

Print

National Testing Agency

Question Paper Name :	Principles of Macroeconomics 1 26th March 2021 Shift2
Subject Name :	Principles of Macroeconomics 1
Creation Date :	2021-03-26 20:01:34
Duration :	180
Number of Questions :	100
Total Marks :	100
Display Marks:	Yes

Principles of Macroeconomics 1

Group Number :	1
Group Id :	512452231
Group Maximum Duration :	0
Group Minimum Duration :	120
Show Attended Group? :	No
Edit Attended Group? :	No
Break time :	0
Group Marks :	100
Is this Group for Examiner? :	No

Principles of Macroeconomics 1

Section Id :	512452917
Section Number :	1
Section type :	Online
Mandatory or Optional :	Mandatory
Number of Questions :	100

Number of Questions to be attempted :	100
Section Marks :	100
Mark As Answered Required? :	Yes
Sub-Section Number :	1
Sub-Section Id :	5124521080
Question Shuffling Allowed :	Yes

Question Number : 1 Question Id : 51245219596 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which one of the following does NOT come under Macroeconomics?

1. India's GDP has declined in the quarter ending June 2020.
2. Profits of BIO-CON company have increased.
3. Unemployment is increasing these days.
4. RBI is following a cheap monetary policy.

Options :

- 51245264759. 1
- 51245264760. 2
- 51245264761. 3
- 51245264762. 4

Question Number : 2 Question Id : 51245219597 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

"The term Macroeconomics applies to the study of relations between broad economic aggregates". Who gave this definition of Macroeconomics?

1. RGD Allen
2. Lipsey & Chrystal
3. Boulding
4. Dornbusch and Fischer

Options :

- 51245264763. 1
- 51245264764. 2
- 51245264765. 3
- 51245264766. 4

Question Number : 3 Question Id : 51245219598 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Given below are two statements

Statement I: In Micro Economics, consumers, producers & factors of production take their decisions on the basis of employment.

Statement II: In Micro Economics, consumers, producers & factors of production take their decisions on the basis of prices of goods and services.

In light of the above statements, choose the **correct** answer from the options given below

- 1. Both Statement I and Statement II are true.
- 2. Both Statement I and Statement II are false.
- 3. Statement I is true but Statement II is false.
- 4. Statement I is false but Statement II is true.

Options :

- 51245264767. 1
- 51245264768. 2
- 51245264769. 3
- 51245264770. 4

Question Number : 4 Question Id : 51245219599 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Macro Economics is concerned with

1. Consumption Function
2. General Price level
3. Monetary Policy and Fiscal Policy
4. All of the above

Options :

- 51245264771. 1
- 51245264772. 2
- 51245264773. 3
- 51245264774. 4

Question Number : 5 Question Id : 51245219600 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Given below are two statements

Statement I: Consumer's Equilibrium is a macro-economic concept.

Statement II: Determination of Income is a micro-economic concept.

In light of the above statements, choose the **correct** answer from the options given below

1. Both Statement I and Statement II are true.
2. Both Statement I and Statement II are false.
3. Statement I is true but Statement II is false.
4. Statement I is false but Statement II is true.

Options :

- 51245264775. 1
- 51245264776. 2
- 51245264777. 3
- 51245264778. 4

Question Number : 6 Question Id : 51245219601 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which one of the following is NOT a stock?

1. Ram's savings per month
2. Wealth
3. Electric fan
4. Inventories

Options :

- 51245264779. 1
- 51245264780. 2
- 51245264781. 3
- 51245264782. 4

Question Number : 7 Question Id : 51245219602 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which one of the following is wrong about determination of price level?

1. Quantity demanded is an independent variable.
2. Quantity supplied is an independent variable.
3. The price level is an independent variable.
4. The price level is a dependent variable.

Options :

- 51245264783. 1
- 51245264784. 2
- 51245264785. 3
- 51245264786. 4

Question Number : 8 Question Id : 51245219603 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Which of following statements is NOT true?

1. Exogenous variables come from outside the model.
2. Endogenous variables are the independent variables.
3. Exogenous variable are the model inputs.
4. Endogenous variables are within the model.

Options :

- 51245264787. 1
- 51245264788. 2
- 51245264789. 3
- 51245264790. 4

Question Number : 9 Question Id : 51245219604 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Which one of the following is NOT a flow concept?

1. Investment
2. GDP
3. Foreign Exchange Reserves
4. Savings

Options :

- 51245264791. 1
- 51245264792. 2
- 51245264793. 3
- 51245264794. 4

Question Number : 10 Question Id : 51245219605 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

What is NOT true about the expansionary phase of a business cycle ?

