PPSC Economics Chapter 3 Macro Economics

Sr	Questions	Answers Choice
1	Which of the following will cause a monetary induced change versus a fiscal induced change in equilibrium income as determined.by IS - LM analysis.	A. A shift in the consumption function B. A shift in government expenditures C. A change in liquidity preference D. A change in a government expenditures
2	You are gold the level of savings in the economy is Rs.25 billion of equilibrium Using the consumption function C =20 + .9 Y, find equilibrium income .	A. 250 B. 900 C. 450 D. 350
3	To avoid double counting when the GNP is estimated, economists	A. Price all goods and services bought and sold in all markets B. Use the GNP deflator C. Price only intermediate goods D. Calculate value added at each stage of production.
4	Characteristics of economic laws are	A. Mere statement of economic tenduencies B. Less certain C. Hypothetical D. All of the above
5	Which of the following will not result in an increase in the level of income.	A. An increase in autonomous spending B. A decrease in autonomous taxes C. An increase in autonomous transfers D. an increased in net tax revenues
6	Dynamic multipliers occur when	A. the assumption of ceteris paribus is dropped B. The economy is not in equilibrium C. Consumption is unrelated to disposable income D. there is lagged response between consumption and disposable income
7	A change in autonomous spending is represented by.	A. A movement along a spending line B. A shift of a spending line C. A change in a behavioral coefficient. D. None of these
8	When the marginal propensity to consume is 0.75 the multiplier has a value of.	A. 4 B. 5 C. 3 D. 2
9	The valued of expenditure multiplier relates.	A. The change in autonomous spending to the change in income B. the change in consumption to change in income C. The change in come to the change is consumption D. The change in income to the change in autonomous spending.
10	By definition, the marginal propensity to consumes.	A. Equals OC/A Yd B. Is the behavioral coefficient c in the equation C = C + cYd C. Is the slops of the consumption function. D. All of the above
11	When planned saving equals Rs.40+0.20 Yd and planned investment is rs. 60, the equilibrium level of income in.	A. Rs. 100 B. Rs. 400 C. Rs.500 D. Rs.1000
12	When planned consumption equals Rs. 40 + 0.90 Yd and planned investment is Rs.50, the equilibrium level of income is.	A. Rs.90 B. Rs.400 C. Rs.500 D. Rs.900

13	When the value of output exceeds planned spending .	A. There is unsold output, and the level of income will fall B. there is unsold output and the level of income will rise C. There is unsold output, and the level of income does not change. D. All of the above
14	When planned saving is greater than planned investment.	A. Output should increase B. Output should decrease C. Output should not change D. All of the above
15	Equilibrium occurs in a two sector model when	A. Saving equals investment. B. Consumption plys investment equals the value of putput C. Planned saving equals planned investment. D. Aggregate spending equals the revenues of the business sector
16	Suppose nominal GNP is Rs.500 in year 1, the base year If the GNP deflator doubles by year 6 while real output has increased 40% nominal output in year 6 equals.	A. Rs.2000 B. Rs.1400 C. Rs.1000 D. Rs.750
17	If personal income equals Rs.570 white personal income takes equal Rs.90 consumption is Rs.430. interest payments total Rs. 10 and personal saving is Rs. 40, disposable income equals.	A. Rs. 500 B. Rs.480 C. Rs. 470 D. Rs.400
18	Which of the following is not included in gorses investment.	A. Business and residential constrcution. B. Expenditures on consumer goods C. Additions to business inventory D. Expenditures on machinery
19	In a model in which there is no government new investment capital replacement or international trade the market value of final output equals.	A. Aggregate consumption B. The sum of the receipts of economic resources C. The sum of wages rent interest and profit D. All of the above
20	In a private sector model	A. Household saving is a leakage from the circular flow B. Investment is a spending injection C. All of the above D. None of the above