

National Testing Agency

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Principles of Macroeconomics 1

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Principles of Macroeconomics 1

Section Id : 70959793
Section Number : 1
Section type : Online
Mandatory or Optional: Mandatory
Number of Questions: 100
Number of Questions to be attempted: 100
Section Marks: 100
Display Number Panel: Yes
Group All Questions: No

Sub-Section Number: 1
Sub-Section Id: 709597102
Question Shuffling Allowed : Yes

Question Number : 1 Question Id : 7095979067 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Which of the following does not come under Macro Economics?

- a) India is having the fastest rate of growth of GDP among the countries of the world.
- b) Reliance Jio will be providing broadband network at very low rates.
- c) Unemployment is increasing these days.
- d) RBI is following a cheap monetary policy.

Question Number : 2 Question Id : 7095979068 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

“Macro Economics is that part of economics which studies the overall averages and aggregates of them”. Who gave this definition of Macro Economics?

- a) RGD Allen
- b) Lipsey & Chrystal
- c) Boulding
- d) Dornbusch and Fischer

Question Number : 3 Question Id : 7095979069 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

In Micro Economics, consumers, producers & factors of production take their decisions on the basis of price.

- a) True
- b) False

Question Number : 4 Question Id : 7095979070 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Macro Economics helps us to understand the

- a) problem of investment
- b) problem of growth and development
- c) problem of poverty and unemployment
- d) All of the options.

Question Number : 5 Question Id : 7095979071 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

“Price is the main determinant of macro-economics.”

- a) True
- b) False

Question Number : 6 Question Id : 7095979072 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Which of the following is not a stock?

- a) Expenditure
- b) Wealth
- c) Electric fan
- d) Inventories

Question Number : 7 Question Id : 7095979073 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

In case of determination of price level:-

- a) Quantity demanded is dependent variable.
- b) Quantity supplied is dependent variable.
- c) Price level is dependent variable.
- d) Price level is independent variable.

Question Number : 8 Question Id : 7095979074 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Which of following statement is not false?

- a) Exogenous variables come from outside the model.
- b) Endogenous variable are the independent variables.
- c) Exogenous variable are the model output.
- d) Exogenous variable are within the model.

Question Number : 9 Question Id : 7095979075 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Malthusian theory of population is based on.

- a) Cross section data
- b) Time series data
- c) Pooled data
- d) None of the options.

Question Number : 10 Question Id : 7095979076 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

According to psychological theory of business cycles, downward swing of the trade cycle is due to.

- a) Bad climate
- b) Pessimistic wave in business community
- c) Over production in the economy
- d) Over savings

Question Number : 11 Question Id : 7095979077 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

According to Keynes, recession comes in the economy due to.

- a) Backward working of the multiplier
- b) Forward working of the multiplier
- c) Increase in marginal efficiency of capital
- d) Increase in propensity to consume

Question Number : 12 Question Id : 7095979078 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Which of the following is not a leakage from the curricular form of income?

- a) Saving
- b) Government Expenditure
- c) Imports
- d) Taxes

Question Number : 13 Question Id : 7095979079 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

In a two sector model,

- a) Household saving is a leakage from the circular flow.
- b) Investment spending is an injection.
- c) Saving leakages equal investment injection.
- d) All of the options.

Question Number : 14 Question Id : 7095979080 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

What is wrong about the subsidies?

- a) They help in reducing the cost of production.
- b) They reduce the price of the commodities.
- c) They help in increasing the demand for commodities.
- d) Subsidies go from household sector to the producing sector.

Question Number : 15 Question Id : 7095979081 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Which of the following statement is wrong?

- a) Indirect taxes increase the price of goods & services.
- b) Sales tax and excise duty are example of indirect taxes.
- c) National income at market price includes subsidies.
- d) Factor cost refers to factor payments.

Question Number : 16 Question Id : 7095979082 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Which statement is not true?

- a) The concept of domestic is broader than the national.
- b) Net factor income from abroad is the basis of difference between domestic product and national product.
- c) Domestic product is equal to national product minus net factor income from abroad.
- d) Interest on national debt is a part of the private income.