1. Entrepreneurs are Pessimistic.
2. Increase in Investment.
3. Increase in Demand.
4. Decrease in Unemployment.

Options :

51245264795. 1

51245264796. 2

51245264797. 3

51245264798. 4

Question Number : 11 Question Id : 51245219606 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

According to Keynes, a Boom comes in the economy due to

1. Backward working of the multiplier
2. Forward working of the multiplier
3. Decrease in marginal efficiency of capital
4. Decrease in propensity to consume

Options :

51245264799. 1

51245264800. 2

51245264801. 3

51245264802. 4

Question Number : 12 Question Id : 51245219607 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which one of the following is a leakage from the circular flow of income?

1. Investment in Infrastructure
2. Government Expenditure
3. Import of Gold
4. Export of Automobiles

Options :

- 51245264803. 1
- 51245264804. 2
- 51245264805. 3
- 51245264806. 4

Question Number : 13 Question Id : 51245219608 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

What is the role of firms in the circular flow of income?

1. To purchase goods
2. To produce goods
3. To earn income through wages
4. To provide capital

Options :

- 51245264807. 1
- 51245264808. 2
- 51245264809. 3
- 51245264810. 4

Question Number : 14 Question Id : 51245219609 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which one of the following is false about subsidies?

1. They help in reducing the cost of production.
2. They reduce the price of the commodities.
3. Subsidies go from the producing sector to the household sector.
4. They help in increasing the demand for commodities.

Options :

- 51245264811. 1
- 51245264812. 2
- 51245264813. 3
- 51245264814. 4

Question Number : 15 Question Id : 51245219610 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which one of the following statements is true?

1. Indirect taxes decrease the price of goods & services.
2. Sales tax and excise duty are examples of indirect taxes.
3. National income at market price includes subsidies.
4. Direct taxes don't influence disposable income.

Options :

- 51245264815. 1
- 51245264816. 2
- 51245264817. 3
- 51245264818. 4

Question Number : 16 Question Id : 51245219611 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which statement is NOT false?

1. Net factor income from abroad is the basis of difference between domestic product and national product.
2. The concept of domestic is broader than the national.
3. Domestic product is equal to national product plus net factor income from abroad.
4. Interest on national debt is a part of the national income.

Options :

- 51245264819. 1
- 51245264820. 2
- 51245264821. 3
- 51245264822. 4

Question Number : 17 Question Id : 51245219612 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which one of the following statements is NOT true?

1. Factor Payments go from Producing Sector to the Household Sector.
2. Consumption expenditure goes from Household Sector to the Producing Sector.
3. Export Payments go from Producing Sector to the Foreign sector.
4. Savings belong to the Capital Market.

Options :

- 51245264823. 1
- 51245264824. 2
- 51245264825. 3
- 51245264826. 4

Question Number : 18 Question Id : 51245219613 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

What is true about GDP at market price?

1. It is inclusive of depreciation allowance.
2. Value of second hand goods is also included in it.
3. Value of financial capital like shares, bonds etc. is a part of GDP at market price.
4. Goods for self consumption are not a part of GDP.

Options :

51245264827. 1

51245264828. 2

51245264829. 3

51245264830. 4

Question Number : 19 Question Id : 51245219614 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which one of the following is NOT an example of Transfer Payment?

1. Government family allowances.
2. Public unemployment insurance benefits.
3. Dividends paid by Corporations to the stock holders.
4. Disabilities' Pensions paid from the social insurance system.

Options :

51245264831. 1

51245264832. 2

51245264833. 3

51245264834. 4

Question Number : 20 Question Id : 51245219615 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which one of the following does NOT enter GDP?

1. Public service
2. Life Expectancy
3. Public Education
4. National Defense

Options :

- 51245264835. 1
- 51245264836. 2
- 51245264837. 3
- 51245264838. 4

Question Number : 21 Question Id : 51245219616 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

The value of NNP at consumer point is

1. NNP at Market Price
2. NNP at Factor Cost
3. GNP at Market Price
4. GNP at Factor Cost

Options :

- 51245264839. 1
- 51245264840. 2
- 51245264841. 3
- 51245264842. 4

Question Number : 22 Question Id : 51245219617 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

The value of national income adjusted for inflation is called

1. Per Capita Income
2. Inflation rate
3. Real National Income
4. Disposable Income

Options :

- 51245264843. 1
- 51245264844. 2
- 51245264845. 3
- 51245264846. 4

Question Number : 23 Question Id : 51245219618 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

What is false regarding the elements of operating surplus?

1. Wages and salaries of labour are a part of operating surplus.
2. Interest earned by the owners of capital is included in operating surplus.
3. Rent of the owners occupying their own houses is a part of operating surplus.
4. Profits are included in operating surplus.

