

MCQ,^s
B.A second Year (Semester III)
Economics
Paper 105 – Macro–Economics

1. Expansionary monetary policy .

Answer tends to lead to a depreciation of a nation's currency

2. If the number of people classified as unemployed is 20,000 and the number of people classified as employed is 230,000, what is the unemployment rate?

Answer 8%

4. If an individual who cannot find a job because his or her job skills have become obsolete this is an example of

Answer Structural unemployment. .

5. The natural rate of unemployment is generally thought of as the

Answer sum of frictional unemployment and structural unemployment. . 6.
Firms react to unplanned increases in inventories by

Answer Reducing output.

7. The ratio of the change in the equilibrium level of income to a change in some autonomous increase in spending is the

Answer multiplier.

8. Banks can create money

Answer by making loans that result in additional deposits. .

9. A bank has excess reserves to lend but is unable to find anyone to borrow the money. This will _____ the size of the money multiplier.

Answer reduce

10. Which of the following represents an action by the Bank of Canada that is designed to decrease the money supply?

Answer selling government securities in the open market

11. If the interest rate falls, then
Answer bond prices will rise

12. If the quantity of money demanded is less than the quantity of money supplied, then the interest rate will

Answer decrease.

13. Which of the following events will definitely lead to an increase in the equilibrium interest rate?

Answer the sale of government securities by the Bank of Canada

14. If the Bank of Canada reduces the money supply to reduce inflation, a flexible exchange rate will aid the Bank of Canada in fighting inflation because

Answer as the money supply is decreased, the interest rate will increase, and the exchange rate will rise, causing Canadian exports to fall and Canadian imports to rise.

15. When economists refer to "tight" monetary policy, they mean that the Bank of Canada is taking actions that will

Answer contract the supply of money

16. An increase in total production (real GDP) causes the demand for money to _____ and the interest rate to _____.

Answer increase; increase

17. Which of the following actions is an example of expansionary fiscal policy?

Answer a decrease in the corporate profits tax rates

18. The main cause of cyclical unemployment is that

Answer the level of overall economic activity fluctuates.

19. The aggregate demand (AE) curve would shift down if

Answer taxes were increased.

20. As the economy nears full capacity, the short-run aggregate supply curve .

Answer becomes steeper.

21. If the economy is operating at potential GDP, an increase in the money supply will lead to

Answer demand-side inflation.

22. To lower interest rates, the Bank of Canada could

Answer. buy securities.

23. Suppose a Canadian firm imports \$1,000 worth of bananas and sells them for \$2,000. The effect on GDP would be

Answer to increase the value of GDP by \$1,000.

24. An increase in the MPS will cause, other factors remaining constant:

Answer a rotational shift down in the AE-function and a rotational shift up in the L-

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Paper 106 – Economic of Development

Unit I:

- 1) According to Human development index for 1998 India's HDI Rank is ____ (128)
- 2) Sustainable development is _____ (Economic development of underdeveloped countries)
- 3) "Economic development is simply an increase in economic welfare _____ (Colin Clark)"
- 4) Underdeveloped countries are the slums of the world economy this statement is of (A.N cairn cross)
- 5) "A country is poor because it is poor" this statement is of _____ (RagnarNurkse)
- 6) An underdeveloped country possess _____ (unutilised human and natural resources)
- 7) The foremost obstacle to economic development (vicious circle of poverty).
- 8) "Vicious circle of poverty operate both on the demand side and supply side" this statement is of _____ (Nurkse)
- 9) Modern economic growth relates to the development of _____ (Developed countries)
- 10) Old economic growth relates to the development of _____ (Underdeveloped countries)

Unit II:

- 1) The credit of developing to concept of economic growth goes to _____ Simon Kuznets.
- 2) According to Simon Kuznets the characteristics of modern economic growth are _____
- 3) The foremost contributor to the neo classical theory of economic growth is _____ (R.M Sollow)
- 4) The main feature of the neo classical theory of economic development is _____ (Process of capital formation).
- 5) Marnism is a religion _____ this statement is of (J.A. Schumpeter)
- 6) Disguised unemployment indicators _____ (French)
- 7) India is in _____ (Take off stage)

- 8) The first person who classified the stages of economic growth was _____ (Karl Marx)
- 9) Unbalanced theory focuses on the development of _____ (Key sectors)
- 10) The theory which is most suited for a developing country like India _____ (Unbalanced growth theory)
- 11) Unbalanced theory of growth was propounded by _____ Hirschman.
- 12) According to Hirschman the paths to developed by Hirschman _____ (Unbalanced growth)
- 13) Benjamin Higgins has developed the theory of _____ (Technology dualism)
- 14) H myint has developed the theory of _____ (Financial dualism)

Unit III:

- 1) HarrodDomar models of economic growth are applicable in _____ (Developed countries)
- 2) HarrodDomar models assume that there are _____ (No change in interest rates)
- 3) HarrodDommar where _____ (Mathematical economist)
- 4) HarrodDommar models are not applicable in _____ (India).
- 5) Joan Robinson's book on Accumulation of capital was published in _____ (1956)
- 6) The fundamental factor upon which Mrs. Joan Robinson's model of economic growth is based are _____
- 7) The applicability of Mrs. Joan Robinson's model in underdeveloped countries _____ limited applicable.
- 8) In rural areas the main source of employment is _____ (Agricultural Industry)
- 9) The share of agriculture in Indian economics _____ (Falling)
- 10) The share of agriculture is maximum in the economy of _____ (Backward countries)
- 11) A country is poor because it has _____ (All of them)
- 12) The significance of agriculture arises from the following basic facts _____ (All of them)
- 13) For quick development of a country needs _____ (Industrial cum agriculture development)
- 14) For a developing country like India emphasis should be laid on _____ (Development of Agriculture)

Unit IV:

- 1) In developed countries top most priority is given to the development of _____ (Long Scale Industries).
- 2) Capital formation is high in _____ (Developed countries)
- 3) "Capital goods are reproducible wealth used for the purposes of" _____ (Colin Clark)

- 4) The stages of capital formation are _____ (3)
- 5) Capital formation is needed for _____ (All these)
- 6) Sources of capital formation are _____ (All these)
- 7) “Optimum population is that population which gives the maximum income per head”.
This statement is of _____ (Dalton)
- 8) Optimum theo of population is applicable in _____ (Both underdeveloped and over populated countries).