Q.1 The total cost of a firm is Rs 80 for 3 units of output, Rs 95 for 4 units of output, and Rs. 115 for 5 units of output. What is the marginal cost for the 5th unit of output?
1. Rs. 20.
2. Rs. 15.
3. Rs. 13.
4. Rs. 16.

Options 1. 1

2. 2

3. 3

4. 4

Q.2 The process of Buying and selling of bonds issued by the Government by the central bank is called.
1. Open Market Operations.
2. Credit Creation.
3. Money Supply.
4. Reverse Repurchase.

Options 1. 1

2. 2

3. 3

4. 4

Q.3 Select the correct statements regarding macroeconomics.
(A) Macroeconomics deals with the aggregate economic variables of an economy.
(B) Macroeconomics emerged as a separate subject in the 1930s due to Keynes.
(C) Macroeconomics is a combination of households, firms, and the government sector only in open economy.
(D) Macroeconomics takes into account various inter - linkages which may exist between the different sectors of an economy.
Choose the correct answer from the options given below:
1. (A), (B) and (D) only
2. (A), (B) and (C) only
3. (A), (B), (C) and (D)
4. (B), (C) and (D) only

Options 1. 1

2. 2

3. 3

4. 4

Q.4 Identify the exchange rate system in which central bank of a country intervene to buy and sell foreign currencies in an attempt to moderate exchange rate movements whenever they feel that such actions are appropriate.
1. Moderate floating.
2. Dirty floating.
3. Flexible exchange rate.
4. Fixed exchange rate.

Options 1. 1

2. 2

3. 3

4. 4

Q.5 Identify the net contribution made by a firm from the following :
Domestic sales + Export + Change in stock - value of intermediate consumption.
1. Net value added.
2. Value added.
3. Gross value added.
4. Gross domestic product.

Options 1. 1

2. 2

3. 3

4. 4

Q.6 Which function tells us the relation between inputs and output?
1. Consumption.
2. Production.
3. Demand.
4. Supply.

Options 1. 1

2. 2

3. 3

4. 4

Q.7 Arrange the following in correct sequence, to correct the problem of mismatch between supply and demand forces:
1. There is excess demand in the market.
2. All other things remain the same as price rises, quantity demanded falls and quantity supplied increases.
3. Some consumers who are either unable to obtain the commodity at all or obtain it in insufficient quantity will be willing to pay more than the prevailing prices.
4. The market moves towards the point where the quantity that the firms want to sell is equal to the quantity that the consumers want to buy.
   Choose the correct answer from the options given below:
1. (A), (B), (C), (D)
2. (A), (C), (B), (D)
3. (B), (A), (D), (C)
4. (C), (B), (D), (A)

Options 1. 1

2. 2

3. 3

4. 4

Q.8 Which of the following will not lead to flow of foreign currency into the home country.
1. Exports by a country lead to the purchase of its domestic goods and services by the foreigners.
2. Peope want to purchase goods and services from other countries.
3. Foreigners send gifts or make transfers.
4. The assets of a home country are bought by the foreigners.

Options 1. 1

2. 2

3. 3

4. 4

Q.9 Assume that the marginal propensity to consume is 0.8. The tax multiplier will then ....?
(1) .4
(2) -4
(3) -5
(4) 5

Options 1. 1

2. 2

3. 3

4. 4

Q.10 Match List-I with List-II

List-I	List-II
(A) Parallel inward shift in budget line	(I) $M/p_1 > M/p_1'$
(B) Parallel outward shift in budget line	(II) $M/p_1 < M/p_1'$

List-I	List-II
(C) Budget line steeper	(III) M′ < M
(D) Budget line flatter	(IV) M′ > M

Choose the correct answer from the options given below:
1. (A) – (I), (B) – (II), (C) – (III), (D) – (IV)
2. (A) – (II), (B) – (I), (C) – (III), (D) – (IV)
3. (A) – (I), (B) – (II), (C) – (IV), (D) – (III)
4. (A) – (III), (B) – (IV), (C) – (I), (D) – (II)

Options 1. 1

2. 2

3. 3

4. 4

Q.11 When the income of domestic consumers increases, their spending will increase and thus spending on imported goods is also likely to increase. This leads to .... of domestic currency?
1. Revaluation.
2. Appreciation.
3. Depreciation.
4. Devaluation.

Options 1. 1

2. 2

3. 3

4. 4

Q.12 suppose an individual with same working condition got three alternative job in his hand he has selected the best and need to forgone the next best alternative. Identify the indicated cost in the aforesaid statement.
1. Total cost.
2. Marginal cost.
3. Differential cost.
4. Opportunity cost.

Options 1. 1

2. 2

3. 3

4. 4

Q.13 The government-imposed lower limit on the price that may be charged for a particular good or service. What this lower limit is called ?
1. Price ceiling.
2. Price floor.
3. Price line.
4. Minimum price.

