

Note: Based on the given material, a special test will be conducted on the 1<sup>st</sup> week of June.

1. \_\_\_\_\_ was the First Nobel Prize Winner.  
a) Marshall      b) Adam Smith      c) Samuelson  
d) Ragnar Frisch
2. \_\_\_\_\_ was the father of Modern Macro Economics.  
a) Robbins      b) J.S.Mill      c) J.M.Keynes      d) Ricardo
3. The General Theory of Employment, Interest and Money published in \_\_\_\_\_.  
a) 1932      b) 1936      c) 1939      d) 1942
4. Ragnar Frisch is a \_\_\_\_\_ economist.  
a) American      b) Russian      c) Indian      d) Norwegian
5. The word 'Macro' is derived from \_\_\_\_\_ word.  
a) Greek      b) Italic      c) Spanish      d) German
6. Macro Economics is also known as \_\_\_\_\_ Theory.  
a) Expenditure      b) Income      c) Employment      d) None
7. "A system by which people earn their living" defined by \_\_\_\_\_.  
a) J.R.Hicks      b) J.M.Keynes      c) A.J.Brown      d) J.S.Mill
8. The Exchange activity supports the \_\_\_\_\_ and \_\_\_\_\_ activities.  
a) Production & distribution      b) Exchange & production  
c) Distribution & exchange      d) Production & consumption
9. \_\_\_\_\_ was the father of capitalism.  
a) J.S.Mill      b) Adam Smith      c) Marshall      d) Ricardo
10. \_\_\_\_\_ was the father of socialism.  
a) Karl Marx      b) Ricardo      c) Samuelson      d) Robbins
11. Capitalist economy is also termed as a \_\_\_\_\_ economy.  
a) traditional      b) free      c) command      d) none
12. Socialist economy is also known as \_\_\_\_\_ economy.  
a) planned      b) mixed      c) free      d) traditional
13. In Socialist economy \_\_\_\_\_ is the main motive behind all economic activities.  
a) Profit      b) Welfare      c) Profit & Welfare      d) None
14. In capitalist economy, government role is \_\_\_\_\_.  
a) complete involvement      b) limited role  
c) Internal Regulation only      d) None
15. In socialist economy, income distribution is \_\_\_\_\_.  
a) unequal      b) equal      c) less unequal
16. In Mixedism economic freedom is \_\_\_\_\_.  
a) complete freedom      b) lack of freedom  
c) limited freedom      d) all of these
17. \_\_\_\_\_ refers to the quantity of commodity measures to the point of time.  
a) flow      b) stock      c) consumption      d) income
18. \_\_\_\_\_ variables are measured over a period of time.  
a) Stock      b) Flow      c) Foreign exchange      d) Capital
19. The basic identities of the two-sector economy are as under \_\_\_\_\_.  
a) Y=C+I      b) Y=C+I+G      c) Y=C+I+G+X-M      d)  $K = \frac{1}{1-MPC}$
20. \_\_\_\_\_ is the feature of Capitalist Economy.  
a) Absence of Price Mechanism      b) Price Mechanism  
c) Economic planning      d) None

Creative Questions:

21. The factor cost refers to the cost of production.
22. The factor cost does not include the taxes that are paid to the government.
23. Subsidies received are included in the factor cost.
24. The Market Price is the price that consumers will pay for the product when they purchase it from the sellers.
25.  $MP = FC + \text{Indirect taxes} - \text{Subsidies}$
26.  $FC = MP - \text{Indirect taxes} - \text{Subsidies}$
27. Opening stock is the value of goods available for sale in the beginning of an Accounting period.
28. Closing stock is the value of goods unsold at the end of the Accounting period.
29.  $\text{Gross Value Added} = \text{Value of output} - \text{Intermediate Consumption}$
30.  $\text{Value of output} = \text{Price} \times \text{Quantity sold}$
31. Income earned through illegal activities like gambling, smuggling, illicit extraction of liquor etc is not included in National Income.
32. Government makes payments in the form of pensions, unemployment allowance, subsidies etc.,
33. In India, a special conceptual problem is posted by existence of a large unorganized and non-monetised subsistence sector.
34. Firms undertake productive activities.
35. "Households" are consuming entities and represent the factors of production, who receive payment for services rendered by them to firms.
36. Public enterprises like post office and railways are separated from the Government sector and included as "firms".
37. Rest of the world sector relates to international economic transactions of the country.
38. Capital sector refers to saving and investment activities.
39. The economy is divided into three namely primary, secondary and tertiary sector.
40. For achieving higher GDP, larger natural resources are being depleted.
41. Per capital income - Annual average income of a person.
42. Physical Quality of Life Index (PQLI) is considered a better indicator of economic welfare.
43.  $GNP = C + I + G + (X-M)$
44. Disposable income is the sum of the consumption and saving of individuals after the payment of income tax.
45. A country with higher per capita income is supported to enjoy greater economic welfare with a higher standard of living.
46. Laureate Simon Kuznets introduced the concept of National Income.
47. National Income means the total money value of all final goods & services produced in a country.
48. GDP by expenditure method at market prices is equal to  $C+I+G+(X-M)$ .
49. NDP is the value of net output of the economy during the year.
50. Product method is also called as Inventory method.
51. Product method measures the output the country.
52. The total output of each commodity is valued at Market prices.
53. The output of each crop is measured by multiplying the area sown by the average yield per hectare.

54. Double counting is to be avoided under Value added method.
55. The value of output used for self consumption should be counted.
56. Second hand goods should not be included in product method.
57. Income method approaches national income from the distribution side.
58. Factor incomes are grouped under labour income, capital income and mixed income.
59.  $Y = W + r + i + \pi + (R - P)$
60. GNP at Market prices = GDP at Market prices + Net factor income from abroad.
61.  $NNP = GNP - \text{depreciation allowance}$
62.  $NNP \text{ at factor cost} = NNP \text{ at Market prices} - \text{Indirect taxes} + \text{Subsidies}$
63. Personal Income = National Income – Social security contribution and undistributed corporate profits + Transfer payments.
64. Disposable Income is also known as Disposable Personal Income.
65. Disposable Income = Personal Income – Direct tax
66. National Income at constant price = National Income at current price +  $\frac{P_1}{P_0}$
67. GDP deflator = Nominal GDP / Real GDP x 100
68. Income method is otherwise called as Factor earning method.
69. Transfer payments are not to be included in Income method.
70. Imputed value of rent for self occupied houses or offices is to be included in Income method.

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