. [08]  
 (B) Write a note on : Liquidity Trap. [07]

**OR**

Q.2

- (A) What is Investment multiplier ? Discuss the forward and Backward working of multiplier. [08]  
 (B) Explain modern theory of interest rate. [07]

Q.3

- (A) What is Commercial banks ? Discuss process of credit creation of commercial banks. [08]  
 (B) Explain various components of money supply. [07]

**OR**

Q.3

- (A) Milton Friedman's quantity theory of money. - Explain. [08]  
 (B) Explain the causes of dis-equilibrium in balance of payment. [07]

Q.4

- (A) What is inflation ? Discuss the effects of inflation on various sections of the society. [08]  
 (B) Write a note on : Redemption of Public debt. [07]

**OR**

Q.4

- (A) Define Business Cycle ? Explain various phases of a business cycle. [08]  
 (B) What is tax ? Explain the merits and demerits of direct and indirect taxes. [07]