Question Number : 17 Question Id : 7095979083 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

“Transfer income is that earning which does not contribute to the flow of goods and services”.

- a) True
- b) False

Question Number : 18 Question Id : 7095979084 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

What is not false about GDP at market price?

- a) It is not inclusive of depreciation allowance.
- b) Value of second hand goods is also included in it.
- c) Value of financial capital like shares, bonds etc. is not a part of GDP at market price.
- d) Goods for self consumption are not a part of GDP.

Question Number : 19 Question Id : 7095979085 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

What is false about Personal Income?

- a) It is the income which actually reaches in the hands of individuals.
- b) Corporate profit tax is not included in it.
- c) Corporate savings are not included in it.
- d) None of these options.

Question Number : 20 Question Id : 7095979086 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

“Personal income is the income received by the households whether factor income or that is transfer income. It excludes direct taxes.”

- a) True
- b) False

Question Number : 21 Question Id : 7095979087 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Distributive method of measurement is another name for which method of measurement of national income?

- a) Output method
- b) Expenditure method
- c) Income method
- d) None of these options

Question Number : 22 Question Id : 7095979088 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

For finding out national income we must have knowledge of

- a) Value of output
- b) Value of intermediate consumption
- c) Consumption of fixed capital
- d) All of the options.

Question Number : 23 Question Id : 7095979089 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

What is not true regarding the elements of operating surplus?

- a) Rent received by landlords is a part of operating surplus.
- b) Interest earned by the owners of capital is included in operating surplus.
- c) Rent of the owners occupying their own houses is not a part of operating surplus.
- d) Profits are included in operating surplus.

Question Number : 24 Question Id : 7095979090 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Expenditure method of measurement of national income is also known as.

- a) Income disposable method
- b) Consumption and investment method.
- c) Both (a) and (b)
- d) None of the options.

Question Number : 25 Question Id : 7095979091 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

which of the following statement is true?

- a) Imports are an injection into the circular flow income.
- b) Imports reduce the value of aggregate demand.
- c) Exports reduce the value of aggregate demand.
- d) Rest of the world sector includes only imports of goods.

Question Number : 26 Question Id : 7095979092 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

In a shoe town, a rancher takes Rs. zero worth of inputs and produces animal skins, which he sells to a tanner for Rs. 500. The tanner then sells leather to shoemaker for Rs. 800, and the shoemaker then sells Rs. 1400 worth of shoes. The value added from these transactions is..

- a) Rs. 1300
- b) Rs. 800
- c) Rs. 1400
- d) Rs. 2700

Question Number : 27 Question Id : 7095979093 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

In national income accounting, a reduction of inventories counts as.

- a) Consumption
- b) Negative investment
- c) Positive investment
- d) Depreciation

Question Number : 28 Question Id : 7095979094 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

In national income accounting, replacement investment is the investment that

- a) is used in the calculation of GDP from the expenditure side.
- b) maintains the existing capital stock at the constant level.
- c) is equal to existing capital stock in the country
- d) is done by the government

Question Number : 29 Question Id : 7095979095 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

In national income accounting, changes in inventories are

- a) classified as a part of current actual investment
- b) referred to as intermediate goods
- c) described as actual fixed investment
- d) included as actual consumption expenditure

Question Number : 30 Question Id : 7095979096 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Suppose that in 2014, Maruti Suzuki produces cars worth Rs. 40 Crore but was able to sell only Rs. 37 crore worth. Is the remaining Rs. 3 crore increase in inventories a part of GDP for 2014?

- 1. Yes, since changes in inventories are part of consumption expenditure.
 - 2. Yes, since they are a part of the economy's output in 2012.
 - 3. Yes, since changes in inventories are part of actual investment.
- a) 1 only
 - b) 2 only
 - c) Both 1 & 2 only
 - d) Both 2 & 3 only

Question Number : 31 Question Id : 7095979097 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Suppose the national income of a country increased by 10% during the year when the inflation was 5% therefore the real national income.

