MULTIPLE QUESTIONS (Select one alternative)

Lecture 1

Study of long run macro models assume
(a) vertical supply curve.
(b) variable technology.
(c) upward sloping supply curve.

Frictional unemployment
(a) is also known as seasonal unemployment.
(b) Is due to people looking for a better job.
(c) Is due to people not finding any job.

Lecture 2

Effective demand management policies require
(a) vertical supply curve.
(b) upward sloping supply curve.
(c) None of the above.

Fiscal and monetary policies are
(a) counter cyclical policies.
(b) long term policies.
(c) None of the above.

Lecture 3

Double counting refers to
(a) valuing goods both at the retail level as well as at the wholesale level.
(b) valuing goods both as intermediates as well as final goods.
(c) None of the above.

Inventories of finished goods
(a) are not counted in current GNP/GDP.
(b) are considered output sold to the producers themselves.
(c) None of the above.
**Lecture 4**

Income counterpart of GDP
- (a) requires deduction of direct taxes.
- (b) requires deduction of indirect taxes.
- (c) requires deduction of subsidies.

Nontax payments
- (a) contain property taxes.
- (b) contain traffic tickets.
- (c) contain transfer payments.

**Lecture 5**

GDP deflator is
- (a) ratio of current GDP over Constant GDP.
- (b) ratio of Constant GDP over Nominal GDP.
- (c) None of the above.

Semi finished goods and raw materials are considered in
- (a) CPI.
- (b) WPI.
- (c) GDP deflator.

**Lecture 6**

In the Classical Model
- (a) savings and investment reach equilibrium through adjustments in income.
- (b) savings and consumption are functions of income.
- (c) savings and investment are functions of interest rate.

Quantity theory of money
- (a) describes the classical goods market.
- (b) considers only transaction demand for money.
- (c) is a Keynesian theory of demand for money.
**Lecture 7**

Labour demand function
(a) is a profit-maximizing condition.
(b) is an utility-maximizing condition.
(c) None of the above.

In the Classical Model
(a) real wages are rigid.
(b) money wages are rigid.
(c) None of the above.

**Lecture 8**

Depreciation costs
(a) are not a part of current GDP.
(b) are a part of NDP.
(c) are deducted before taxable income is computed.

Property price appreciation
(a) contributes to national income.
(b) is not a part of GDP.
(c) None of the above.

**Lecture 9**

Goods market equilibrium condition under Keynesian Cross Model without government is
(a) $Y = C$.
(b) $S = I$.
(c) $Y = S$

The strength of the expenditure multiplier
(a) depends positively on the propencity to save.
(b) depends positively on the propencity to consume.
(c) None of the above.
Lecture 10

With taxes and transfer payments, the goods market clearing condition in the Keynesian cross model is
(a) \( S + T - T^f = I + G \)
(b) \( Y = C + S \)
(c) None of the above.

When \( S + T - T^f = 0 \)
(a) \( Y = C \)
(b) \( I = 0 \)
(c) \( C = 0 \)

Lecture 11

The tax rate multiplier in the Keynesian Cross model is
\[
\frac{\partial Y}{\partial t} = \frac{-cY_i}{1 - c(1 - t_i)}
\]
\[
\frac{\partial Y}{\partial t} = \frac{-cY_o}{1 - c(1 - t_i)}
\]
\[
\frac{\partial Y}{\partial t} = \frac{-cY_o}{1 - c(1 - t_i)}
\]

If there is an unexpected positive change in demand
(a) there will be negative unanticipated change in inventory.
(b) there will be positive unanticipated change in inventory.
(c) there will not be any change in inventory.