PPSC Economics Chapter 3 Macro Economics

Sr	Questions	Answers Choice
1	Given the IS equation Y = Ke a - Ke Bn the IS slope decreases when	A. Ke increase and b increases B. Ke decreases and b increases C. Ke increases and b decreases D. Ke decreas4es and b decreases
2	A Rs.10 increase in autonomous investment spending shifts is.	A. Rightward by Rs. 10 B. Leftwards by Rs. 10 C. Rightward by Ke (Rs.10) D. Leftward y Ke (Rs.10)
3	An increase in the marginal propensity to import.	A. Has the some effect upon the multipliers as an increase in the MPC B. Has no effect upon the multipliers C. Increases the value of the multipliers D. Decreases the value of the multipllers
4	Given a proportional income tax and a government budget that is currently in balance, an increase in autonomous investment , caters parabasal increases equilibrium income and the budget.	A. Romaic's in balnce B. Has a surplus C. Has a deficit D. None of these
5	When an increase in government spending is matched by an equal decrease in government transfers the income level will.	A. Stay the same B. Increase C. Decrease D. None of these
6	Where there is an equal increase in net tax revenue and government spending, ceteris paribus.	A. (C+I+G) is shifting upward B. (C+I+G) is shifting downward C. (C+I+G) does not shift D. All of these
7	What is the possible cause for a falling real GNP over a period of time.	A. A general fall in the value of output though changes in quantities producted. B. A general increase in prices C. An increase in the value of output produced and a general increase in prices D. A, B and C
8	Which one of the following would cause demand pull inflation.	A. Increases iin production costs B. Wage gains in proportion productivity gains C. An increase in aggregate demand with shortages of sup ply D. Monoposonistic labor markets
9	Which of the following represents monetary policy geared to increases the supply of money.	A. The purchase of bonds by the Federal Reserve Bank B. The sale of bonds by the Central Bank C. An increase in reserve requirement D. A decrease in taxes
10	Find the revenue the government collects as a result of the tax	A. Rs.10 million B. Rs.40 million C. Rs.16 million D. Rs.30 million
11	Find the change in revenue to the industry due to the taxs.	A. Rs. 40 billion B. Rs. 34 million C. Rs.25 million D. Rs.36 Million.
12	If the economy is in equilibrium at Rs. 180 billion and taxes are reduced by Rs.20 billion, find the new equilibrium given that this is a simple economy i.e. exogenous government spending tax collection and investment spending and a marginal propensity to consume of . .75	A. 60 B. 200 C. 250 D. 240
13	If an individual has a money income M of Rs. 999 , the price of X is rs.7.00 per unit and ithe price of Y is Rs. 300 per unit find the equation for the budget lines.	A. Y = 333 - (7/3) x B. Y = 142 - (7/3) x C. Y = 142- (3/7) x D. Y = 333 - (7/3)

D. Y = 323 - (7/3) x

14	If X becomes more expansive i relation to Y, what happens to the budget line in the X - Y space, with Y on the vertical axis.	A. It shifts to the right B. It shifts to the left C. The slope becomes flatter D. The slope becomes steeper
15	Quality controlleers at the LMN corporation formulate the null hypothesis that the proportion of defective items in the production line is 10% they reject this hypothesis when they find 12 defective items in 100. If the defective rate is really 10% What type of error did they make.	A. Standard error of the mean B. A type II error C. A type I error D. The error probability
16	The long term demand for real money balance will rise when	A. the income elasticity of the demand for money is less than unity. B. There is a long term increase in the price level C. There is a relative increase in the stock of government securities. D. Long term market interest rates are falling.
17	Whose opinions have revolutionized the scope of macro economics.	A. Adam Smith B. J.B. Say C. J.M. Keynes D. All of the above
18	Which theory is generally included under micro economics.	A. Price theory B. Income theory C. Employment theory D. None of the above
19	If a Canadian dollar costs 0.75 in terms of U.S. dollars, how much Canadian money would an American need to spend in Canada to get a dollar's worth of U.S. value.	A. 25$ B. 99$ C. Rs.1.25 D. Rs.1.13
20	Ineven A occurs the payoff will be Rs.5,670.00 . the probability of event A occurring is .87 What is the expected payoff of event A.	A. Rs.5,670.00 9d) B. Rs.4,832.10 C. Rs. 4,932.90 D. Rs.5000.00