

[A-65]

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**SARDAR PATEL UNIVERSITY**  
**B.B.A(ISM) (II SEMESTER EXAMINATION)**

**Tuesday 05th April 2016**

**02: 30 P.M TO 04:30 P.M**

**UM02CBBS06 – MACRO ECONOMICS**

**Total marks 60**

**Note: - Figure to the right indicate marks.**

**Draw diagrams and cite examples wherever necessary.**

Q-1(A) Discuss the types of Economics System in detail. (08)

(B) Explain in detail circular flow of income. (07)

OR

Q-1(A) What is National Income? Explain in detail the methods to calculate national income with the difficulties arise in calculation of National income. (15)

Q-2 (A) What is Interest? Explain the liquidity preference Theory of interest. (08)

(B) Explain the psychological law of consumption given by Keynes. (07)

OR

Q-2 What is Multiplier? Explain the forward working of investment multiplier with its leakages in detail. (15)

Q-3(A) Explain the theory of comparative cost. (08)

(B) What is Money? Explain the components of Money supply. (07)

OR

Q-3(A) Explain the Milton Friedman's quantity theory of money. (08)

(B) Explain the process of Credit Creation as major function of commercial bank. (07)

Q-4 What is Inflation? Explain in detail various types and causes of inflation. (15)

OR

Q-4(A) What is Business cycle? Explain main Phases of Business cycle. (08)

(B) Discuss the merit and demerits of direct and indirect tax. (07)

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