

# The Islamia University of Bahawalpur

## Department of Political Science

### Mid Term Examination

**Subject: Macroeconomics**

**Class: BS Public Administration (2<sup>nd</sup>)**

**Time: 15 minutes**

**Marks: 10**

### Objective Paper

**Name:** \_\_\_\_\_

**Roll No.** \_\_\_\_\_

#### **Q.No1 Choose the correct option:**

1. Which of the following is GDP at current prices?
  - a) nominal GDP
  - b) real GDP
  - c) inflationary GDP
  - d) value-added GDP
2. Which of the following is not a category of consumption expenditures?
  - a) durable goods
  - b) nondurable goods
  - c) services
  - d) imports
3. When inflation is in the million and trillion percent per year; we call that inflation
  - a) Galloping inflation
  - b) Low inflation
  - c) Hyper inflation
  - d) deflation
4. Subtracting depreciation from GDP yields:
  - a) Real GDP
  - b) The GDP deflator.
  - c) Net domestic product.
  - d) Net national product.
5. When the general level of prices is rising, we call that:
  - a) Deflation
  - b) Inflation
  - c) Elevation
  - d) None of these
6. Demand pull inflation occurs when:
  - a) Imports exceeds exports
  - b) Aggregate demand rises more rapidly than the economy's productive potential.
  - c) Both (a) and (b)
  - d) Neither (a) nor (b)
7. Macroeconomics approaches the study of economics from the viewpoint of:
  - a) The entire economy.
  - b) Governmental units.
  - c) The operation of specific product and resource markets.
  - d) Individual firms.
8. Which term describes the phases of expansion and contraction in an economy over time ?
  - a) Recessions
  - b) Business cycles
  - c) Output
  - d) Total product
9. To avoid double counting when GDP is estimated, economists:
  - a) Use GDP deflator
  - b) Calculate value added at each stage of production
  - c) Use retail prices
  - d) Use price of only intermediate goods
10. It is added to GDP to get GNP
  - a) Depreciation allowance
  - b) Direct taxes
  - c) Subsidies
  - d) Net income from abroad

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**Time: 1 hour**

**Marks: 20**

### Subjective Paper

Note: Attempt all questions.

Q.No2. Define the following.

- i. Frictional Unemployment
- ii. Depression in trade cycle
- iii. Real GDP
- iv. Expost Inflation
- v. Personal Income

Q.No.3 Define GDP? What are the four components of GDP? Give an example of each.

SAMPLE