- a) Fell by 10%
- b) Fell by 5%
- c) Rose by 5%
- d) Rose by 10%

Question Number : 32 Question Id : 7095979098 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

One major reason why GDP is an inaccurate measure of the quality of life is that.

- a) People frequently buy the things they do not want.
- b) It does not include the value of leisure.
- c) It is statistically very inaccurate.
- d) It includes net exports.

Question Number : 33 Question Id : 7095979099 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

One reason of GDP tending to overstate the economic well being of the country's residents is that it ignores.

- a) The economic 'bads' associated with production such as pollution.
- b) The costs of increased leisure time.
- c) The market based activity done from home
- d) Illegal activities, such as doing trade.

Question Number : 34 Question Id : 7095979100 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Aggregate demand will rise if

- a) Consumption falls.
- b) Imports fall
- c) Exports fall.
- d) Investment falls.

Question Number : 35 Question Id : 7095979101 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Increased level of consumption:

- a) Shifts aggregate supply outwards so more is supplied at each price.
- b) Shifts aggregate supply inwards so less is supplied at each price
- c) Shifts aggregate demand outwards so more is demanded at each price.
- d) Shifts aggregate demand inwards so less is demanded at each price.

Question Number : 36 Question Id : 7095979102 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Improvement training of employees would:

- a) Shifts aggregate supply outwards at each price
- b) Shifts aggregate supply inwards at each price.
- c) Shifts aggregate demand outwards so more is demanded at each price.
- d) Shifts aggregate demand inwards so less is demanded at each price.

Question Number : 37 Question Id : 7095979103 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Changes to the benefit system, so that there was less incentive to work, would most likely

- a) Shift aggregate demand outwards so more is demanded at each price.
- b) Shift aggregate demand inwards so less is demanded at each price
- c) Shift aggregate supply outwards so more is supplied at each price.
- d) Shift aggregate supply inwards so less is supplied at each price.

Question Number : 38 Question Id : 7095979104 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Which of the following has a major influence on aggregate supply?

- a) Consumption
- b) Government spending
- c) The quality of the factors available
- d) Advice of the government.

Question Number : 39 Question Id : 7095979105 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

If the consumption curve is drawn through the origin

- a) Consumption and income are the same
- b) MPC is zero
- c) Autonomous saving is very high.
- d) Autonomous consumption is zero.

Question Number : 40 Question Id : 7095979106 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

When MPS is 0.30 and autonomous consumption is Rs 20 Crore, then

- a) the MPC is 0.30
- b) the MPC is 0.70
- c) Consumption spending is Rs 40 Crore.
- d) the MPC is 1.00

Question Number : 41 Question Id : 7095979107 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

The expectation that the price level will increase, induces consumers to save less and consume more now which causes the consumption function to shift upward.

- a) True
- b) False

Question Number : 42 Question Id : 7095979108 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

If the consumption equation is $C = 30 + 0.7Y$ (in crores of Rs) Consumption is equal to income when income is equal to

- a) Rs 70 crores
- b) Rs 30 crore
- c) Rs 100 crore
- d) Rs 90 crore

Question Number : 43 Question Id : 7095979109 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

The sum of which of the following is equal to one

- a) MPC and APC
- b) MPC and APS
- c) MPC and MPS
- d) APS and MPS

Question Number : 44 Question Id : 7095979110 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

When the average propensity to consume is 0.8, if income is

- a) Rs 1000, consumption is Rs 80.
- b) Rs 500, saving is Rs 100.
- c) Rs 200, consumption is Rs 250
- d) Rs 100, saving is Rs 80

Question Number : 45 Question Id : 7095979111 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Urban wage earners have a substantially higher propensity to consume than farm proprietors

- a) True
- b) False

Question Number : 46 Question Id : 7095979112 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

According to Permanent Income Hypothesis, non-proportional relationship between consumption and measured income in the short run is based on the permanent income.

- a) True
- b) False

Question Number : 47 Question Id : 7095979113 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

The relative income hypothesis states that marginal propensity to consume of the rich is relatively higher than the marginal propensity to consume of the poor.

- a) True
- b) False

Question Number : 48 Question Id : 7095979114 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Investments are insensitive to business cycles.

