



## QUESTION BANK

### Karanjia Auto College, Karanjia, Mayurbhanj

**+3 1st YEAR ARTS (1st SEMESTER) CORE-**

**03**

#### **INTRODUCTORY MACROECONOMICS GROUP-A**

Each question Carries 1 mark

1. \_\_\_\_\_ had classified economics into two branches such as micro economics and macroeconomics.
2. \_\_\_\_\_ theory is that part of economics which studies the overall average and aggregates of the system.
3. \_\_\_\_\_ deals with the functioning of the economy as a whole.
4. The famous book 'General theory of Employment, Interest and Money' was written by\_\_\_\_\_.
5. The famous book 'General theory of Employment, Interest and Money' was published in the year\_\_\_\_\_.
6. The say's law of market state that \_\_\_\_\_ creates its own demand.
7. \_\_\_\_\_ is the combination of inflation and unemployment.
8. A \_\_\_\_\_ is a quantity measured at a particular point of time.
9. A \_\_\_\_\_ is a quantity measured over a specified period of time.
10. \_\_\_\_\_ refers to that position in which all units of an economy are in equilibrium.
11. \_\_\_\_\_ refers to that position of equilibrium which is concerned with the equilibrium of a single economic unit.
12. Net indirect tax = Indirect tax - \_\_\_\_\_.



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13. Market price = Factor cost + Indirect tax - \_\_\_\_\_.
14. GNP = GDP + \_\_\_\_\_.
15. NNP at market price = GDP at market price - \_\_\_\_\_  
+ \_\_\_\_\_.
16. NNP at factor cost is also known as \_\_\_\_\_.
17. Personal income = \_\_\_\_\_ - corporate saving - corporate tax.
18. Disposable personal income = Personal income - \_\_\_\_\_.
19. \_\_\_\_\_ method is also known as value added method.
20. National income identity in a two-sector economy requires Investment must be equal to \_\_\_\_\_.
21. National income identity in a three-sector economy requires Investment plus Government expenditure must be equal to \_\_\_\_\_.
22. National income identity in a four-sector economy requires  $I+G+(X-M)$   
= \_\_\_\_\_.
23. A \_\_\_\_\_ is an outflow or withdrawal of income from the circular flow.
24. According to \_\_\_\_\_ money is what money does.
25. The paper notes and coins are called \_\_\_\_\_.
26. \_\_\_\_\_ assets is an assets that can be easily exchanged for goods and services.
27. The direct exchange of economic goods for one another is called \_\_\_\_\_.



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28. When money takes the form of a commodity with intrinsic value it is called \_\_\_\_\_.
29. \_\_\_\_\_ is money that cannot be redeemed for anything other than that a replica of itself.
30. Time deposits, Bill of exchange, Treasury bills etc are example of \_\_\_\_\_ money.
31. Debit cards, Credit cards are example of \_\_\_\_\_ money.
32. \_\_\_\_\_ are those coins whose face value is more than intrinsic value.
33. The book "Purchasing power of money" was written by \_\_\_\_\_.
34. The transaction approach of quantity theory money was put forward by \_\_\_\_\_.
35. The modern quantity theory money was given by \_\_\_\_\_.
36. The liquidity theory of money was given by \_\_\_\_\_.
37. According to Keynes the transaction demand for money is a function of \_\_\_\_\_.
38. The speculative demand for money is a function of \_\_\_\_\_.
39. At a low rate of interest demand for money become perfectly elastic, this situation is called \_\_\_\_\_.
40. Currency with the public + Bank reserve = \_\_\_\_\_.
41. \_\_\_\_\_ is the ratio of change of money supply to the change in High powered money.



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42. There is a \_\_\_\_\_ relation between value of money and price level.
43. A persistent and appreciable rise in general price level is called \_\_\_\_\_.
44. According to \_\_\_\_\_ “ Inflation is unjust, deflation is inexpedient, of the two perhaps deflation is worse”.
45. \_\_\_\_\_ represent inverse relationship between rate of unemployment and rate of changes in wage rate.
46. The shape of long run phillips curve is \_\_\_\_\_.
47. \_\_\_\_\_ implies absence of involuntary unemployment.
48. The principle of effective demand was given by \_\_\_\_\_.
49. \_\_\_\_\_ is the logical starting point of keynesian theory of employment.
50. \_\_\_\_\_ is determined at the level where aggregate demand is equal to aggregate supply
51. The ratio of consumption to income is called \_\_\_\_\_.
52. The ratio of change in consumption to change in income is called \_\_\_\_\_.
53.  $APC + APS =$  \_\_\_\_\_.
54.  $MPC + MPS =$  \_\_\_\_\_.
55. If MPC is 0.75, value of the multiplier will be \_\_\_\_\_.
56. The psychological law of consumption was given by \_\_\_\_\_.
57. Induce investment is a function of \_\_\_\_\_.
58. The concept of multiplier was first developed by \_\_\_\_\_.



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59. Employment multiplier was given by \_\_\_\_\_.

60. Investment multiplier was given by \_\_\_\_\_. **GROUP-**

#### **B**

Each question carries 2 marks.

1. What is economic static?
2. Define comparative static.
3. Define stock.
4. Define equilibrium.
5. What is partial equilibrium?
6. What is GNP?
7. Define NDP at factor cost.
8. What is private income?
9. Define money.
10. Define near money.
11. What Fisher's equation?
12. Give Cambridge equation.
13. What do you mean by value of money?
14. Define inflation.
15. What is hyper inflation?
16. What is suppressed inflation?
17. What is full employment?
18. What is MPC?
19. What is MPS?
20. What is APC?
21. What is Multiplier?
22. What do you mean by induced investment?



