

**1 The following is not a subject matter of macroeconomics**

- a) National income accounting**
- b) Law of demand and supply**
- c) Business cycle**
- d) General price level**

**2. One of the major assumptions of the classical school is-----.**

- a) Lack of aggregate demand causes involuntary unemployment**
- c) Unemployment and inflation can exist together**
- d) Economy will be in full employment equilibrium in the long run**

**3. Keynesian theory is not based on which of the Following assumptions?**

- a) Supply creates its own demand**
- b) Markets can fail**
- c) Government intervention can reduce the impact of recession**
- d) Aggregate demand determines national output**

**4. Which of the following schools of thought in Macroeconomics focuses on the role of money Supply and central bank?**

- a) Development Economics**
- b) Classical School**
- c) Monetarism**
- d) Keynesian School**

**5. Which branch of macroeconomics specifically focuses On the problems of developing economies ?**

- a) Development Economics**
- b) Public Finance**
- c) Monetary Economics**
- d) Trade Cycle Theory**

**6. Which of the following measurements indicate how National income is distributed?**

- a) GDP**

- b) GNP
- c) Per Capita Income
- d) NNP

6. The point where the aggregate demand and the Aggregate supply curves intersect is called-----.

- a) Total demand
- b) Effective demand
- c) Equilibrium demand
- d) Non-equilibrium demand

7. According to Keynes in order to increase employment We have to increase aggregate

- a) Supply
- b) Output
- c) Demand
- d) Investment

8. Which of the following curve is a schedule of Minimum amount of proceeds required to provide Various levels of employment ?

- a) Aggregate supply
- b) Aggregate demand
- c) Employment
- d) Total spending

9. What is the total money value of final goods and Services produced within the domestic territory of The country during a given year ?

- a) GDP
- b) GNI
- c) NNI
- d) None of the above

10. What is the total money value of the goods and Services produces by the nationals during a Given year ?

- a) GNI
- b) GDP
- c) NDP
- d) None of the above

11. GNI in an open economy is equal to

- a)  $GDP+(X-M)$
- b)  $GDP+(X-M)+R-P$

c)  $GDP+(R-P)$

12. Which of the following formulas is used to calculate GGDP ?

- a)  $GDP + \text{Net factor income from abroad}$
- b)  $GDP+C+I+G$
- c)  $GDP - \text{Net Natural Capital Consumption}$
- d)  $GDP - \text{Depreciation}$

13. Loans taken from individuals and institutions within The country are known as-----

- a) External debt
- b) Internal debt
- c) Personal debt
- d) Corporate debt

14. External debt implies borrowing from-----

- a) Individuals
- b) Firms
- c) Foreign countries

15. Which of the following is NOT a stock variable

- a. Capital
- b. Wealth
- c. Interest
- d. Saving

16. The word Macro was first used in Economics by\_\_\_\_\_.

- a. Keynes
- b. Marshall
- c. Ragnar Frisch
- d. J.R. Hicks

17. Which of the following type of economy deals with The rest of the world ?

- a) Closed
- b) Open
- c) Only developed
- d) Only developing

18. Which of the following economy is in equilibrium When investment is equal to saving ?

- a) Closed

- b) Open
- c) Developing
- e) Developed

19. In which of the economy the leakages in the form of Saving and taxes arise in the circular flow of income -----.

- a) Two-sector
- b) Three-sector
- c) Open
- d) One-sector

20. In a circular flow economy firms supply

- a) Labour
- b) Goods and services
- c) Land

21. In a three sector economy we do not include income Expenditure of -----.

- a) Government
- b) External sector
- c) Household

22. The four sector circular flow economy does not Include

- a) World economy
- b) Financial market
- c) Crude oil reserves in oil wells

23. If a part of an increase in income is spent on imports The value of multiplier-----.

- a) Will be high
- b) Will be low
- c) Will not change
- d) Will increase

24. The value of multiplier is inversely related to

- a) MPC
- b) MPS
- c) APC
- d) APS

25. In what way the multiplier is related to ----- MPS ?

- a) **Directly related to**
- b) **Reciprocal of**
- c) **Not related to**
- d) **Equal to**