- a) True
- b) False

Question Number : 49 Question Id : 7095979115 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

According to Keynes “ it is not necessary that equilibrium is at full employment level.”

- a) True
- b) False

Question Number : 50 Question Id : 7095979116 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Inventories of goods fall and firms want to produce more when

- a) Desired investments are more than the desired savings
- b) Desired savings are more than the desired investment
- c) Aggregate supply is more than aggregate demand
- d) None of the options

Question Number : 51 Question Id : 7095979117 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

The value of multiplier will be infinity in case of

- a) MPC being zero
- b) MPC is equal to one.
- c) MPC is less than one
- d) MPS is greater than zero

Question Number : 52 Question Id : 7095979118 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

In a closed economy with no government, the equilibrium level of income is Rs 22 crore, the full employment level of income is Rs 25 crore. To reach full employment it would require an injection of investment of Rs 1 crore. What can be deducted from the information?

- a) MPC is equal to $\frac{1}{3}$
- b) MPC is equal to $\frac{2}{3}$
- c) Value of multiplier is $\frac{1}{3}$
- d) Value of multiplier is $\frac{2}{3}$

Question Number : 53 Question Id : 7095979119 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

There is inverse relationship between multiplier and

- a) MPS
- b) MPC
- c) APC
- d) None of the options

Question Number : 54 Question Id : 7095979120 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Which is not under the direct control of government?

- a) Spending on health.
- b) Spending on defense.
- c) Firm's investment decision.
- d) Spending on state education.

Question Number : 55 Question Id : 7095979121 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Which of the following is likely to be a government objective ?

- a) Lower unemployment.
- b) Negative economic growth.
- c) Very high inflation.
- d) A recession.

Question Number : 56 Question Id : 7095979122 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Which of the following is not a macroeconomic issue?

- a) Unemployment.
- b) Inflation.
- c) The wages paid to Yoga teacher.
- d) Economic growth

Question Number : 57 Question Id : 7095979123 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

What might reduce the effectiveness of a fiscal expansion (stimulus) in raising national output ?

- a) It is likely to lead to depreciation of the currency.
- b) It is likely to lead to an increase in money supply.
- c) It is likely to lead to a rise in business confidence.
- d) It is likely to result to a rise in higher nominal interest rate.

Question Number : 58 Question Id : 7095979124 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

The government of a developing economy introduces a basic health service available to all citizens free of cost. How is this likely to affect the country's birth rate and the household saving ratio?

- | Effect on birth rate | Effect on saving ratio |
|----------------------|------------------------|
| a) Uncertain | Decrease |
| b) Uncertain | Increase |
| c) Increase | Decrease |
| d) Increase | Increase |

Question Number : 59 Question Id : 7095979125 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Which of the following is an example of discretionary fiscal policy?

- a) An increase in unemployment benefit payments during recession due to rising unemployment.
- b) The tax increase to combat inflation.
- c) A decrease in income tax receipts during a recession because income are falling.
- d) An increase in income tax receipts during an expansion because income are rising.

Question Number : 60 Question Id : 7095979126 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

If the government wants to try to reduce unemployment, it could _____ spending and /or taxes should be _____.

- a) Decrease; increased
- b) Increase; increased
- c) Increase; decreased
- d) Decrease; decreased

Question Number : 61 Question Id : 7095979127 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Which of the following cannot be greater than one?

- a) APS
- b) MPS
- c) APC
- d) (a) &(b)

Question Number : 62 Question Id : 7095979128 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

The income tax helps moderate economic fluctuations.

- a) True
- b) False

Question Number : 63 Question Id : 7095979129 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

In a four sector economy, which of the following is assumed always to increase when GDP increases.

- a) I(investment)
- b) G(government expenditure)
- c) M(imports)
- d) X(exports)

Question Number : 64 Question Id : 7095979130 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Which is not the prediction of new classical economists, when expansionary policy is followed by the government ?

- a) Consumption will rise.
- b) Deficits don't bring higher interest rates.
- c) Increased savings increase the supply of credit.
- d) Increased supply of credit offsets the increased demand for credit.

