PPSC Economics Chapter 3 Macro Economics

Sr	Questions	Answers Choice
1	In closed economic model aggregate demand is not sensitive to.	A. Interest rates B. Exchange rates C. Price level D. Tax policy
2	A Rs.10 increase in autonomous investment spending shifts IS	A. Rightward by Rs.10 B. Leftward Rs.10 C. Rightward by Ke (Rs.10) D. Leftward by Ke (Rs.10)
3	When investment spending is negatively related to the rate of interest, equilibrium income in the goods market.	A. Is unrelated to the rate of interest B. Is positively related to the rate or interest C. Inversely related to the rate of interest D. Falls as the rate of interest decreases
4	When total utility becomes maximum then marginal utility will be.	A. Minimum B. Average C. Zero D. Negative
5	For interior commodities income effect is.	A. Zero B. Negative C. Infinite D. Positive
6	An expansionary supply side shock results in.	A. An increased real national income B. The aggregate supply curve shifting to the left C. The aggregate demand curve shifting to the right D. The aggregate demand curve shifting to the left
7	If government tax function is T = 80 + .6 Y and the marginal propensity to consume is a constant 8 and increase in GNP of Rs.50 would cause consumption to.	A. Increase by Rs.16 B. Decrease by Rs.16 C. Increase by Rs.40 D. Decrease by Rs.30
8	A decrease in the marginal propensity to import will lead to.	A. An increase in GNP B. Lower the multiplier C. An increase in imports D. A decrease in imports
9	The econometric problem of errors in variables leads to	A. Ballasted estimates of regression coefficients. B. Autocorrelation C. Unbiased estimates of regression coefficients but non minimum variance of estimated coefficients. D. None of the above
10	If the price level for an economy was 100 in 1984 , 115 in 1985 and 125 in 1986 the rate of inflation between 1985 and 1986 was.	A. 105 B. 8% C. 8.7% D. 17.5%
11	The Laffer curve depicts	A. A trade off between tax rates and government receipts B. Price levels and real income C. government deficits and unemployment D. Tax rates and infixation
12	When GNP is Rs.500 billion and consumption expenditures are Rs.300 billion.	A. the MPC is 6 B. The MPS is 4 C. The Multiplier is 2.5 D. None of the above
13	If nominal GNP were Rs.1000 ballooning 1976 and Rs.2200 billion in 1986, and the implicit GNP deflator was. 1.2 in 1976 and 1.6 in 1986 concluded that .	A. Real GNP increased by approximately Rs. 542 billion from 1976 to 1986 B. The price level fell from 1976 to

		1986 C. Real GNP increased by 35% D. Nominal GNP increased by 80%
14	If investors expectations concerning the future are positive and thus increase investment at every interest rate the.	A. IS curve would shift up B. IS curve would shift down C. LM curve would shift down D. IS and LM curves will not shift
15	When the supply of money increases.	A. The LM curve will shift in B. The LM curve will shit out C. The demand for money will decrease D. The demand for money will increase
16	A commercial bank has a required reserve ratio of 20% and desires to hold 5% in excess reserves. the bank receives a Rs. 10,000 deposit. It it abides by the required reserve ration and its desire to hold excess reserves the bank can make a loan of a most.	A. Rs.7500 B. Rs.2500 C. Rs.5000 D. Rs.30,000
17	If the sampi is accepted as coming from a universe with a mean of Rs.500 or greater when if doesn't.	A. A Type II error is made B. A type I error is mad C. The alternative hypothesis is correct. D. A and C are correct
18	The hypothesis would the tested with	A. A two tailed test B. A one tailed test with the rejection region in the left tail C. a one tailed test with the rejection region on the right tail D. The normal distribution
19	A firm's total labor cost when six workers are employed is Rs.580 When seven workers are employed the total labor cost is Rs.700 the Rs. 120 change in total labor cost represents.	A. Marginal physical product B. Marginal resources cost C. Marginal cost D. Marginal revenue
20	Which of the following factors will cause the demand curve for labor to shift to the right.	A. The demand for the product produced by labor declines. B. The prices of substitute imputes falls C. The productivity of labor increases D. None of the above