Options :

- 51245264847. 1
- 51245264848. 2
- 51245264849. 3
- 51245264850. 4

Question Number : 24 Question Id : 51245219619 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which of the following is NOT a component of Domestic Income?

1. Operating surplus
2. Compensation of employees
3. Net factor Income from Abroad
4. Mixed Income

Options :

51245264851. 1

51245264852. 2

51245264853. 3

51245264854. 4

Question Number : 25 Question Id : 51245219620 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which of the following statements is NOT true?

1. Imports are an injection into the circular flow income.
2. Imports reduce the value of aggregate demand.
3. Exports increase the value of aggregate demand.
4. Rest of the world sector includes exports and imports of goods.

Options :

51245264855. 1

51245264856. 2

51245264857. 3

51245264858. 4

Question Number : 26 Question Id : 51245219621 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

A growing country is the one whose

1. GNP is rising at current prices.
2. GNP is constant at constant prices.
3. GNP is rising at constant prices.
4. None of the above.

Options :

51245264859. 1

51245264860. 2

51245264861. 3

51245264862. 4

Question Number : 27 Question Id : 51245219622 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

In national income accounting, addition of inventories counts as

1. Consumption
2. Positive investment
3. Negative investment
4. Depreciation

Options :

51245264863. 1

51245264864. 2

51245264865. 3

51245264866. 4

Question Number : 28 Question Id : 51245219623 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which of the following is an example of a final good?

1. Flour used by a baker in making bread.
2. Tyres purchased by a transport company.
3. Unsold stock of goods lying with sellers.
4. Mobile phone sets purchased by a mobile phone dealer.

Options :

51245264867. 1

51245264868. 2

51245264869. 3

51245264870. 4

Question Number : 29 Question Id : 51245219624 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which of the following is NOT included in the estimation of National Income?

1. Construction of a house
2. Subsidized Lunch
3. Free medical facilities
4. Old age pension

Options :

51245264871. 1

51245264872. 2

51245264873. 3

51245264874. 4

Question Number : 30 Question Id : 51245219625 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Suppose that in 2019, Maruti Suzuki produces cars worth Rs.70 crore but was able to sell cars worth only Rs.57 crore. Is the remaining Rs.13 crore increase in inventories a part of GDP for 2019?

- A. Yes, since changes in inventories are part of consumption expenditure.
- B. Yes, since they are a part of the economy's output in 2019.
- C. Yes, since changes in inventories are part of actual investment.

Choose the **correct** answer from the options given below:

- 1. A only
- 2. B only
- 3. Both B & C only
- 4. Both A & B only

Options :

- 51245264875. 1
- 51245264876. 2
- 51245264877. 3
- 51245264878. 4

Question Number : 31 Question Id : 51245219626 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Suppose the national income of a country increased by 14% during the year when the inflation was 8%, therefore the real national income

- 1. Rose by 6%
- 2. Rose by 8%
- 3. Fell by 8%
- 4. Fell by 6%

Options :

- 51245264879. 1
- 51245264880. 2
- 51245264881. 3
- 51245264882. 4

Question Number : 32 Question Id : 51245219627 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

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

- 1. People frequently buy the things they do not want.
- 2. It is statistically very inaccurate.
- 3. It does not include the value of leisure.
- 4. It includes net exports.

Options :

- 51245264883. 1
- 51245264884. 2
- 51245264885. 3
- 51245264886. 4

Question Number : 33 Question Id : 51245219628 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

One reason GDP tends to overstate the economic well being of a country's residents is that it does not take into account

- 1. The costs of increased leisure time.
- 2. The economic 'bads' associated with production such as pollution.
- 3. The market based activity done from home.
- 4. Illegal activities, such as doing trade in banned items.

Options :

51245264887. 1

51245264888. 2

51245264889. 3

51245264890. 4

Question Number : 34 Question Id : 51245219629 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Aggregate demand will NOT rise if

1. Consumption falls.
2. Imports rise.
3. Exports fall.
4. All of the above

Options :

51245264891. 1

51245264892. 2

51245264893. 3

51245264894. 4

Question Number : 35 Question Id : 51245219630 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Decreased level of consumption

1. Shifts aggregate supply outwards, so more is supplied at each price.
2. Shifts aggregate supply inwards, so less is supplied at each price.
3. Shifts aggregate demand outwards, so more is demanded at each price.
4. Shifts aggregate demand inwards, so less is demanded at each price.

Options :

51245264895. 1

51245264896. 2

51245264897. 3

51245264898. 4

Question Number : 36 Question Id : 51245219631 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Aggregate demand curve will shift to the left if

1. there is decrease in money supply.
2. there is increase in price level.
3. there is decrease in Net taxes.
4. output level rises.

