Macro Economics

Serial Number	Question Text	OPTION 1	OPTION 2	OPTION 3	OPTION 4	CORRECT OPTION
1	___________ different methods are used for measuring national income.	Four	Two	Three	Six	3
2	ThecreatorofHDIis___________	AlfredMarshal l	AmartyaSen	HarrodDomm er	J.M. Keynes	2
3	GNP includes _________	Factoral income	Factoral Reciepts	(R-P)	(X-M)	3
4	PPP indicates :	Real Value	Nominal Value	Infinite Value	Zero Value	1
5	PPP refers to ___________	Purchasing Power Parity.	Purchasing Power Preference.	Purchasing Preference Parity.	Preliminary Purchasing Preference.	1
6	The average income of the country is	Per capita income	Disposable income	Inflation rate	Real national income	1
7	When depreciation is deducted from GNP, the net value is	Net national product	Net domestic product	Gross national product	Disposable income	1
8	The value of NNP at consumer point is	NNP at factor cost	NNP at market price	GNP at market price	GNP at factor cost	4
9	In HDR 2019 report rank of Norway is	8	1	13	9	2
10	First Human development report published in	1990	1989	1992	1994	1
11	The difference between Nominal GDP and Real GDP is known as __________	GDP Deflator	GDP Inflator	GNP Deflator	GNP Inflator	1

12	India ranks among ___________________	Low human development group	High human development group	Medium human development group	Very high human development group	3
13	_______focuses on inequality between women and men as well as on the average achievement of all people taken together	GDI	GDP	HDI	GNP	1
14	purchasing Power Parity theory is related with	Interest rate	Bank rate	Wage rate	Exchange rate	4
15	Countries with HDI below 0.8 are considered to have level of human development	High	Low	Medium	Very High	4
16	In HDR report 2016 India ranks ___________.	125	131	134	127	2
17	HDI value of India in 2016 HDI report is _____________.	0.408	0.582	0.624	0.722	3
18	Real interest rate explains us a change in ___________.	Purchasing Power	Money Income	The rate of Inflation	The rate of Interest	1
19	___________________is a limitation of HDI.	It is a comprehensive measure	Shows wide disparities.	Conceals wide disparities.	Does not measure relative human development Index.	3
20	Income earned by self employed people is called ____________.	National Income.	Average Income.	Disposable Income.	Mixed Income.	4

21	Product method of calculating national income is also known as:	Income method	Value added method	Expenditure method	Distribution method	2
22	C+I+G + (X-M) + (R-P) = __________	GDP	NDP	NNP	GNP	4
23	The value of national income adjusted for inflation is called	Per capita income	Disposable income	Inflation rate	Real national income	4
24	Real interest rate explains us a change in	Purchasing powers	Money income	In the rate of inflation	Rate of unemployment	3
25	If inflation rate is equal to zero then real interest is	equal to nominal interest	greater than nominal interest	less than nominal interest.	is also zero	1
26	The point where ADF and ASF intersects is called _________	Total demand	Effective demand	Additional demand	Market demand.	2
27	The aggregate demand curve starts from ________	Origin	X-axis	Y-axis	Z-axis	3
28	The aggregate supply curve starts from	Origin	X-axis	Y-axis	None of these	1
29	Slope of the Aggregate demand curve is	Positive	Negative	Constant	Zero	1
30	After reaching full employment Aggregate supply curve becomes________	Horizontal	Backward bending	Vertical	Downward	3
31	If there is excess of anticipated expenditure over the available output then it gives rise to _____________	Deflationary gap	Inflationary gap	Underemploye d	Employment gap	2

