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
* Differentiate between micro and macro economics
* Elaborate the six key indicators of economic activity
* Discuss the circular flow of income in a simple two sector economy
* Why the aggregate demand curve is downward sloping?
* Why the aggregate supply curve is upward sloping?
* Explain Say’s law of market.
* Explain the Keynes’s macroeconomic theory of aggregate demand
* Explain the classical macroeconomic theory of aggregate demand
* Discuss the consumption function in detail
* Elaborate on the savings function
* Explain the investment function
* Define GDP, identify the two types of GDP and discuss the four components of GDP
* Draw the conversion hierarchy for converting GDP to Disposable income
* Discuss the three method of measuring national income
* Write a short note on GDP deflator.
* Elaborate on the concept of Purchasing Power Parity.
* Explain the four phases of business cycle
* Define money. Discuss its three functions.
* Elaborate the two types of money. Also, give brief about the three categories of money in the economy.
* Explain the liquidity preference theory of interest.
* Explain the various monetary policy tools that RBI has to control money supply in the economy
* Elaborate on 4 levels of money in circulation considering the level of liquidity.
* List and discuss in brief the various instruments of credit control (5 rates)