Options :

51245264899. 1

51245264900. 2

51245264901. 3

51245264902. 4

Question Number : 37 Question Id : 51245219632 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

If there is more incentive to work, it would most likely

1. Shift aggregate demand outwards, so more is demanded at each price.
2. Shift aggregate demand inwards, so less is demanded at each price.
3. Shift aggregate supply outwards, so more is supplied at each price.
4. Shift aggregate supply inwards, so less is supplied at each price.

Options :

51245264903. 1

51245264904. 2

51245264905. 3

51245264906. 4

Question Number : 38 Question Id : 51245219633 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which of the following is NOT a component of aggregate demand?

1. Consumption
2. Government spending
3. Investment
4. Savings

Options :

- 51245264907. 1
- 51245264908. 2
- 51245264909. 3
- 51245264910. 4

Question Number : 39 Question Id : 51245219634 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

The consumption curve will start from the origin when

1. Consumption and income are the same.
2. Autonomous consumption is zero.
3. Autonomous saving is very high.
4. MPC is zero.

Options :

- 51245264911. 1
- 51245264912. 2
- 51245264913. 3
- 51245264914. 4

Question Number : 40 Question Id : 51245219635 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

When MPS is 0.25 and autonomous consumption is Rs. 20 crore, then

1. the MPC is 0.75
2. the MPC is 0.25
3. Consumption spending is Rs. 80 crore
4. the MPC is 1.00

Options :

- 51245264915. 1
- 51245264916. 2
- 51245264917. 3
- 51245264918. 4

Question Number : 41 Question Id : 51245219636 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Given below are two statements

Statement I: The expectation that the price level will fall, induces consumers to save more and consume less now which causes the consumption function to shift downward.

Statement II: The expectation that the price level will rise, induces consumers to save more and consume less now which causes the consumption function to shift downward.

In light of the above statements, choose the **correct** answer from the options given below

1. Both Statement I and Statement II are true.
2. Both Statement I and Statement II are false.
3. Statement I is true but Statement II is false.
4. Statement I is false but Statement II is true.

Options :

- 51245264919. 1
- 51245264920. 2

51245264921. 3

51245264922. 4

Question Number : 42 Question Id : 51245219637 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

If the consumption equation is $C = 20 + 0.8Y$ (in crore of Rs.), the consumption is equal to income, when income is equal to

1. Rs. 70 crore
2. Rs. 100 crore
3. Rs. 80 crore
4. Rs.120 crore

Options :

51245264923. 1

51245264924. 2

51245264925. 3

51245264926. 4

Question Number : 43 Question Id : 51245219638 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

The sum of which of the following terms is equal to one?

1. APS and APC
2. MPC and APS
3. APC and MPS
4. APS and MPS

Options :

51245264927. 1

51245264928. 2

51245264929. 3

51245264930. 4

Question Number : 44 Question Id : 51245219639 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

When the average propensity to consume is 0.7, if income

1. Rs.1000, consumption is Rs. 70.
2. Rs. 200, consumption is Rs. 250.
3. Rs. 500, saving is Rs. 150.
4. Rs. 100, saving is Rs. 70.

Options :

51245264931. 1

51245264932. 2

51245264933. 3

51245264934. 4

Question Number : 45 Question Id : 51245219640 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Given below are two statements

Statement I: In the Keynesian Consumption function, APC falls as disposable income rises and MPC is less than one.

Statement II: In the Keynesian Consumption function, APC rises as disposable income falls and MPC is less than one.

In light of the above statements, choose the **correct** answer from the options given below

1. Both Statement I and Statement II are true.
2. Both Statement I and Statement II are false.
3. Statement I is true but Statement II is false.
4. Statement I is false but Statement II is true.

Options :

51245264935. 1

51245264936. 2

51245264937. 3

51245264938. 4

Question Number : 46 Question Id : 51245219641 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Given below are two statements

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

Statement II: According to Permanent Income Hypothesis, proportional relationship between consumption and measured income in the long run is based on the permanent income.

In light of the above statements, choose the **correct** answer from the options given below

1. Both Statement I and Statement II are true.
2. Both Statement I and Statement II are false.
3. Statement I is true but Statement II is false.
4. Statement I is false but Statement II is true.

Options :

51245264939. 1

51245264940. 2

51245264941. 3

51245264942. 4

Question Number : 47 Question Id : 51245219642 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Given below are two statements

Statement I: The relative income hypothesis states that marginal propensity to consume of the rich is relatively lower than the marginal propensity to consume of the poor.

Statement II: The relative income hypothesis states that marginal propensity to consume of the rich is more than the marginal propensity to consume of the poor.

