

**SARDAR PATEL UNIVERSITY**  
**FY BBA (FT) (II SEM) (NC) EXAMINATION**  
**Monday, 16<sup>th</sup> April 2012**  
**11 am - 1 pm**  
**UM02CBBF03 - Macro Economics**

**Total Marks: 60**

**Note:** (1) Draw diagram and cite examples whenever necessary.  
(2) Figures to the right indicate full marks.

Q.1 What is Balance of Payments? Discuss the causes and methods to correct disequilibrium in Balance of Payments. [15]

**OR**

- Q.1
- (a) Discuss the Comparative Cost Advantage Theory given by Prof. David Ricardo. [08]
  - (b) Write note on: Foreign Trade Multiplier. [07]

Q.2 What are Taxes? Discuss advantages and disadvantages of Indirect Taxes. [15]

**OR**

- Q.2
- (a) What is Public Debt? Discuss the causes of Public Debt in detail. [08]
  - (b) Discuss on the safe limit of deficit financing. [07]

Q.3 Discuss the concept of GDP, GNP, NDP, NNP, NNP at market price, NNP at factor cost and Per Capita Income in detail. [15]

**OR**

- Q.3
- (a) Discuss the difficulties in measurement of National Income. [08]
  - (b) Elaborate the methods of measuring National Income. [07]

- Q.4
- (a) Explain the principle of effective demand given by Prof. Keynes. [08]
  - (b) What is Propensity to consume? Discuss it with the help of schedule and diagram. [07]

**OR**

Q.4 What is Investment Multiplier? Discuss the process of Investment Multiplier with the help of an example and diagram. [15]

