***S. S. College, Jehanabad Internal Examination*  
  
  
 Department: Economics Class: M.A(Sem-I)  
  
Paper: Monetary Economics( Paper-II)   
Session:- 2018-2020  
  
Full marks - 40  
  
Last date of assignment submission: 17.05.2020  
  
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*Instructions:-***

* **All questions are compulsory and carries equal marks**
* **Students must submit their name, class roll no, examination roll no, registration no & their respective mobile no during submission of the paper.**

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| **Name of the Student** |  |
| **Class Roll No** |  |
| **Exam Roll No** |  |
| **Registration No** |  |
| **Mobile No** |  |

01. The concept of “ laissez-faire” was the contribution of   
A. Classical economist   
B. Neo Classical economist   
C. Keynesian economist   
D. Supply side economist  
  
02. An increase in output and employment in the economy which arise out of increasing consumption demand and rise in real wealth is called   
A. Demonstration effect   
B. Keynes effect  
 C. Income effect   
D. Pigou effect  
  
03. “ Supply creates its own demand” is the idea of  
 A. JB Say   
B. Samuelson   
C. JM Keynes  
 D. Milton Friedman  
  
04. Quantity of money according to classical theory will determine the  
 A. Saving and investment  
 B. National output   
C. Real wage   
D. Price level  
  
05. Domestic factor income is another name for:   
a) NDP FC  
 b) NNP MP  
 c) GDP FC  
 d) NNP FC06. National income is equal to:  
 a) Domestic product plus factor income earned from abroad  
 b) domestic product plus net factor income earned from abroad  
 c) Domestic product mins factor income earned from abroad  
 d) Domestic product plus export minus imports  
  
07. According to two sector Keynesian model the aggregate demand is   
A summation of consumption expenditure and investment expenditKeyne   
B consumption expenditure only   
C investment expenditure only   
D None of expenditure  
  
08. )The well known work formulated by j.m. Keynes:  
 A general theory of employment interests and money  
 B principles of economics   
C Principles of Modern Trade  
 D Modern Theory of Fiscal Policy  
  
09. The value of MPC in Keynesian model is:   
A greater than zero and less than one  
 B MPC=1  
 C MPC greater than one  
 D None of the above  
  
10. Under classical theory, rate of interest is determined by  
 A. Demand for money and supply of money   
B. Demand for capital and supply of savings  
 C. Demand for investment and price level   
D. Demand for investment and supply of money  
  
11. The equation of exchange is   
(a) M × P = V × Y   
(b) M + V = P + Y   
(c) M + Y = V + P   
(d) M × V = P × Y  
  
12. According to the quantity theory of money demand,  
 (a) an increase in interest rates will cause the demand for money to fall  
 (b) a decrease in interest rates will cause the demand for money to increase  
 (c) interest rates have no effect on the demand for money  
 (d) both (a) and (b) of the above are correct  
  
13. The demand for money as a cushion against unexpected contingencies is called the  
 (a) transactions motive  
 (b) precautionary motive  
 (c) insurance motive  
 (d) speculative motive  
  
14. Which of the following Fisher’s equation of exchange is not correct?  
a. MV=PT   
b.MV=PQ   
c. MV=PY   
d. MV=PR  
  
15. Keyne’s introduced the book General theory of employment, interest and money in the year  
 A. 1929  
 B. 1933  
 C. 1936  
 D. 1935  
  
16. Which is the most liquid measure of money supply  
 A. M1  
 B. M2  
 C. M3  
 D. M4  
  
17. The formula for calculating simple multiplier is  
A. 1/1-MPC  
 B. 1/MPC=MPS   
C. 1/1-MPS   
D. 1/MPC+MPS  
  
18. Transaction demand for money is a function of:  
 A. income   
B. interest  
 C. price  
 D. inflation   
  
19. Depreciation means:   
A) destruction of a plant in a fire accident  
 b) loss of fixed assets over time due to wear and tear  
 c) loss of fixed assets in an earthquake  
 d) closure of the plant due to lockout  
  
20. Speculative demand for money is a function of  
 A. income  
 B. interest  
 C. principal   
D. investment