In light of the above statements, choose the **correct** answer from the options given below

1. Both Statement I and Statement II are true.
2. Both Statement I and Statement II are false.
3. Statement I is true but Statement II is false.
4. Statement I is false but Statement II is true.

Options :

51245264943. 1

51245264944. 2

51245264945. 3

51245264946. 4

Question Number : 48 Question Id : 51245219643 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Given below are two statements

Statement I: Investments are insensitive to business cycles.

Statement II: Investments are insensitive to rate of interest.

In light of the above statements, choose the **correct** answer from the options given below

1. Both Statement I and Statement II are true.
2. Both Statement I and Statement II are false.
3. Statement I is true but Statement II is false.
4. Statement I is false but Statement II is true.

Options :

51245264947. 1

51245264948. 2

51245264949. 3

51245264950. 4

Question Number : 49 Question Id : 51245219644 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Given below are two statements

Statement I: According to Keynes "it is necessary that equilibrium is at full employment level."

Statement II: According to Classicals "it is necessary that equilibrium is at full employment level."

In light of the above statements, choose the **correct** answer from the options given below

1. Both Statement I and Statement II are true.
2. Both Statement I and Statement II are false.
3. Statement I is true but Statement II is false.
4. Statement I is false but Statement II is true.

Options :

- 51245264951. 1
- 51245264952. 2
- 51245264953. 3
- 51245264954. 4

Question Number : 50 Question Id : 51245219645 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Inventories of goods rise and firms want to produce less when

1. the desired investments are more than the desired savings.
2. the desired savings are more than the desired investment.
3. the aggregate supply is less than the aggregate demand.
4. None of the above

Options :

- 51245264955. 1
- 51245264956. 2
- 51245264957. 3

51245264958. 4

Question Number : 51 Question Id : 51245219646 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

The value of multiplier will be infinity when

1. MPC is zero
2. MPS is greater than zero
3. MPC is less than one
4. MPC is equal to one

Options :

51245264959. 1
51245264960. 2
51245264961. 3
51245264962. 4

Question Number : 52 Question Id : 51245219647 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

In a closed economy with no government sector, the equilibrium level of income is Rs. 20 crores, the full employment level of income is Rs. 24 crores. To reach full employment, it would require an injection of investment of Rs.1 crore. What can be deduced from the information?

1. MPC is equal to $1/4$
2. MPC is equal to $3/4$
3. Value of multiplier is $1/4$
4. Value of multiplier is $3/4$

Options :

51245264963. 1
51245264964. 2
51245264965. 3

51245264966. 4

Question Number : 53 Question Id : 51245219648 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

There is a direct relationship between the multiplier and

1. MPC
2. MPS
3. APC
4. None of the above

Options :

- 51245264967. 1
- 51245264968. 2
- 51245264969. 3
- 51245264970. 4

Question Number : 54 Question Id : 51245219649 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which of the following is NOT under the direct control of the government?

1. Firm's investment decision
2. Spending on defense
3. Spending on health
4. Spending on state education

Options :

- 51245264971. 1
- 51245264972. 2
- 51245264973. 3
- 51245264974. 4

Question Number : 55 Question Id : 51245219650 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

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

1. Lower employment
2. Negative economic growth
3. Low rate of inflation
4. A recession

Options :

- 51245264975. 1
- 51245264976. 2
- 51245264977. 3
- 51245264978. 4

Question Number : 56 Question Id : 51245219651 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which of the following is NOT a macroeconomic issue?

1. Unemployment
2. Salary of a school teacher
3. Lower Inflation
4. Economic growth

Options :

- 51245264979. 1
- 51245264980. 2
- 51245264981. 3
- 51245264982. 4

Question Number : 57 Question Id : 51245219652 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Which of the following is NOT usually a macroeconomic objective?

1. More inequality
2. Higher GDP
3. Lower Inflation
4. Lower Unemployment

Options :

- 51245264983. 1
- 51245264984. 2
- 51245264985. 3
- 51245264986. 4

Question Number : 58 Question Id : 51245219653 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No 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?

1. Effect on birth-rate: Uncertain; Effect on saving ratio: Increase
2. Effect on birth-rate: Uncertain; Effect on saving ratio: Decrease
3. Effect on birth-rate: Increase; Effect on saving ratio: Decrease
4. Effect on birth-rate: Increase; Effect on saving ratio: Increase

Options :

- 51245264987. 1
- 51245264988. 2
- 51245264989. 3
- 51245264990. 4

Question Number : 59 Question Id : 51245219654 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

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

1. A tax decrease to combat recession.
2. An increase in unemployment benefit payments during recession due to rising unemployment.
3. A decrease in income tax receipts during a recession because incomes are falling.
4. An increase in income tax receipts during an expansion because income are rising.

