

F.Y.B.COM- SEM-II (ECONOMICS)

1. National Income is a \_\_\_\_\_ concept.  
(a) flow (b) Real (c) Money (d) Stock
2. National Income is estimated for the period of \_\_\_\_\_ year.  
(a) 1 (b) 2 (c) 3 (d) <1
3. Gross Domestic product includes \_\_\_\_\_ investment.  
(a) Gross (b) entire (c) Money (d) Net
4. Gross Domestic product include \_\_\_\_\_.  
(a) National output within National Boundaries.  
(b) Personal Income  
(c) Net value of import and export.  
(d) Foreign Income
5. According to product method, total national income is  
(a) GNP (b) GDP (c) NNP (d) NDP
6. National income at constant price is known as  
(a) Money income (b) Real income (c) Total income (d) Net income
7. National Income at factor cost includes \_\_\_\_\_.  
(a) Subsidies (b) Sales tax (c) Wealth tax (d) Indirect taxes
8. Net national product \_\_\_\_\_ depreciation.  
(a) includes (b) Avoid (c) Add (d) Excludes
9. Which formula is true?  
(a)  $GNP \text{ at factor cost} = GNP \text{ at market price} - \text{Indirect taxes} + \text{Subsidies}$   
(b)  $GNP \text{ at factor cost} = GNP \text{ at market price} + \text{Indirect taxes} - \text{subsidies}$   
(c)  $GNP \text{ at factor cost} = GNP \text{ at market price} - \text{Indirect taxes} - \text{Subsidies}$   
(d)  $GNP \text{ at factor cost} = GNP \text{ at market price} + \text{Indirect taxes} + \text{Subsidies}$
10. National Income is a \_\_\_\_\_ concept.  
(a) Micro (b) sales tax (c) Wealth tax (d) Indirect taxes
11. Money is most \_\_\_\_\_ asset.  
(a) liquid (b) balanced (c) stable (d) illiquid
12. Money is a medium of \_\_\_\_\_.  
(a) exchange (b) saving (c) store (d) transport
13. \_\_\_\_\_ is the first stage of evolution of money.  
(a) commodity money (b) metallic money (c) fiat money (d) paper money

14. "Money is what money does." Whose remark is this?  
(a) Ely (b) Coel (c) Robertson (d) Walker
15. Credit money refers to:  
(a) Bank money (b) Coins (c) Legal tender money (d) Commodity money
16.  $M_1$  refers to  
(a) Post office savings deposits (b) Total deposit of post offices (c) Currency plus demand deposits  
(d) Currency plus time deposits
17. Broad money refers to  
(a)  $M_1$  (b)  $M_2$  (c)  $M_3$  (d)  $M_4$
18. High powered money is also known as  
(a) Base money (b) Ordinary Money (c) Legal tender money (d) None of the above
19. Who systematically presented quantity theory of money in terms of transaction equation?  
(a) Milton Friedman (b) Pigou (c) Keynes (d) J.S. Mill
20. What happens to P, when M increases, V and T remaining constant?  
(a) Decreases (b) decreases in the same proportion (c) Increases (d) Increases in the same proportion
21. Which of the following factors make credit creation by banks possible?  
(a) Primary Deposits (b) Cheque system (c) Granting Loans (d) All of the above.
22. According to J.B. Say every supply creates its own \_\_\_\_\_.  
(a) demand (b) price (c) cost (d) supply
23. The concept of effective demand is advocated by \_\_\_\_\_.  
(a) J.M. Keynes (b) Marshall (c) Pigou (d) Ricardo
24. Classical theory assumes \_\_\_\_\_ policy by the government.  
(a) intervention (b) non-intervention (c) full control (d) partial control
25. Investment depends up on \_\_\_\_\_.  
(a) saving (b) income (c) price (d) production
26. There is \_\_\_\_\_ relationship between investment and the rate of interest.  
(a) direct (b) same (c) proportionate (d) inverse
27. With an increase in volume of investment and optimistic market MEC (Marginal Efficiency of Capital) tends to \_\_\_\_\_.  
(a) increase (b) stabilize (c) be same (d) decrease
28. Aggregate supply price means  
(a) selling costs (b) investment expenditure (c) expected sales proceeds (d) minimum necessary sales proceeds

29. Who authored the book "The General Theory of Employment, Interest and Money" (1936)?  
 (a) J.B. Say (b) Pigou (c) James Keynes (d) John Maynard Keynes
30. Which statement is true?  
 (a)  $C = f(y)$  (b)  $C = f(r)$  (c)  $C = f(y, r)$  (d)  $C = f(y, I)$
31. The formula for investment multiplier is  
 (a)  $1/MPC$  (b)  $1/MPS$  (c)  $1/1+MPS$  (d)  $1/1+MPC$
32. What is true?  
 (a)  $K = \Delta I / \Delta y$  (b)  $K = \Delta y / \Delta I$  (c)  $K = \Delta y / \Delta C + \Delta I$  (d)  $K = \Delta Y / \Delta C - \Delta I$
33. Investment multiplier deals with  
 (a) the effect of change in consumption on income  
 (b) the effect of change in induced investment on income  
 (c) the effect of change in autonomous investment on income  
 (d) the effect of change in income on investment
34. Liquidity refers to desire to hold \_\_\_\_\_.  
 (a) cash (b) bank money (c) share certificate (d) cheque
35. Precautionary demand for liquidity preference is interest \_\_\_\_\_.  
 (a) elastic (b) inelastic (c) disproportionate (d) proportionate
36. Liquidity preference for speculative motive is interest \_\_\_\_\_.  
 (a) elastic (b) friendly (c) inelastic (d) directly related to interest
37. In the period of inflation value of money \_\_\_\_\_.  
 (a) declines (b) remain same (c) appreciates (d) evaluated
38. When no measures are taken by the government to control inflation it is called \_\_\_\_\_ inflation.  
 (a) open (b) controlled (c) repressed (d) suppressed
39. Who introduced the concept of inflationary gap?  
 (a) Pigou (b) Keynes (c) Robertson (d) Samuelson
40. Who distinguished between partial and full inflation?  
 (a) Pigou (b) Keynes (c) Marshall (d) J.B. Say
41. Who gain during inflation?  
 (a) wage earners (b) creditors (c) debtors (d) pensioners
42. According to Keynes, true inflation arises  
 (a) after full employment  
 (b) before full employment  
 (c) during unemployment of resources  
 (d) during depression

43. To arrest price rise, the fiscal policy should devise  
(a) deficit budget (b) surplus budget (c) balanced budget (d) neither

State whether the following statement are true or false.

1. Inflation is purely monetary phenomenon.
2. Hypes inflation is very harmful.
3. All government expenditure are included in national income.
4. NNP is always greater than GNP.
5. Cambridge approach is known as cash balance version.
6. In India money supply is measured by State Bank of India.
7. The general theory of employment interest and money is written by J.M.Keynes.