

SSR DEGREE COLLEGE (AUTONOMOUS) NIZAMABAD (C.C:5029)
SEMESTER – II INTERNAL ASSESSMENT – II EXAMINATIONS
Macro Economics
QUESTION BANK

I. Multiple Choice Questions

- 1) Neo classical theory assumes
 - a) Perfect competition ✓
 - b) Imperfect markets
 - c) Price rigidity
 - d) Unemployment equilibrium

- 2) Liquidity preference means demand for
 - a) Capital
 - b) Savings
 - c) Money ✓
 - d) Bonds

- 3) Transaction demand for money depends on
 - a) Interest rate
 - b) Income ✓
 - c) Saving
 - d) Inflation

- 4) Green investment mainly focuses on
 - a) Maximum profit
 - b) Environmental sustainability ✓
 - c) Capital accumulation
 - d) Luxury consumption

- 5) Crypto-currency is a
 - a) Non-physical asset
 - b) Digital asset ✓
 - c) Government bond
 - d) Legal tender everywhere

- 6) The primary function of money is
 - a) Store of value
 - b) Measure of value
 - c) Medium of exchange ✓
 - d) Standard of deferred payments

- 7) Coins and currency notes are examples of
 - a) Credit money
 - b) Commodity money

- c) Fiat money
- d) Paper money only

8) M1 Money supply includes

- a) Currency + Demand deposits
- b) Time deposits
- c) Gold and silver
- d) Foreign exchange

9) Fin Tech means

- a) Financial Technology
- b) Foreign Technology
- c) Final Technology
- d) Fiscal Technology

10) According to MMT, taxes are used mainly to

- a) Repay debt
- b) Control inflation
- c) Increase savings
- d) Stop spending

11) The famous equation of exchange is

- a) $MV = PT$
- b) $MV = PTC$
- c) $AD = AS$
- d) $DS = I$

12) Transaction motive for holding money depends on

- a) Interest rate
- b) Income
- c) Prices
- d) Savings

13) Blockchain is

- a) Centralized ledger
- b) Manual register
- c) Distributed digital ledger
- d) Paper-based system

14) QR code is mainly used in mobile payments for

- a) Printing money
- b) Identification of merchant
- c) Interest calculation
- d) Blockchain mining

15) Crypto-currencies are based on

- a) Mobile banking
- b) Central banking
- c) Blockchain technology

d) Paper currency

16) Inflation refers to

- a) Fall in prices
- b) Rise in general price level
- c) Rise in production
- d) Fall in money supply

17) Monetary policy is controlled by

- a) Government
- b) RBI
- c) Commercial banks
- d) IMF

18) Philips curve shows relationship between

- a) Inflation & GDP
- b) Inflation and employment
- c) Inflation & interest rate
- d) Inflation & savings

19) Long-run Philips curve is

- a) Downward sloping
- b) Upward sloping
- c) Vertical
- d) Horizontal

20) COVID-19 mainly affected economies through

- a) Increase in production
- b) Supply chain disruptions
- c) Population growth
- d) Rise in exports

21) Big data refers to

- a) Small datasets
- b) Traditional accounting data
- c) Large and complex data
- d) Manual records

22) Machine learning is a part of

- a) Fiscal policy
- b) Big data
- c) Artificial intelligence
- d) Inflation

23) AI improves prediction accuracy by

- a) Reducing computation
- b) Identifying patterns
- c) Ignoring variables

- d) Manual calculation

24) Lockdowns during COVID-19 mainly caused

- a) Increase in production
- b) Fall in demand and output
- c) Rise in exports
- d) Higher investment

25) AI helps economic forecasting by

- a) Eliminating data
- b) Identifying patterns and trends
- c) Reducing accuracy
- d) Increasing inflation

II. Fill in the blanks

- 1) Supply of capital is derived from **saving**
- 2) Marshall supported the **neo-classical** theory of interest
- 3) Keynes explained liquidity preference with **three** motives
- 4) The main aim of green investment is to reduce **carbon** emissions
- 5) Bitcoin is an example of a **cryptocurrency**
- 6) Digital assets provide an alternative **investment** option
- 7) Cheques are a secondary function of **money**
- 8) CBDCs are issued by **central banks**
- 9) MMT emphasizes the role of **fiscal policy**
- 10) In the quantity theory, V refers to **velocity**
- 11) Increase in **money supply** leads to increase in prices
- 12) Mobile wallets store **digital money**
- 13) Blockchain reduces **transaction cost**
- 14) Cryptocurrencies are **immutable**
- 15) QR code is used for **quick digital payments**
- 16) Slow and gradual rise in prices is called **creeping inflation**
- 17) Repo rate is the rate at which RBI lends to commercial banks
- 18) Increase in taxes helps to **control inflation**
- 19) **Rationing** is used to control excessive demand
- 20) The Philips Curve was given by **A.W. Philips**
- 21) **COVID-19** caused a sharp decline in global demand
- 22) **Real-time data** helps policymakers take timely decisions
- 23) Recovery in digital markets is driven by **innovation**
- 24) **Cybersecurity** risks create instability in digital markets
- 25) Government digital policies support **economic recovery**

III. Descriptive Questions

- 1) Critically examine Keynes' Liquidity Preference Theory of Interest.
- 2) Discuss the modern theory of interest through LM and IS curves.
- 3) Define money and explain its functions.
- 4) Critically examine Irving Fisher's Quantity Theory of Money.
- 5) Define inflation and explain the various theories of inflation.