Options :

- 51245264991. 1
- 51245264992. 2
- 51245264993. 3
- 51245264994. 4

Question Number : 60 Question Id : 51245219655 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

If the government wants to try to reduce inflation, it could

1. decrease spending and decrease taxes.
2. increase spending and increase taxes.
3. increase spending and decrease taxes.
4. decrease spending and increase taxes.

Options :

- 51245264995. 1
- 51245264996. 2
- 51245264997. 3
- 51245264998. 4

Question Number : 61 Question Id : 51245219656 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which one of the following can be greater than one?

1. APS
2. MPS
3. APC
4. MPC

Options :

51245264999. 1
51245265000. 2
51245265001. 3
51245265002. 4

Question Number : 62 Question Id : 51245219657 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Given below are two statements

Statement I: The government spending helps moderate economic fluctuations.

Statement II: The government spending helps increasing aggregate demand.

In light of the above statements, choose the **correct** answer from the options given below

1. Both Statement I and Statement II are true.
2. Both Statement I and Statement II are false.
3. Statement I is true but Statement II is false.
4. Statement I is false but Statement II is true.

Options :

51245265003. 1
51245265004. 2
51245265005. 3
51245265006. 4

Question Number : 63 Question Id : 51245219658 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

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

1. C (Consumption)
2. G (Government expenditure)
3. I (Investments)
4. X (Exports)

Options :

- 51245265007. 1
- 51245265008. 2
- 51245265009. 3
- 51245265010. 4

Question Number : 64 Question Id : 51245219659 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which of the following is NOT true about the views of new classical economists, when expansionary policy is followed by the government?

1. Increased savings increase the supply of credit.
2. Deficits don't bring higher interest rates.
3. Consumption will rise.
4. Increased supply of credit offsets the increased demand for credit.

Options :

- 51245265011. 1
- 51245265012. 2
- 51245265013. 3
- 51245265014. 4

Question Number : 65 Question Id : 51245219660 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Expansionary policies might include

1. Lower interest rates
2. Higher income tax
3. Lower government spending
4. Lower budget deficit

Options :

- 51245265015. 1
- 51245265016. 2
- 51245265017. 3
- 51245265018. 4

Question Number : 66 Question Id : 51245219661 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which among the following is NOT an example of fiscal policy?

1. A reduction in income tax.
2. An increase in corporation tax.
3. A reduction in government spending.
4. Higher interest rates.

Options :

- 51245265019. 1
- 51245265020. 2
- 51245265021. 3
- 51245265022. 4

Question Number : 67 Question Id : 51245219662 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

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

1. Gold
2. Land
3. Money
4. Treasuring bonds

Options :

- 51245265023. 1
- 51245265024. 2
- 51245265025. 3
- 51245265026. 4

Question Number : 68 Question Id : 51245219663 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

A savings account in a bank represents the function of money as a

1. Medium of exchange.
2. Measure of value.
3. Store of value.
4. Unit of account.

Options :

- 51245265027. 1
- 51245265028. 2
- 51245265029. 3
- 51245265030. 4

Question Number : 69 Question Id : 51245219664 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

A student records her income and spending for the past month, she uses the function of money as a

1. Unit of account.
2. Standard of deferred payments.
3. Store of value.
4. Medium of exchange.

Options :

- 51245265031. 1
- 51245265032. 2
- 51245265033. 3
- 51245265034. 4

Question Number : 70 Question Id : 51245219665 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Anything used as money must be

1. Fixed in value.
2. Fixed in supply.
3. Readily acceptable.
4. Legal Tender.

Options :

- 51245265035. 1
- 51245265036. 2
- 51245265037. 3
- 51245265038. 4

Question Number : 71 Question Id : 51245219666 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which of following is incorrect?

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

Options :

51245265039. 1

51245265040. 2

51245265041. 3

51245265042. 4

Question Number : 72 Question Id : 51245219667 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which one of the following statements is NOT true?

1. Static functions consider money as a mere facilitator of economic activities.
2. Money is important for government.
3. Money is important for producers.
4. Dynamic functions assign money a passive role.

Options :

51245265043. 1

51245265044. 2

51245265045. 3

51245265046. 4

Question Number : 73 Question Id : 51245219668 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

What is NOT false about standard money?

1. Its face value is more than its intrinsic value.
2. It is full bodied money.
3. It is limited legal tender money.
4. This money is quite elastic.

Options :

51245265047. 1

51245265048. 2

51245265049. 3

51245265050. 4

Question Number : 74 Question Id : 51245219669 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

What possesses general acceptability?

1. Bank draft
2. Bill of exchange
3. Money
4. None of the above

Options :

51245265051. 1

51245265052. 2

51245265053. 3

51245265054. 4

Question Number : 75 Question Id : 51245219670 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No

Correct Marks : 1 Wrong Marks : 0

Which of the following is NOT near money?