32	The Phillips Curve is a graphical depiction of the __________	positive relationship between inflation and output	negative relationship between inflation and the CPI.	negative relationship between inflation and unemployment	negative relationship between unemployment and output.	3
33	If the Aggregate Demand curve shifts to the left then _______________	the economy moves up and to the left along the short-run Phillips Curve.	the economy moves down and to the right on the short-run Phillips Curve.	the economy moves up the long-run Phillips Curve.	there is no impact on the Phillips Curve.	2
34	The long-run Phillips Curve is vertical , it indicates ______________	that in the long-run, there is no tradeoff between inflation andunemployment	that in the long-run, there is no tradeoff between inflation and the price level.	. that in the long-run, the economy returns to a 4 percent level of inflation	that in the long-run, the economy returns to a 2 percent level of inflation.	2
35	If the short-run Phillips Curve shifts upward then _______________	the Aggregate Demand curve shifts to the right.	the Aggregate Supply curve shifts to the right	there is a fall in inflation expectations.	there is a rise in inflation expectations.	4
36	According to the Keynesians, an increase in government spending, other things equal, shifts the aggregate ______ curve to the ______.	demand; right	demand; left	supply; left	supply; right	1

37	The aggregate demand curve shifts to the right if ____________	taxes are cut.	government spending is reduced.	animal spirits decrease	the money supply is reduced.	1
38	The aggregate supply curve shows the relationship between ____________	the level of inputs and aggregate output	the price level and the level of inputs.	the wage rate and the level of employment	the price level and the level of aggregate output supplied.	4
39	The positively sloped short-run aggregate supply curve reflects the assumption that:	factor prices are more flexible than output prices.	output prices are more flexible than factor prices	factor prices are fixed in the long run.	factor prices are perfectly flexible in both the short run and the long run.	2
40	The long-run rate of unemployment to which an economy always gravitates is the:	normal rate of unemployment	natural rate of unemployment	neutral rate of unemployment	minimum rate of unemployment.	2
41	Actual output exceeds the natural rate level of output if __________	the aggregate demand curve shifts to the left.	the aggregate demand curve shifts to the right.	the aggregate supply curve shifts to the left.	the aggregate supply curve shifts to the right.	3
42	Actual output is less than the natural rate level of output if :_________	the aggregate demand curve shifts to the left.	the aggregate demand curve shifts to the right.	. the aggregate supply curve shifts to the left.	the aggregate supply curve shifts to the right.	4

43	The long-run aggregate supply curve is a vertical line passing through _______.	the natural rate of output.	the natural-rate price level.	the actual rate of unemployment.	the expected rate of inflation	1
44	The Phillips curve indicates that when the labour market is ______, productioncosts will ______ andthe aggregate supply curve shifts out.	easy; rise	easy; fall	tight; fall	tight; rise	2
45	The Phillips curve indicates that when the labor market is ______, production costs will ______ andthe aggregate supply curve shifts in.	easy; rise	easy; fall	tight; fall	tight; rise	4
46	According to aggregate demand and supply analysis, the favourable supply shocks of 1995–1999 hadthe effect of:	increasing aggregate output, lowering unemployment, and raising inflation	decreasing aggregate output, raising unemployment, and raising inflation	increasing aggregate output, lowering unemployment, and loweringinflation	decreasing aggregate output, raising unemployment, and lowering inflation.	3
47	Because shifts in aggregate demand are not viewed as being particularly important to aggregateoutput fluctuations, they do not see much need for activist policy to eliminate high unemployment. “They” refers to proponents of	the natural rate hypothesis	monetarism.	the Phillips curve model	real business cycle theory.	4

48	A group of economists believe that the natural rate of output is affected by aggregate _____ shocks.They contend that the natural rate level of unemployment and output are subject to _____, adeparture from fullemployment levels as a result of past high unemployment	supply; hysterisis	supply; systerisis	demand; hysterisis	demand; systerisis	3
49	Stagflation is the result of a __________	positive supply shock	negative supply shock	positive demand shock.	negative demand shock.	2
50	A period of rising prices and rising unemployment indicates that the economy has experienced	a leftward shift of the aggregate demand curve.	a rightward shift of the aggregate demand curve.	a leftward shift of the aggregate supply curve.	a rightward shift of the aggregate supply curve	3
51	Slope of the IS curve is	Positive	Negative	Constant	Zero	2
52	Which of the following curve shows money market equilibrium	IS curve	LM curve	ADF curve	ASF curve	2
53	Intersection between IS and LM curves indicates	Goods market is in equilibrium	Money market is in equilibrium	Both money and goods markets are in equilibrium	No equilibrium	3
54	Slope of the LM curve is	Positive	Negative	Constant	Zero Slope	1
55	Other things equal, a decrease in autonomous consumption shifts the IS curve to the _____.	right	left	UP	Zero	2

