PPSC Economics Chapter 3 Macro Economics

Sr	Questions	Answers Choice
1	Fiscal policy output to change demand for output is.	A. Completely effective in region KL B. Partially effective in region JK C. Elasticity is infinite for region LT D. Completely ineffective in region LT
2	An increase in autonomous net exports	A. Shifts IS rightward by k, ox B. shifts IS left eard by k, AX C. Increase the slope of IS D. Decreases the slope of IS
3	Which of the following does not result in an increase in U.S. autonomous net exports.	A. The U.S. dollar depreciated B. Major trading partners stimulate their economy C. Foreign currencies depreciate D. Foreign trading partners lift tariff barriers
4	The equilibrium level of income of the open economic model is.	A. 200 B. 400 C. 300 D. 500
5	The break even level of income where C = Y is	A. 200 B. 300 C. 500 D. 400
6	Country A 's GNP is increasing by 3% a year in contrast to its population growth of 2.4% The rate of growth of per capita GNP is.	A. 3% B. 0.85 C. 0.6% D. 2.4%
7	If GNP = 1,000 billion and the money supply is 330 billion , then the velocity of money is.	A. A value less than 1.4 B. 3.33 C. 1.48 D. 3.03
8	The MPS = 0.4 and government spending increases by 20 billion. The LM curve	A. Shifts to the right by 20 billion B. Shifts to the right by 50 billion C. Does not shift D. shifts to the left by 30 billion
9	If the intercept of the consumption function is 75, and MPS is 0.10 the value of consumption expenditures at Yd = Rs. 5,000 is	A. Rs.4,500 B. Rs. 575 C. Rs.500 D. Rs. 4,575
10	Based on the data above , the increase in potential MI would be	A. Rs.50 billion B. Rs.300 billion C. Rs.60 billion D. Rs.100 billion
11	What is the level of savings for disposable income = Rs.5,000 if dissaving's of 50 occur at a disposable income of Rs.0 and a marginal propensity to save equal to 0.257	A. Rs. 1.25 B. Rs.1.125 C. Rs.1,200 D. Rs.1,100
12	In which of the following situations will an increase in the money supply have no effect upon equilibrium iincome.	A. LM is steeply sloped and IS is relatively that B. LM is vertical and IS is stopped C. LM is steeply sotped and IS is vertical D. LM is relatively flat as is IS
13	Ahmed uses dummy variables in order to determine the monthly seasonal effect in her regression model. The number of dummy variables used will be.	A. 5 B. 11 C. 12 D. 1
14	Ahmed regression model yields a Durbin Watson d statistic whose value is 0.002. The results indicate.	A. Positive serial correlation B. the presence of multicollinearity C. No serial correlation D. Negative serial correlation

15	If the reserve deposit ratio is 0.25 and the ratio of currency in circulation to deposits is 0.3, the potential money multiplier will have a value of.	A. 2.36 B. 0.42 C. 1.20 D. 0.96
16	If government spending of Rs. 10 and a lump sum tax of Rs.10 is added, the empirical equation for the new IS curve becomes.	A. Y = 285 + 20 I B. Y = 270 - 10 i C. Y = 285 - 50 i D. Y = 210 - o.5 i
17	Given the data above, the empirical equation for the IS curve is.	A. Y = 275 + 10 i B. Y = 225 + 50 i C. Y = 250 - 10 i D. Y = 275 - 501
18	The multiplier that applies to changes in autonomous investment is identical to changes in.	A. Autonomous government expenditures B. Autonomous consumption expenditures C. Autocoups exports D. All of the responses above
19	Given the saving equation S = - 50 + 0, 20 Y, where s is saving and Y is income.	A. The break even level of income is 240 B. Dissaving takes place if income is 300 C. Consumption expenditures and saving are equal at an income level of 500 D. The MPS is constant for all levels of income
20	An increase in investment leads to an increase in income and consumer spending, which in turn leads to a further increase in investment spending This is example of.	A. The expenditure multiplier B. Explosive gowth C. Hyperinflation D. Interaction of multiplier and accelerator