

Tishk International University

Question Bank

Macroeconomics

Q.1. Multiples Choice Questions

1 Who wrote the book “General Theory of Employment, Interest and Money”?

a. Adam Smith

b. Prof. J. M. Keynes

c. Prof. J. N. Keynes

d. Alfred Marshall

2 Personal income is amount of money which is receive by

a) company

b) individuals

c) Government

d) All of them.

3 Macroeconomics variables like :

a) Total income

b) Total output

c) employment

d) all of them.

4 The best means of savings during inflation is to keep

a) money

b) Government bonds

c) equity

d) time deposits with banks

5 The higher the per capita income, the economic welfare of the country is :

a) higher

c) equal

b) lower

d) there is no economic welfare

6 One of these is not one of the measures of National income :

- a) outside income
- b) personal income
- c) domestic income
- d) business income

7 Which of the following concept is just opposite to inflation ?

- A) Stagflation
- B) Deflation
- C) Recession
- D) Disinflation

8 GNP defines as a aggregate of the market value of final goods and services produced by an economy over a period of :

- a) one year
- b) two years
- c) three years
- d) five years

9 While understanding and analyzing the Great Depression of 1929, the need for separate study of macroeconomics was felt by :

- a) Raj Chetty
- b) John Maynard Keynes
- c) Adam Smith
- d) John Stuart Mill

10 Keynesian theory of employment is based on the concept of-----

- a. Aggregate Demand
- b. Aggregate Supply
- c. Aggregate Demand and Supply both
- d. None.

11 There difference between microeconomics and macroeconomics is :

- a) Microeconomics is the study of economic at an individual, but macroeconomics is the study of a national economy as a whole.
- b) Macroeconomics is the study of economic at an individual, but microeconomics is the study of a national economy as a whole.
- c) There is no difference.
- d) Microeconomics talks about individuals, but Macroeconomics talks about the business.

- 12 Disposable income is that income which is received by
- a) individuals without their disposal
 - b) individuals with their disposal**
 - c) companies and organizations
 - d) None of them.
- 13 A model to understand the functioning of a macro economic system or the economy as a whole is called:
- a) circular flow of income model**
 - b) the components of the macroeconomics
 - c) branch of economics
 - d) GDP
- 14 Inflation can be controlled by :
- A) surplus budget
 - B) increase in taxation
 - C) reduction in public expenditure
 - D) all the above**
- 15 Who developed the Classical Theory of Income and Employment?
- a. J. B. Say
 - b. J. S. Mill
 - c. Ricardo
 - d. All of the above.**
- 16 Situation when a person is able and willing to take up a job and gets employed, it is called
- a. Employment**
 - b. Full Employment
 - c. Under Employment
 - d. Unemployment
- 17 Demand-pull inflation may be caused by:
- a) An increase in costs
 - b) A reduction in interest rates**
 - c) A reduction in government spending
 - d) An outward shift in aggregate supply
- 18 It was a period of severe economic contraction and high unemployment that began in 1929 and continued throughout the 1930s. This is the definition of:
- a) macroeconomics
 - b) Aggregate demand

c) Great Depression

d) None of them.

19 The great depression was a period of severe economic contraction and high unemployment that began in :

a) 1946

b) 1963

c) 1929

d) 1953

20 In which year Keynes published the General Theory of Employment, Interest and Money?

a) 1930

b) 1929

c) 1936

d) 1926

Q. 2. Find the unemployment rates and labour participation rate.

Year	Labor Force (Millions)	Number of employed (Millions)	Population (Millions)
2004	64.2	59.1	76.9
2005	64.2	59.1	76.9
2006	60.1	59.8	76.1

Q. 3. Find the unemployment rates and labour participation rate.

Year	Labor Force (Millions)	Number of employed (Millions)	Population (Millions)
1998	75.2	60.4	79.2
1999	75.2	60.4	79.2
2000	70.1	60.8	78.8

Q. 4. Find the unemployment rates and labour participation rate.

Year	Labor Force (Millions)	Number of employed (Millions)	Population (Millions)
2015	53.2	49.1	98.2
2016	53.2	49.1	98.1
2017	50.2	49.7	98.1

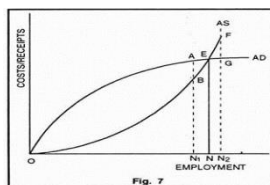
Q. 5. Find the unemployment rates and labour participation rate.

