SUB: Int. Macro Economics (203)						
S.NO.	Question	Options				Answer
		A	B	C	D	
1	An economy is at equilibrium output when	Y = C + I + G + NX	Y = AD + C + G + NX	Y = AD + C + I + G + NX	Y = AD + C + I + G	C
2	CENTRAL BANK use contractionary monetary policy	to increase govt expenditure	to reduce inflation	all of the above	none of the above	B
3	Which one of the following is the objective of fiscal policy?	achieve full employment.	stabilize the price level.	maintain equilibrium in the Balance of Payments.	all of the above	D
4	Contractionary Fiscal Policy includes:	slow economic growth	stamp out inflation	all of the above	none of the above	C
5	under fisher's quantity theory of money,M denoted	medium	the total quantity of legal tender money	measurement tool	money	B
6	who is the head of the MONETARY POLICY committee?	RBI, governor	RBI, deputy governor	Prime Minister	President	A
7	The phenomenon of sticky wages usually leads to ________________ unemployment during a recession	higher	lower	stabalize	none of the above	A
8	If inflation is 6% and you receive a 1% raise in your nominal wage, by how much did your real wage change?	-5%	1%	-6%	6%	A

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9	If inflation is 1% and you receive a 1% raise in your nominal wage, by how much did your real wage change?	0%	1%	2%	3%	A
10	The quantity theory of money is expressed by the identity equation:	M*Y=P+Y	M*V=P*Y	M+V=P	none of the above	B
11	In the quantity theory of money, P and Y represent the price and quantity of:	all finished goods and services in an economy.	all finished goods sold in an economy.	all finished goods and services sold in an economy.	none of the above	C
12	Which of the following is not a component of Aggregate Demand?	Saving	Investment	Consumption	Net Exports	A
13	An example of a government expenditure is	a social security payment to an elderly person.	employing a public school teacher.	an unemployment insurance check.	All of the above	B
14	Which of the following items is an investment?	purchase of a mutual fund.	purchase of a U.S. government bond.	purchase of a new farm tractor.	purchase of a stock.	C
15	Which factor would shift the Aggregate Demand curve to the right?	a fall in interest rates which increases investment	an increase in real incomes due to a rise in GDP.	an increase in real wages.	an appreciation of the dollar.	A

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16	In the IS–LM model, the impact of an increase in government purchases in the goods market has ramifications in the money market, because the increase in income causes a(n) ______ in money ______.	increase; supply	increase; demand	decrease; demand	decrease; supply	B
17	In the IS–LM model under the usual conditions in a closed economy, an increase in government spending increases the interest rate and crowds out:	prices	investment	the money supply	taxes	B
18	A decrease in the price level shifts the ______ curve to the right, and the aggregate demand curve ______.	IS; shifts to the right	IS; does not shift	LM: shifts to the right	LM; does not shift	D
19	If the short-run IS–LM equilibrium occurs at a level of income below the natural level of output, then in the long run the price level will ______, shifting the ______ curve to the right and returning output to the natural level.	increase; IS	decrease; IS	increase; LM	decrease; LM	D
20	When using AD/AS analysis to illustrate changes within an economy, which of the following would NOT need to be considered when looking at changes to economic growth?	Increased labour productivity	More efficient use of the capital stock	Developing a more efficient capital and finance sector	Increased availability of social capital	D

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21	Which of the following is a major influence on AS?	The quality of the factors available	Consumption	Government spending	The advice of government	A
22	The Phillips curve implied that there was a trade-off available to governments between:	The price level and unemployment	The price level and employment	Out put and employment	Inflation and unemployment	D
23	A belief that expectations were exogenous could lead one to the view that judgements about the future were likely to be based on:	The best available information	Past experience	all of the above	none of the above	B
24	Which of these is NOT a monetary policy tool?	open market operations	balanced accounts	reserve requirements	discount rates	B
25	Stagflation results from	a shift of the AS curve to the left.	a shift of the AS curve to the right.	a shift of the AD curve to the left.	a shift of the AD curve to the right.	A
26	An increase in aggregate demand (given no change in aggregate supply) will cause ______________ inflation.	constant	higher	lower	none of the above	B
27	Which of the following would NOT cause a SHIFT in AS?	Incentives	The structure of the economy	The level of government spending	The costs of the factors of production	C
28	Which of the following events will shift the Aggregate Supply curve to the left?	a fall in interest rates.	land costs fall.	real wages rise.	inflation expectations decrease.	C

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		A	**B**	**C**	**D**	
29	The short-run Aggregate Supply curve is upward sloping only because we assume that resource costs are held ________________.	constant	flexible	need more information	none of the above	A
30	If Aggregate Demand exceeds Aggregate Supply, unwanted inventories will begin to accumulate, forcing firms to _____________prices to get rid of those inventories.	zero	none of these	increase	reduce	D
31	explain monetary policy and fiscal policy					
32	explain Philips curve					
33	differentiate Adaptive expectation and rational expectation					
34	explain BBM					
35	explain neutrality of money.					