Question Number : 65 Question Id : 7095979131 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Lags in fiscal policy make the fiscal policy ineffective.

- a) True
- b) False

Question Number : 66 Question Id : 7095979132 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

When a fiscal policy is actually enacted, it takes time to be put into effect, This time lag is called -----.

- a) Wait & See lag.
- b) Data lag.
- c) Transmission lags.
- d) Effectiveness lag.

Question Number : 67 Question Id : 7095979133 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Which among the following is considered to be the liquid asset?

- a) Gold
- b) Money
- c) Land
- d) Treasury bonds.

Question Number : 68 Question Id : 7095979134 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

"Money is one thing that possesses general acceptability". Who said this?

- a) Kent
- b) Seligman
- c) Thomas
- d) Hartley

Question Number : 69 Question Id : 7095979135 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

For which function, money is accepted as unit of account?

- a) Store of value.
- b) Standard of deferred payments.
- c) Measure of value.
- d) Medium of exchange.

Question Number : 70 Question Id : 7095979136 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

The number of exchange ratios that exist in money economy exceeds the number in a barter economy.

- a) True
- b) False

Question Number : 71 Question Id : 7095979137 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Which of following is not true ?

- a) Exchange is easier and less time consuming in a money economy than in a barter economy.
- b) A unit of account is a common measurement in which values are expressed.
- c) The store of value function refers to a good's ability to maintain its value over time.
- d) Barter system reduces the transaction costs of making exchanges.

Question Number : 72 Question Id : 7095979138 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Which of the following statement is false?

- a) Static functions consider money as a mere facilitator of economic activities.
- b) Dynamic functions assign money a passive role.
- c) Money is important for producers.
- d) Money is important for government.

Question Number : 73 Question Id : 7095979139 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

What is true about standard money?

- a) Its face value is more than its intrinsic value.
- b) It is limited legal tender money.
- c) It is full bodied money.
- d) This money is quite elastic.

Question Number : 74 Question Id : 7095979140 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Which is not false about Fiat money?

- a) It is not backed by gold or silver reserves.
- b) It is convertible types of paper money.
- c) Dollar is an example of Fiat money.
- d) None of the option.

Question Number : 75 Question Id : 7095979141 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

The liquidity trap occurs when the demand for money :-

- a) Means that an increase in money supply leads to a fall in interest rate.
- b) Means that an increase in money supplies leads to an increase in interest rate.
- c) Is perfectly interest elastic.
- d) Is perfectly interest inelastic.

Question Number : 76 Question Id : 7095979142 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

An increase in the rate of interest on money will cause the demand for money to increase.

- a) True
- b) False

Question Number : 77 Question Id : 7095979143 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Transactions demand for money depends upon

- a) Investments
- b) Central bank
- c) Availability of credit.
- d) Rate of interest

Question Number : 78 Question Id : 7095979144 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

The average number of times that a rupee is buying the total amount of final goods & services produced during a given period is known as:-

- a) Gross national product
- b) The spending multiplier.
- c) The money multiplier.
- d) The velocity of circulation of money.

Question Number : 79 Question Id : 7095979145 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

The equation of exchange states that the quantity of money multiplied by the number of times the money is spent in a given year must equal.

- a) Nominal income.
- b) Real income.
- c) Real gross national product .
- d) Velocity.

Question Number : 80 Question Id : 7095979146 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Fisher's quantity theory of money suggests that the demand for money is purely a function -----
-----and -----have no effect on demand for money.

- a) Expectation; prices.
- b) Expectation; interest rate.
- c) Income; prices.
- d) Income ;interest rates.

Question Number : 81 Question Id : 7095979147 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

The cash balance approach lays stress on the subjective valuations and human motives which are the basis of all economic activities in sharp contrast to the highly mechanical nature of the concept of velocity in Fisher's equation.

- a) True
- b) False

Question Number : 82 Question Id : 7095979148 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Cash balance approach mainly emphasizes the supply of money in determining the value of money.

- a) True
- b) False

Question Number : 83 Question Id : 7095979149 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Friedman's quantity theory of money is a theory of output, money income or price and not a theory of demand for money.