56	A decline in planned investment spending unrelated to the interest rate causes the equilibrium levelof aggregate output to _____ and shifts the _____ curve to the _____.	rise; LM; right	rise; IS; right	fall; IS; left	rise; LM; left	3
57	The IS curve shifts to the left when	taxes increase	government spending increases.	the money supply increases	the money supply is constant.	1
58	A decline in taxes _____ consumer expenditure and shifts the _____ curve shifts to the _____.	raises; LM; right	lowers; IS; left	raises; IS; right	lowers; LM; left	3
59	A tax cut ______ disposable income, ______ consumption expenditure, and shifts the IS curve tothe right	increases; increases	increases; decreases	decreases; increases	decreases; decreases	1
60	A tax increase shifts the IS curve to the _______________________	left, causing output and interest rates to fall.	left, causing output and interest rates to increase	right, causing output and interest rates to fall.	right, causing output and interest rates to rise.	1
61	If American college students decide that drinking Mexican-brewed beer helps one get noticed, netexports will tend to fall causing the _____ curve to shift to the left and aggregate demand to _____.	LM; fall	IS; fall	LM; rise	IS; rise	2

62	Factors that cause the IS curve to shift include ________.	changes in interest rates.	changes in the money supply.	changes in investment spending related to business confidence.	Changes in nominal rate of interest.	3
63	If the Federal Reserve conducts open market sales, the money supply _____, shifting the LM curveto the _____.	decreases; right	decreases; left	increases; right	increases; left	2
64	If the Federal Reserve conducts open market _____, the money supply _____, shifting the LM curveto the left.	purchases; decreases	sales; decreases	purchases; increases	sales; increases	2
65	An increase in the money _____ shifts the LM curve to the _____, causing the interest rate to falland output to rise.	demand; right	demand; left	supply; right	supply; left	3
66	An autonomous increase in money demand ________	shifts the IS curve to the right.	he IS curve to t	shifts the LM curve to the right.	e LM curve to	4
67	If the demand for money increases relative to the supply of money ______	interest rates will trend upward.	interest rates will trend downward.	interest rates are not affected by increases in money demand.	interest rates will behave randomly	1

68	As bonds become a riskier asset, the demand for money _____ and, all else constant, the equilibriuminterest rate _____.	rises; rises	. rises; falls	falls; rises	falls; falls	1
69	An autonomous rise in _____ (not caused by a change in the price level, aggregate output, or theinterest rate) shifts the _____ curve to the _____.	net exports; LM; right	money demand; IS; right	money demand; LM; right	money demand; LM; left	4
70	An expansionary monetary policy:	shifts the LM curve to the left, reducing output and increasing interest rates.	shifts the LM curve to the left, reducing both real output and interest rates.	shifts the LM curve to the right, reducing both interest rates and real output	shifts the LM curve to the right; reducing interest rates and increasing real output.	4
71	A monetary expansion is characterized by :	rising output and interest rates.	. rising output and falling interest rates.	constant output and falling interest rates.	falling output and interest rates.	2
72	A contractionary monetary policy :	shifts the LM curve to the left, reducing output and increasing interest rates.	shifts the LM curve to the left, reducing both real output and interest rates.	shifts the LM curve to the right, reducing both interest rates and real output.	. shifts the LM curve to the right; reducing interest rates and increasing real output.	1

