MA ECONOMICS
FIRST SEMESTER [REPEAT]
MACRO ECONOMIC ANALYSIS- I
MEC – 102
[USE OMR SHEET FOR OBJECTIVE PART]

SET A

Duration: 3 hrs.

Full Marks: 70

Objective

Time: 30 mins.

Marks: 20

Choose the correct answer from the following: $1 \times 20 = 20$

1. Macro Economics is the study of
   a. Individuals
   b. Sub-aggregates
   c. Aggregates
   d. None of the above

2. NNP is equal to-
   a. GNP-depreciation
   b. GNP + depreciation
   c. GNP-net export
   d. GNP + net export

3. In classical quantity theory approach, the demand for money is for
   a. Conducting transactions
   b. Storing of money
   c. Both of the above
   d. None of the above

4. In a state of liquidity trap, the rate of interest is
   a. High
   b. Low
   c. Minimum
   d. Maximum

5. Fisher's equation of exchange establishes
   a. Direct relationship between money and prices
   b. Inverse relationship between money and prices
   c. Direct and proportionate relationship between money and prices
   d. Inverse and proportionate relationship between money and prices

6. Which of the following is not, by definition, equal to National Income?
   a. National Output
   b. National Expenditure
   c. National Product
   d. National Wealth

7. High-powered money is
   a. Only banks' reserves at the central bank
   b. All loans of banks
   c. All loans and securities of banks
   d. Rupees held as legal bank reserves

8. In an economy, there are flows related to
   a. Goods
   b. Services
   c. Money receipts
   d. All of the above

9. The social accounting system was developed by
   a. Richard Stone
   b. Paul Samuelson
   c. James Tobin
   d. Keynes

7. What is the correct formula for GDP Deflater?
   a. Nominal GDP - (minus) Real GDP   b. Nominal GDP + Real GDP
   c. Nominal GDP/ Real GDPX 100   d. Real GDP/ Nominal GDP

8. Which Indian city is known as its trade and financial capital?
   a. Mumbai   b. Delhi
   c. Bangalore   d. Gurgaon

9. Laissez-faire economics refers to:
   a. a term denoting economic transactions carried out by the State/government   b. economic transactions in private parties where there is no intervention by the State/government
   c. a branch of socialism focusing on welfare economics   d. None of the above

10. Which among the following is considered to be the most liquid asset?
    a. Gold   b. Money
    c. Land   d. Treasury bonds

11. In the terminology of economics and money demand, the terms M1 and M2 are also known as :
    a. Short money   b. Long money
    c. Broad money   d. Narrow money

12. What is the reserve deposit ration (rdr)?
    a. the proportion of money RBI lends to commercial banks   b. the proportion of total deposits commercial banks keep as reserves
    c. the total proportion of money that commercial banks lend to the customers   d. none of the above

13. In monetary terminology, what is called the 'monetary base' or 'high powered money'?
    a. the total assets of RBI   b. the total liability of RBI
    c. the total debt of the government   d. the total foreign exchange of RBI

14. By increasing the 'Bank Rate', the RBI can:
    a. provide incentives to commercial banks to lend more to public   b. provide incentives to commercial banks to lend less to public
    c. increase the money supply in the market   d. none of the above

15. The "planned" value of the variables like consumption, investment, output, etc, is known as:
    a. ex post measures   b. ex ante measures
    c. ex pre measures   d. none of the above

16. What is "MPS" or the 'marginal propensity to save'?
   a. the proportion of total additional planned savings to total additional income
   b. the proportion of total additional income to total additional planned savings
   c. the fraction of total additional income that is used for consumption
   d. none of the above

17. According to the effective demand principle:
   a. at a certain price, the output shall not be determined by any known factor
   b. at a certain price, the output will remain unaffected by rise or fall in demand
   c. at a certain price, equilibrium output will be solely determined by the aggregate demand
   d. none of the above

18. Depression is characterized by
   a. unprecedented level of underemployment
   b. Drastic fall in income
   c. Drastic fall in output and employment
   d. All the above

19. The liquidity trap occurs when the demand for money:
   a. Is perfectly interest elastic
   b. Is perfectly interest inelastic
   c. Means that an increase in money supply leads to a fall in the interest rate
   d. Means that an increase in the money supply leads to an increase in the interest rate

20. According to the Fisher equation of exchange, an increase in the money supply is most likely to lead to inflation if:
   a. The velocity of circulation decreases
   b. The number of transactions decreases
   c. There is deflation
   d. The velocity of circulation and the number of transactions is constant

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