1. Paper notes
2. Treasury Bill
3. Bond
4. Bill of exchange

Options :

- 51245265055. 1
- 51245265056. 2
- 51245265057. 3
- 51245265058. 4

Question Number : 76 Question Id : 51245219671 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Given below are two statements

Statement I: An increase in the level of income will cause the demand for money to increase.

Statement II: An increase in the level of income will cause the supply of money to increase.

In light of the above statements, choose the **correct** answer from the options given below

1. Both Statement I and Statement II are true.
2. Both Statement I and Statement II are false.
3. Statement I is true but Statement II is false.
4. Statement I is false but Statement II is true.

Options :

- 51245265059. 1
- 51245265060. 2
- 51245265061. 3
- 51245265062. 4

Question Number : 77 Question Id : 51245219672 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Given below are two statements

Statement I: An increase in the transfer costs of switching between money and non-money assets will cause the demand for money to increase.

Statement II: An increase in the credit facilities reduces the demand for money for transactions motive.

In light of the above statements, choose the **correct** answer from the options given below

1. Both Statement I and Statement II are true.
2. Both Statement I and Statement II are false.
3. Statement I is true but Statement II is false.
4. Statement I is false but Statement II is true.

Options :

- 51245265063. 1
- 51245265064. 2
- 51245265065. 3
- 51245265066. 4

Question Number : 78 Question Id : 51245219673 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

The velocity of circulation of money is

1. The ratio of money stock to high powered money.
2. The ratio of money stock to interest rates.
3. The average number of times that a rupee is buying the total amount of final goods & services.
4. None of the above.

Options :

- 51245265067. 1
- 51245265068. 2
- 51245265069. 3
- 51245265070. 4

Question Number : 79 Question Id : 51245219674 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Velocity, over the business cycle, tends to

1. rise during economic contractions.
2. fall during economic expansions.
3. stay constant.
4. fall during economic contractions.

Options :

- 51245265071. 1
- 51245265072. 2
- 51245265073. 3
- 51245265074. 4

Question Number : 80 Question Id : 51245219675 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which quantity theory of money suggests that the demand for money is purely a function of income and interest rates have no effect on demand for money?

1. Fisher's
2. Keynes'
3. Friedman's
4. Tobin's

Options :

- 51245265075. 1
- 51245265076. 2
- 51245265077. 3
- 51245265078. 4

Question Number : 81 Question Id : 51245219676 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Given below are two statements

Statement I: The demand for money as a cushion against unexpected contingencies is called the transactions motive.

Statement II: Precautionary demand for money is not a function of income.

In light of the above statements, choose the **correct** answer from the options given below

1. Both Statement I and Statement II are true.
2. Both Statement I and Statement II are false.
3. Statement I is true but Statement II is false.
4. Statement I is false but Statement II is true.

Options :

- 51245265079. 1
- 51245265080. 2

51245265081. 3

51245265082. 4

Question Number : 82 Question Id : 51245219677 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Who is associated with Equation of exchange?

1. Pigou
2. Marshall
3. Fisher
4. J.B. Say

Options :

51245265083. 1

51245265084. 2

51245265085. 3

51245265086. 4

Question Number : 83 Question Id : 51245219678 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Given below are two statements

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

Statement II: In Friedman's quantity theory of money, supply of money is independent of demand for money.

In light of the above statements, choose the **correct** answer from the options given below

1. Both Statement I and Statement II are true.
2. Both Statement I and Statement II are false.
3. Statement I is true but Statement II is false.
4. Statement I is false but Statement II is true.

Options :

51245265087. 1

51245265088. 2

51245265089. 3

51245265090. 4

Question Number : 84 Question Id : 51245219679 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Given below are two statements

Statement I: Supply of money and Price level are inversely related.

Statement II: There is a positive relationship between bond prices and the rate of interest.

In light of the above statements, choose the **correct** answer from the options given below

1. Both Statement I and Statement II are true.
2. Both Statement I and Statement II are false.
3. Statement I is true but Statement II is false.
4. Statement I is false but Statement II is true.

Options :

51245265091. 1

51245265092. 2

51245265093. 3

51245265094. 4

Question Number : 85 Question Id : 51245219680 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Given below are two statements

Statement I: According to Friedman, demand for money and opportunity cost of holding money are inversely related to each other.

Statement II: According to Keynes, demand for money is for three purposes.

In light of the above statements, choose the **correct** answer from the options given below

1. Both Statement I and Statement II are true.
2. Both Statement I and Statement II are false.
3. Statement I is true but Statement II is false.
4. Statement I is false but Statement II is true.

