UPSC-Level Macroeconomics MCQs - Questions

1. 1. Which of the following is included in the calculation of GDP at market price?

A. Intermediate goods

B. Transfer payments

C. Net indirect taxes

D. Sale of second-hand goods

2. 2. If the marginal propensity to consume (MPC) is 0.8, what will be the value of the investment multiplier?

A. 4

B. 5

C. 6

D. 8

3. 3. In the context of National Income, 'Net Factor Income from Abroad' (NFIA) is defined as:

A. Income earned by foreigners in India minus income earned by Indians abroad

B. Income earned by Indians abroad minus income earned by foreigners in India

C. Total factor income earned within the domestic territory of a country

D. Total income earned by nationals, including within and outside the country

4. 4. The demand-pull inflation is primarily caused by:

A. Increase in production costs

B. Increase in aggregate demand

C. Decrease in money supply

D. Decrease in taxes

5. 5. In a two-sector economy (Household and Firms), savings is equal to which of the following?

A. Investment

B. Consumption

C. Government expenditure

D. Tax revenue

6. 6. The balance of payments (BOP) account includes which of the following components?

1. Current Account

2. Capital Account

3. Financial Account

4. Reserve Account

Select the correct answer using the code below:

A. 1 and 2 only

B. 1, 2, and 3 only

C. 2, 3, and 4 only

D. 1, 2, 3, and 4

7. 7. Which of the following is an example of an expansionary fiscal policy?

A. Decrease in government spending

B. Increase in tax rates

C. Increase in public expenditure

D. Introduction of new indirect taxes

8. 8. The Reserve Bank of India uses which of the following tools to control inflation in the economy?

1. Open Market Operations

2. Cash Reserve Ratio

3. Statutory Liquidity Ratio

4. Fiscal Deficit

Select the correct answer using the code below:

A. 1 and 2 only

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9. 9. Which of the following is true about the Phillips Curve?

A. It shows the relationship between inflation and unemployment.

B. It depicts the relationship between money supply and inflation.

C. It highlights the inverse relationship between GDP growth and inflation.

D. It explains the relationship between fiscal deficit and current account deficit.

10. 10. Which of the following methods is not used to measure National Income?

A. Income Method

B. Expenditure Method

C. Value Added Method

D. Marginal Utility Method

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multiplier?

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