

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

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**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.