

SSR DEGREE COLLEGE (AUTONOMOUS)
SEM-II INTERNAL –I ASSESSMENT EXAMINATIONS
Macro Economics
Internal Exam – I
QUESTION BANK

I. Multiple Choice Questions

1. National Income means
 - a) Total population
 - b) Total production of a country
 - c) Total income earned by residents of a country ✓
 - d) Total exports

2. National income is calculated for a period of
 - a) One month
 - b) One year ✓
 - c) Five years
 - d) Ten years

3. GDP stands for
 - a) Gross Domestic Product ✓
 - b) Gross Development Product
 - c) General Domestic Product
 - d) Gross Demand Product

4. Which is a component of national income?
 - a) Salary ✓
 - b) Donation
 - c) Gift
 - d) Scholarship

5. Expenditure method includes
 - a) Consumption
 - b) Investment
 - c) Government spending
 - d) All of the above ✓

6. Big data improves national income estimates by
 - a) Guesswork
 - b) Delay
 - c) Better data collection ✓
 - d) Ignoring informal sector

7. Real time GST data helps to estimate
- a) Population growth
 - b) Government deficit
 - c) GDP ✓
 - d) Literacy rate
8. Barter system creates difficulty because it
- a) Uses money
 - b) Is digital
 - c) Has no money value ✓
 - d) Is taxed
9. Digital Economy contribution to GDP includes
- a) Agriculture only
 - b) Manufacturing only
 - c) E-commerce and digital services ✓
 - d) Mining only
10. Use of UPI and digital payments increases
- a) Cash usage
 - b) Transparency ✓
 - c) Black money
 - d) Barter system
11. Aggregate demand consists of
- a) $C + I$ ✓
 - b) $C + S$
 - c) $I + G$
 - d) $C + I + G$
12. Investment depends mainly on
- a) Income
 - b) Rate of interest and MEC ✓
 - c) Saving
 - d) Consumption
13. Multiplier depends on
- a) MPC
 - b) MPS
 - c) Both MPC and MPS ✓
 - d) Rate of interest
14. Harrod-Domar Model emphasizes the role of

- a) Labour only
- b) Capital accumulation ✓
- c) Technology only
- d) Population

15. Post Keynesians criticize classical theory because it

- a) Ignores capital
- b) Assumes full employment ✓
- c) Overemphasizes demand
- d) Rejects saving

16. Automation can lead to which unemployment

- a) Frictional
- b) Structural ✓
- c) Cyclical
- d) Seasonal

17. Automation helps firms by reducing

- a) Output
- b) Efficiency
- c) Production cost ✓
- d) Demand

18. MPC stands for

- a) Marginal propensity to consume
- b) Maximum propensity to consume
- c) Market propensity to consume
- d) Mean propensity to consume ✓

19. APC can be

- a) Greater than 1
- b) Equal to 1
- c) Less than 1
- d) All of the above ✓

20. $MPC + MPS$ is always equal to

- a) 0
- b) 1 ✓
- c) 2
- d) 100

21. Investment in roads, dams, and bridges is

- a) Private investment
- b) Financial investment

- c) Public investment ✓
- d) Personal investment

22. Investment that changes with changes in income is

- a) Autonomous
- b) Induced ✓
- c) Foreign
- d) Portfolio

23. MEI refers to the expected rate of return on

- a) Labour
- b) Capital ✓
- c) Money
- d) Land

24. Interest is a reward for

- a) Labour
- b) Risk
- c) Saving ✓
- d) Entrepreneurship

25. Supply of money is controlled by

- a) Commercial banks
- b) Public
- c) Central banks ✓
- d) Firms

II. Fill in the Blanks

1. NNP means **Net National Product**.
2. Interest is the income of **capital**.
3. There are **three** main methods of measuring national income.
4. Personal income includes **transfer payments**.
5. National Income shows the level of **economic development**.
6. Big data reduces errors like **double counting**.
7. Online platforms generate large volumes of **data**.
8. Black money leads to **underestimation** of national income.
9. Digital economy mainly belongs to the **service sector**.
10. Digital platforms increase productivity by **reducing cost**.
11. Aggregate demand consists of consumption and **investment**.
12. Say's law states that supply creates its own **demand**.
13. The Harrod model is known for **knife** edge instability.
14. If MPC increases, the multiplier will **increase**.
15. Post Keynesian growth theory is **demand** led.

16. Automation increases demand for **skilled workers**.
17. Long run impact of automation on employment is **mixed**.
18. APC is the ratio of consumption to **income**.
19. If MPC is 0.8, MPS will be **0.2**.
20. When income increases, saving generally **increases**.
21. Investment in education and health is known as **human investment**.
22. MEI mainly depends on expected **future** profits.
23. According to Keynes, interest is the reward for **liquidity**.
24. Supply of money is controlled by the **central bank**.
25. Increase in cost of capital will **reduce** MEI.

III. Descriptive Questions

1. What is national income? How can it be measured?
2. Explain the different concepts of national income.
3. Explain Keynesian theory of income and employment.
4. Critically examine the classical theory of employment.
5. What is investment function? What factors determine it? What is its importance?