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23. What is aggregate demand?
24. What is forward multiplier?
25. What is marginal propensity to save?
26. What is investment demand schedule?
27. What is token money?
28. What is say's law?
29. What is budget?
30. What is unbalance budget?
31. What is consumption function?
32. What do you mean by financial investment?
33. What do you mean by autonomous investment?
34. What do you mean by net investment?
35. Define value addition.
36. What is meant by problem of double counting?
37. Write any two conceptual difficulties faced in the estimation of national income.
38. What is green accounting?
39. Why saving treated as leakage in a circular flow model?
40. Mention any two characteristics of money.
41. What is primary function of money?
42. Define cost push inflation.
43. What is meant by demand pull inflation?
44. What is the meaning of laissez-faire policy?
45. Explain voluntary unemployment.
46. What do you mean by ex-ante saving?
47. What do you mean by ex-post saving?



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48. What is aggregate supply?  
49. What do you mean by effective demand?  
50. What do you mean by real investment? **GROUP-**

#### C

Each question carries three marks

1. Explain the scope of macroeconomics?
2. What are the limitations of macroeconomics?
3. Distinguish between micro and macroeconomics.
4. Define economic dynamics.
5. Define the concept of flow.
6. What is general equilibrium?
7. Define GDP at market price.
8. What is meant by net national product at factor cost?
9. What is personal income?
10. Distinguish between GDP and GNP.
11. Define intermediate goods.
12. What is meant by problem of double counting?
13. Write three conceptual difficulties faced in the estimation of national income.
14. What is green accounting?
15. Why saving treated as leakage in a circular flow model?
16. Mention main characteristics of money.
17. What is primary function of money?
18. What is secondary function of money?
19. What is contingency function of money?
20. Define outside money.



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21. Define inside money.
22. Define fiat money.
23. What is limited legal tender money?
24. Define full-bodied money.
25. What is velocity of money?
26. What is an Index Number?
27. Define wholesale price index.
28. Define consumer price index.
29. Define cost of living index
30. Mention the characteristics of index number.
31. What is meant by simple index number?
32. Define wage induced inflation.
33. What is profit push inflation?
34. What are the measures to control inflation?
35. Define demonetisation.
36. What do you mean by stagflation?
37. What is inflationary gap?
38. Define cost push inflation.
39. What is meant by demand pull inflation?
40. What is the meaning of laissez-faire policy?
41. Explain voluntary unemployment.
42. What do you mean by ex-ante saving? 43. What do you mean by ex-post saving?
44. What is aggregate supply?
45. What do you mean by effective demand?
46. What do you mean by real investment?





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47. What is the difference between induced and autonomous investment?

48. What is difference between ex-ante saving and ex-post saving?

49. What is dynamic multiplier?

50. Distinguish between expansionary and contractionary fiscal policy.

#### **GROUP-D**

Each question carries 7 marks

1. What do you mean by macroeconomics? Discuss the importance and limitation of macroeconomics.

2. Distinguish between micro and macroeconomics. Discuss the salient features and limitation of macroeconomics.

3. Define macroeconomics. Explain the scope and limitations of macroeconomics.

4. What is meant by economic static, comparative static and economic dynamics?

5. What do you mean by concept of equilibrium? Explain its significance in economic analysis.

6. Explain briefly the main concepts of national income. State their interrelationship with each other.

7. Explain concept of domestic product. Distinguish between gross domestic product and gross national product.

8. What do you mean by national income? What are the various conceptual and statistical problems faced while estimating national income?



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9. Define gross national product. Discuss the product and income method of

calculating gross national product. Would the estimate be equal by either method?

10. Explain the interrelationship between products or value added, income generation and expenditure method of national income accounting.

11. Explain in brief the product method of measurement of national income.

Mention the difficulties involved in the use of product method of measurement of national income.

12. Explain in brief the methods of measurement of national income. What are the difficulties in the measurement of national income?

13. Explain diagrammatically the circular flow of income and product in two sector model.

14. Explain the circular flow of income in a three sector economy with the help of a diagram.

15. Explain circular flow of income in four sector model.

16. Distinguish between real flows and money flows. Explain and illustrate with the help of a diagram.

17. What is meant by better system of exchange? Explain its merits and demerits.

18. Money is what money does. " critically examine the statement .

19. What is money? Critically examine the statement.

20. Critically examine Fishers equation of quantity theory of money.

21. Critically examine Cambridge equation of quantity theory of money.



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22. Explain Keynes fundamental equation of money and prices.
23. Would you consider cash balance approach to the value of money as superior to transaction theory?  
Explain.
24. What is an Index Number? What are its uses? Discuss the problems of constructing an index number.
25. Analyse the process of measuring the value of money and discuss its limitations.
26. Define inflation. What are the causes of inflation? Suggest measures to correct it.
27. Critically examine the effects of inflation on economic development.
28. Define stagflation. Suggest various measures to combat it.
29. Explain Keynesian theory of inflation. Discuss the concept of inflationary gap.
30. Explain Phillips inflation-unemployment trade off.
31. Critically examine the classical theory of employment.
32. "The full employment is a normal feature of capitalistic economy." Critically examine the statement.
33. "Supply creates its own demand." Explain the statement critically.
34. Explain the Keynesian theory of income and employment.
35. Explain meaning of the term propensity to consume. What are the main features or characteristics of consumption function?
36. What is marginal propensity to consume? What are its determinants?



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37.State and explain Keynes psychological law of consumption along with its importance in the determination of income and employment in the

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economy.

38. What is meant by investment? Analyse the factors which govern the inducement to invest.

39. Discuss the significance of marginal efficiency of capital and rate of interest as determinants of investment.

40. Explain and illustrate the concept of multiplier. What is the importance of multiplier in economic analysis and economic policy?