# QUESTION BANK
## DEPARTMENT OF ECONOMICS, NAYAGARH AUTONOMOUS COLLEGE, NAYAGARH

**+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 -_____.

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_____.

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.

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_____.

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?

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?

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.

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?

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?

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 batter 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.

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?

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

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?