Year	Labor Force (millions)	Number of Employed (millions)	Population (millions)
2006	43.7	39.01	82.3
2007	43.7	39.06	82.2
2008	43.6	39.8	82.1

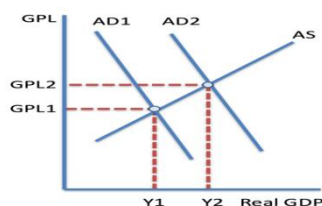
Q. 6. The rate of inflation for a certain year (say 2014) is found by comparing, in percentage terms, that years index with the Index in the previous year. For example, the CPI was 221.6 in 2015, up from 183.5 in 2013. Find the rate of inflation of 2014.

Q. 7. The rate of inflation for a certain year (say 2015) is found by comparing, in percentage terms, that years index with the Index in the previous year. For example, the CPI was 221.3 in 2015, up from 193.5 in 2014. Find the rate of inflation of 2015.

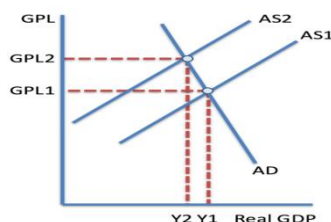
Q.8. Explain the graph with suitable example.



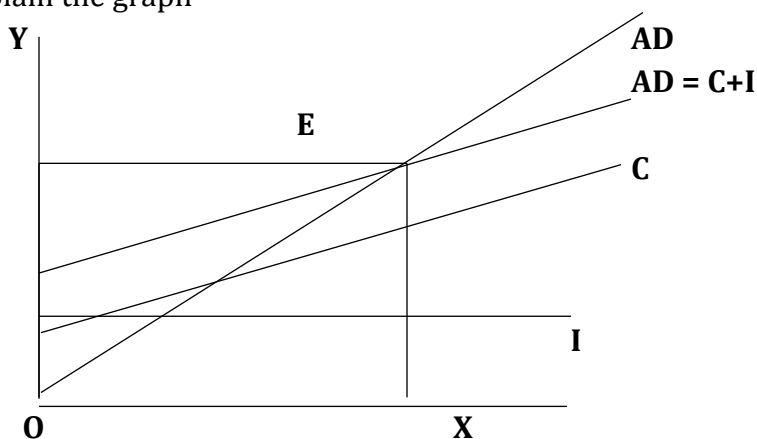
Q.9. Explain the graph with suitable example



Q.10. Explain the graph with suitable example



Q.11. Explain the graph



Write short answers of the following questions

13. Cost push inflation
14. Formula of Inflation
15. CPI
16. Unemployment
17. Inflation
18. Labour force participation rate
19. Unemployment
20. Demand pull inflation
21. Consumer Price Index
22. Bank Rate policy
23. Autonomous investment
24. Induced investment
25. Public and private Investment
26. Gross and Net investment

Essay Question/ Long Answers of the following questions

- 27 What is the relation between rate of interest and investment
- 28 What is the difference between microeconomics and Macroeconomics?
- 29 What are the features of Keynesian theory of employment?
- 30 What are the types of unemployment? Explain one type.
- 31 What is effective demand theory of employment?
- 32 What are determinant of investment?
- 33 What are the objectives of monetary policy?

- 34** Is inflation is good for the economy?
- 35** What is Investment?
- 36** What are the assumptions of two sector model economy?
- 37** What is Monetary Policy? Explain the methods of monetary policy.
- 38** What are the assumptions of Accelerator theory?
- 39** What is two sector model economy?
- 40** What do you mean by labour force participation?
- 41** What are the causes of inflation?