

**BA ECONOMICS
FIRST SEMESTER [REPEAT]
INTRODUCTORY MACROECONOMICS
BEC – 102**

**SET
A**

[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs.

Full Marks: 70

Time: 30 mins.

Marks: 20

(Objective)

1 × 20 = 20

Choose the correct answer from the following:

1. Macroeconomics study.....
 - a. Growth in income
 - b. Changes in prices
 - c. Rate of unemployment
 - d. All of these
2. " Macroeconomics use different models to look at different issues"
 - a. True
 - b. False
 - c. Cannot say
 - d. Uses one single model
3. GDP measures.....
 - a. Income of everyone in the economy
 - b. Total expenditures on economy's output of goods and services
 - c. Both a and b are correct
 - d. None of these
4. Read the following statements and answer from the following options:
 - a) Nominal GDP values goods and services at current price.
 - b) Real GDP values goods and services at constant price.
 - c) Real GDP rises only when the amount of goods and services has increased
 - d) Nominal GDP is not affected by price level
 - a. a is true b is false
 - b. b is true a is false
 - c. a, b, c, are true and d is false
 - d. All are true
5. GDP is the sum of the expenditures like:
 - a. Consumption
 - b. Investment
 - c. Government purchases
 - d. All of the above
6. The shape of $C=C(Y-T)$ curve is.....
 - a. Upward sloping to the right
 - b. Downward sloping to the right
 - c. Straight line
 - d. Horizontal line
7. The relationship between investment (I) and rate of interest (r) is:
 - a. Positive
 - b. Inverse
 - c. No relationship at all
 - d. Constant
8. Which of the following cannot be used as the money?
 - a. Painting by Rembrandt
 - b. A Subway token
 - c. A credit card
 - d. A debit card

9. The functions of money are:
 - a. Store of value
 - b. Unit of account
 - c. Medium of exchange
 - d. All of these
10.is the revenue that the government raises by printing money.
 - a. Seigniorage
 - b. Fiat money
 - c. Commodity money
 - d. Demand deposit
11. Cost of inflation are:
 - a. Shoe- leather cost
 - b. Menu cost
 - c. Tax distortions
 - d. All of these
12. Nominal interest rate is:
 - a. Opportunity cost of holding money
 - b. It is the sum of real interest rate and inflation rate
 - c. Both a and b are correct
 - d. None of these
13. In the classical view, the price level is determined by.....
 - a. aggregate supply
 - b. aggregate demand and supply
 - c. supply of money
 - d. aggregate demand
14. Keynes " effective demand" is:
 - a. Derived demand
 - b. Real purchasing power of all agents within an economy
 - c. Both a and b are correct
 - d. None of these
15. In the Keynesian model, liquidity preference refers to the.....
 - a. demand for consumer goods
 - b. demand for capital
 - c. the supply of money
 - d. demand for money
16. In classical theory, interest rates are determined.....
 - a. by the price level and unemployment
 - b. strictly by the money supply
 - c. by the supply and demand for money
 - d. by saving and investment
17. In the simple Keynesian framework, the price level.....
 - a. varies inversely with wages
 - b. is fixed
 - c. is indeterminate
 - d. varies directly with unemployment
18. The IS curve illustrates that when income increases, the
 - a. Interest rate must rise to restore equilibrium in the asset market.
 - b. Interest rate must rise to restore equilibrium in the goods market.
 - c. Interest rate must fall to restore equilibrium in the goods market
 - d. Interest rate must fall to restore equilibrium in the asset market.
19. As per Keynes liquidity theory people demand money because of:
 - a. Transaction motive
 - b. Precautionary motive
 - c. Speculative motive
 - d. All of these

20. Keynesian cross is.....
- | | |
|---|--|
| a. Intersection of actual and planned expenditure | b. Intersection of actual and planned saving |
| c. Intersection of actual and planned investment | d. None of these |

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(Descriptive)

Time : 2 Hr. 30 Mins.

Marks : 50

[Answer question no.1 & any four (4) from the rest]

1. Explain the principles on: 3+7=10
 - a) Keynes concept of effective demand.
 - b) Explain the Keynesian theory of quantity of money.
2. Explain the following concepts: 2×5=10
 - a) Nominal and real interest rate
 - b) *Ex ante* and *ex post* real interest rate
 - c) Monetary neutrality
 - d) Inflation and hyperinflation
 - e) Real and nominal variables
3.
 - a) Explain Fishers quantity theory of money. 5+5=10
 - b) Explain Cambridge quantity theory of money.
4.
 - a) Who controls the money supply and how? 2+6+2=10
 - b) Explain about the different types of monetary policy instruments of our country.
 - c) Describe any two functions of money.
5.
 - a) Define inflation. 2+6+2=10
 - b) Explain about the different types of inflation?
 - c) What is classical dichotomy?
6.
 - a) Explain Keynesian cross with the help of diagram. 5+5=10
 - b) How IS curve is derived?
7.
 - a) Explain four sector model of circular flow of income. 6+4=10
 - b) What are the different phases of circular flow of income?
8.
 - a) Explain the normal residents. 3+7=10
 - b) Discuss the concept of factor income and transfer income with the help of example.
