Question bank

* Elaborate the following terms:
	+ Stock variables Flow variables
	+ Open economy Closed economy
	+ Intermediate goods Consumption
	+ Investment Imports
	+ Exports Average propensity to consume
	+ Marginal propensity to consume Average propensity to save
	+ Marginal propensity to save Monetary neutrality
	+ Nominal vs real variables

Module 1:

1. Differentiate between micro and macro economics
2. Elaborate the six key indicators of economic activity
3. Discuss the circular flow of income in a simple two sector economy
4. Define GDP, identify the two types of GDP and discuss the four components of GDP
5. Draw the conversion hierarchy for converting GDP to Disposable personal income
6. Discuss the three method of measuring national income

Module 2:

1. Explain the Keynes’s macroeconomic theory of aggregate demand
2. Explain the classical macroeconomic theory of aggregate demand
3. Discuss the consumption function
4. Elaborate the factors affecting the investment demand curve
5. Explain the multiplier effect with an example
6. Elaborate the steps required to calculate the value of the multiplier

Module 3:

1. Define money. Discuss its three functions.
2. Elaborate the two types of money. Also, give brief about the three categories of money in the economy.
3. Explain the liquidity preference theory of interest.
4. Explain the reason for the downward sloping IS curve.
5. Discuss the reasons for the shift in the IS curve
6. Derive the LM curve
7. Explain the changes in IS-LM equilibrium due to changes in 1) money supply 2) Propensity to consume.

Module 4:

1. Discuss the three classifications of Public expenditure
2. Elaborate the causes of the growth in public expenditure.
3. Discuss the various classification of taxes.
4. Elaborate on the principles of a good tax system
5. Explain the various monetary policy tools that RBI has to control money supply in the economy