73	In the long-run ISLM model, the long-run effect of an expansionary fiscal policy is to:	increase real output and the interest rate.	decrease real output and the interest rate.	increase real output and leave the interest rate unchanged.	increase the interest rate and leave real output unchanged.	4
74	In the long-run ISLM model, the long-run effect of an autonomous fall in consumption expenditure is to :	increase real output and the interest rate.	increase real output and not affect the interest rate	not affect real output and increase the interest rate.	not affect real output and reduce the interest rate.	4
75	In the long-run the ISLM model predicts that:	only monetary policy can change real output.	both monetary and fiscal policy can change real output.	monetary and fiscal policies change real output only when used together.	neither monetary nor fiscal policy can change real output.	4
76	.________ is a statement of a systematic record of all economic transaction between one country and rest of the world.	Balance of trade.	Balance of capital account.	Balance of Current Account.	Balance of Payments	4
77	The current account of balance of payment does not include ___________	Balance of visible trade	Import of services	Unilateral services	Foreign investment	4
78	Foreign investment account is included in ___________	Trade account	Current account	Capital account	Zero Account	3
79	In BOP , total receipts must be equal to total ________	Payment	Income	Deficit	Surplus	1

80	The difference between a country's merchandise exports and its merchandise imports is the:	Capital account	Current account	Balance of trade	Balance of payments	3
81	Reducing the value of domestic currency in term of foreign currency is known as _________	Deflation	Tariff	Import substitution	Devaluation	4
82	Devaluation means	The reduction of the official rate at which the foreign currency is exchanged for local currency	The reduction of the official rate at which the national currency is exchanged for internationally accepted foreign currencies.	The reduction of the official rate at which the currencies of two foreign countries are exchanged.	Not to change currency at all.	2
83	Revaluation makes value of currency:	Expensive	Cheap	unchanged	Zero	1
84	In BOP statements foreign exchange reserves are equal to __________	overall balance.	Current account balance.	Capital account balance.	Zero account balance	1
85	In a closed economy GDP is equal to _______	C+I+G	C+I+G+(X-M)	C+I+G+M	C+I+G+X	1
86	Devaluation results in ___________	Cheaper exports	Cheaper Imports	No change in price of Exports	No change in price of imports	1

87	Deflation through expenditure adjusting measures :	Increases Imports.	Increases Exports.	Attracts foreign capital	No change in Imports and Exports.	2
88	There are _______ types of balance of payment disequilibrium	Three	Two	Four	Six	3
89	__________ disequilibrium may occur due to technological changes.	Cyclical Disequilibrium	Structural Disequilibrium	Non-structural Disequilibrium	Socio-Economic disequilibrium	2
90	A deficit in balance of payments creates _______	Accommodative flow	autonomous flow	Zero Flow	No Flow	1
91	To correct inflation and deficit , both monetary and fiscal policy must be _____	Expansionary	Contractionary	Stable	Constant	2
92	As per J – curve effect, the initial effect of devaluation or depreciation will be_____	Positive	negative	neutral	zero	2
93	As per J – curve effect, the long run effect of devaluation or depreciation will be______.	Positive	negative	neutral	Zero	1
94	_________ is the type of disequilibrium in BOP?	Structural Disequilibrium	Long Conditional Disequilibrium	Non regulated Disequilibrium	Social Disequilibrium.	1
95	Gifts and charities account are also known as:	Export	Import	Unilateral transfer	Long term borrowing	3
96	The main form of expenditure switching policy used to reduce relative prices is ____________	Devaluation	Decoration	Depreciation	Demonstration	1

97	The tendency of a nation's trade balance to deteriorate before it improves following a devaluation is called ________	S-curve effect	J-curve effect.	M curve effect	N-curve effect.	2
98	According to _____________ approach , for trade balance to improve after devaluation income must rise and / or absorption must fall .	Trade	Absorption	Surplus	Deficit	2
99	The effectiveness of devaluation to improve the trade balance depends upon _________ condition	Marshall – Lerner	Marshall-Johnson	Smith -Lerner	Smith-Johnson	1
100	The devaluation will improve the trade balance of devaluaing country if the sum of the elasticities of demand for its exports and its imports is ___________	Equal to 1	Equal to Zero	Greater than 1	Less than 1	3