Options :

- 51245265095. 1
- 51245265096. 2
- 51245265097. 3
- 51245265098. 4

Question Number : 86 Question Id : 51245219681 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

The speculative demand for money occurs when

1. Individuals hold money, rather than assets, because they are worried about the price of the other assets falling.
2. Individuals hold money to buy things.
3. Individuals hold money to shop.
4. Individuals hold money just in case an emergency happens.

Options :

- 51245265099. 1
- 51245265100. 2

51245265101. 3

51245265102. 4

Question Number : 87 Question Id : 51245219682 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

In Keynesian theory, the rate of interest is determined by

1. Aggregate demand and Aggregate supply.
2. Demand for and supply of labour.
3. Demand for money and supply of money.
4. Supply and Demand for loanable funds.

Options :

51245265103. 1

51245265104. 2

51245265105. 3

51245265106. 4

Question Number : 88 Question Id : 51245219683 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Given below are two statements

Statement I: Keynesian liquidity preference theory of interest rate states that demand for money is a function of both income and rate of interest.

Statement II: According to Keynes, Liquidity trap appears at the highest rate of interest.

In light of the above statements, choose the **correct** answer from the options given below

1. Both Statement I and Statement II are true.
2. Both Statement I and Statement II are false.
3. Statement I is true but Statement II is false.
4. Statement I is false but Statement II is true.

Options :

51245265107. 1

51245265108. 2

51245265109. 3

51245265110. 4

Question Number : 89 Question Id : 51245219684 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which among the following is the most liquid form of money supply in India?

- A. M1
- B. M2
- C. M3
- D. M4

Choose the **correct** answer from the options given below:

- 1. A and B only
- 2. B and C only
- 3. C and D only
- 4. A only

Options :

- 51245265111. 1
- 51245265112. 2
- 51245265113. 3
- 51245265114. 4

Question Number : 90 Question Id : 51245219685 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Given below are two statements

Statement I: Cheque book facility is available for time deposits.

Statement II: Lower the CRR, the lower is the credit creation.

In light of the above statements, choose the **correct** answer from the options given below

1. Both Statement I and Statement II are true.
2. Both Statement I and Statement II are false.
3. Statement I is true but Statement II is false.
4. Statement I is false but Statement II is true.

Options :

- 51245265115. 1
- 51245265116. 2
- 51245265117. 3
- 51245265118. 4

Question Number : 91 Question Id : 51245219686 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

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

1. Increase in exports.
2. Cash reserve ratio.
3. Changes in Exchange rate.
4. Increase in imports.

Options :

- 51245265119. 1
- 51245265120. 2
- 51245265121. 3
- 51245265122. 4

Question Number : 92 Question Id : 51245219687 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Commercial banks are able to create money by

1. Making loans.
2. Printing money.
3. Moral suasion.
4. Selling government bonds.

Options :

- 51245265123. 1
- 51245265124. 2
- 51245265125. 3
- 51245265126. 4

Question Number : 93 Question Id : 51245219688 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Credit gets expanded when

1. There is increase in CRR.
2. There is decrease in primary deposits.
3. There is depression in the economy.
4. There is increase in demand for loans.

Options :

- 51245265127. 1
- 51245265128. 2
- 51245265129. 3
- 51245265130. 4

Question Number : 94 Question Id : 51245219689 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Which of the following statements is false?

1. CRR is a direct instrument of RBI's monetary policy.
2. By varying the CRR, the central bank can vary the volume of the credit in the economy.
3. When CRR is raised, money supply rises.
4. CRR is a method of quantitative credit control.

Options :

- 51245265131. 1
- 51245265132. 2
- 51245265133. 3
- 51245265134. 4

Question Number : 95 Question Id : 51245219690 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Options :

- 51245265135. 1
- 51245265136. 2
- 51245265137. 3
- 51245265138. 4

Question Number : 96 Question Id : 51245219691 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Options :

- 51245265139. 1
- 51245265140. 2
- 51245265141. 3
- 51245265142. 4

Question Number : 97 Question Id : 51245219692 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Options :

51245265143. 1

51245265144. 2

51245265145. 3

51245265146. 4

Question Number : 98 Question Id : 51245219693 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Options :

51245265147. 1

51245265148. 2

51245265149. 3

51245265150. 4

Question Number : 99 Question Id : 51245219694 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Options :

51245265151. 1

51245265152. 2

51245265153. 3

51245265154. 4

Question Number : 100 Question Id : 51245219695 Question Type : MCQ Option Shuffling : No Is Question Mandatory : No Correct Marks : 1 Wrong Marks : 0

Options :

51245265155. 1

51245265156. 2

51245265157. 3

51245265158. 4