- a) True
- b) False

Question Number : 84 Question Id : 7095979150 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Supply of money and value of money are inversely related.

- a) True
- b) False

Question Number : 85 Question Id : 7095979151 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

According to Friedman, demand for money and opportunity cost of holding money are directly related to each other.

- a) True
- b) False

Question Number : 86 Question Id : 7095979152 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

The speculative demand for money occurs when.

- a) Individuals hold money just in case an emergency happens.
- b) Individuals hold money to buy things.
- c) Individuals hold money to shop.
- d) Individual hold money, rather than assets ,because they are worried about the price of the other assets falling.

Question Number : 87 Question Id : 7095979153 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

In Keynesian theory , rate of interest is determined by:-

- a) Demand for capital and supply of savings.
- b) Demand for money and supply of money.
- c) Demand for investment and price level.
- d) Demand for investment and supply of money.

Question Number : 88 Question Id : 7095979154 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Which is not the criticism of Keynesian theory of interest rate?

- a) It ignores real factors.
- b) It is indeterminate theory.
- c) It is based on long period.
- d) It is inconsistent.

Question Number : 89 Question Id : 7095979155 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Which among the following is/are called as Broad money?

- 1)M₁
- 2)M₂
- 3)M₃
- 4)M₄

Select the correct answer from the following.

- a) Only (1) & (2)
- b) Only (2) & (3)
- c) Only (3) & (4)
- d) All options are correct.

Question Number : 90 Question Id : 7095979156 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Cheque book facility is not available in case of time deposits.

- a) True
- b) False

Question Number : 91 Question Id : 7095979157 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Credit creation power of the banks gets limited by which of the following?

- a) Banking habits of the people.
- b) Cash reserve ratio.
- c) Credit policy of the central bank.
- d) All of the options.

Question Number : 92 Question Id : 7095979158 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Commercial banks are able to create money by:

- a) Printing money.
- b) Making loans.
- c) Moral suasion.
- d) Selling government bonds.

Question Number : 93 Question Id : 7095979159 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Credit gets contracted when

- a) There is decrease in CRR.
- b) There is increase in primary deposits.
- c) There is depression in the economy.
- d) There is increase in demand for loans.

Question Number : 94 Question Id : 7095979160 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Which of the following statement is not true?

- a) CRR is a direct instrument of RBI's monetary policy.
- b) By varying the CRR, the central bank can vary the volume of the credit in the economy.
- c) When CRR is raised, money supply rises.
- d) CRR is a method of quantitative credit control.

Question Number : 95 Question Id : 7095979161 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

SLR refers to:

- a) Statutory liquidity ratio.
- b) Stability liquidity ratio.
- c) Safety liquidity ratio.
- d) None of the option.

Question Number : 96 Question Id : 7095979162 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Increase in marginal requirement of loans, increases the borrowing capacity.

- a) True
- b) False.

Question Number : 97 Question Id : 7095979163 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

An increase in bank rate generally indicates that

- a) Market rate of interest is going to fall.
- b) Central bank is no longer making loans to commercial banks.
- c) Central bank is following an easy money policy.
- d) Central bank is following is tight money policy.

Question Number : 98 Question Id : 7095979164 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

Open market operations refer to:

- a) Borrowing by scheduled banks from RBI.
- b) Lending by commercial banks to industry and trade.
- c) Purchase and sale of securities by the RBI.
- d) None of above the options.

Question Number : 99 Question Id : 7095979165 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

What will be the impact on cash reserves of commercial banks if RBI conduct a sale of securities?

- a) Increase
- b) Decrease
- c) Remain constant
- d) None of the options.

Question Number : 100 Question Id : 7095979166 Question Type : MCQ Option Shuffling : No Display Question Number : Yes
Single Line Question Option : No Option Orientation : Vertical

Correct Marks : 1 Wrong Marks : 0

The channels through which monetary policy affects economic activity are called the.

- a) Transmission mechanisms of monetary policy.
- b) Flow mechanisms of monetary policy.
- c) Distribution mechanisms of monetary policy.
- d) Allocation mechanisms of monetary policy.