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# SARDAR PATEL UNIVERSITY
## BBA(IB) (Sem-II; CBCS) EXAMINATION
Friday, 1$^{st}$ 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)*

*****THE END*****