Options 1. 1

2. 2

3. 3

4. 4

Q.14 Arrange the following statements related to foreign exchange market (fixed exchange rate) in correct sequence.
1. RBI intervenes to purchase the dollars for rupees in the foreign exchange market in order to absorb this excess supply.
2. The government will fix a higher exchange rate by making the rupee cheaper for foreigners.
3. Supply of dollars exceeds the demand for dollars.
4. The Indian government wants to encourage exports.
Choose the correct answer from the options given below:
1. (D), (B), (C), (A)
2. (A), (C), (B), (D)
3. (B), (A), (D), (C)
4. (C), (B), (D), (A)

Options 1. 1

2. 2

3. 3

4. 4

Q.15 Given the production function f(tx1, txz) > t.f (x1, X2), what it exhibit:

1. Increasing returns to scale.
2. Constant returns to scale.
3. Decreasing returns to scale.
4. Returns to scale.

Options 1. 1

2. 2

3. 3

4. 4

Q.16 Identify the tax imposed by the government that do not depend on income.
1. Indirect tax.
2. Lump-sum tax.
3. Proportional tax.
4. Corporate tax.

Options 1. 1

2. 2

3. 3

4. 4

Q.17 Arrange the following in correct sequence for calculating National Income.
1. Add Net Factor income from aboard.
2. Deduct value of Intermediate Goods.
3. Calculate the value of output.
4. Deduct Depreciation and NIT.
Choose the correct answer from the options given below:
1. (A), (B), (C), (D)
2. (A), (C), (B), (D)
3. (B), (A), (D), (C)
4. (C), (B), (D), (A)

Options 1. 1

2. 2

3. 3

4. 4

Q.18 Among the following, which features are correct with regard to Revenue receipts.

(A) Receipts that are redeemable.
(B) Recurring receipts that do not lead to a claim on the government.
(C) Receipts from different taxes.
(D) Receipts that take into account the effects of tax proposals made in the finance bill.

Choose the correct answer from the options given below:
1. (A), (B) and (D) only
2. (A), (B) and (C) only
3. (A), (B), (C) and (D)
4. (B), (C) and (D) only

Options 1. 1

2. 2

3. 3

4. 4

Q.19 When more and more workers are applied on the fixed land then the marginal productivity of additional worker will
.... to the total output.
1. Rise.

    2. Become Horizontal.
    3. Become Vertical.
    4. Fall.

Options 1. 1

    2. 2

    3. 3

    4. 4

Q.20 **Given a cash reserve ratio of 20 percent, reserves of Rs 100 create deposits of ?**
    1. Rs. 5
    2. Rs. 100
    3. Rs. 500
    4. Rs. 20

Options 1. 1

    2. 2

    3. 3

    4. 4

Q.21 **Select the correct statements from the following with regard to cost curves :**
    1. Short run marginal cost, average variable cost and short run average cost curves are 'U'-shaped.
    2. SMC curve cuts the AVC curve from below at the minimum point of AVC.
    3. SMC curve cuts the AFC curve from below at the minimum point of AFC.
    4. Average fixed cost curve is downward sloping.
    Choose the correct answer from the options given below:
    1. (A), (B) and (D) only
    2. (A), (B) and (C) only
    3. (A), (B), (C) and (D)
    4. (B), (C) and (D) only

Options 1. 1

    2. 2

    3. 3

    4. 4

Q.22 **Let us say a firm produces Rs 100 worth of goods per year, Rs 20 is the value of intermediate goods used by it during the year and Rs 10 is the value of capital consumption. Calculate the Gross value added.**
    1. Rs. 90 per year.
    2. Rs. 100 per year.
    3. Rs. 70 per year.
    4. Rs. 80 per year.

Options 1. 1

    2. 2

    3. 3

    4. 4

Q.23 **The difference between the government's total expenditure and its total receipts excluding borrowing.**
    1. Fiscal Deficit.
    2. Primary Deficit.
    3. Revenue Deficit.
    4. Monetary Deficit.

Options 1. 1

    2. 2

    3. 3

    4. 4

Q.24

    Match List-I with List-II

List-I | List-II
(A) Normal profit | (I) Minimum level of profit needed by firm to be in business

(B) Shut down point | (II) Minimum level of LRAC curve

(C) Break-even point | (III) Profit over and above normal profit

(D) Super-normal profit | (IV) The point on which firm earns only normal profit

Choose the correct answer from the options given below:
1. (A) – (I), (B) – (II), (C) – (III), (D) – (IV)
2. (A) – (I), (B) – (III), (C) – (II), (D) – (IV)
3. (A) – (I), (B) – (II), (C) – (IV), (D) – (III)
4. (A) – (III), (B) – (IV), (C) – (I), (D) – (II)

Options 1. 1

2. 2

3. 3

4. 4

Q.25 Match List-I with List-II

List-I | List-II
(A) Assets | (I) Create Credit

(B) Liabilities | (II) Firm owes to others

(C) Central Bank | (III) Control Credit

(D) Commercial Banks | (IV) Firm can claim from others

Choose the correct answer from the options given below:
1. (A) – (IV), (B) – (II), (C) – (III), (D) – (I)
2. (A) – (I), (B) – (III), (C) – (II), (D) – (IV)
3. (A) – (I), (B) – (II), (C) – (IV), (D) – (III)
4. (A) – (III), (B) – (IV), (C) – (I), (D) – (II)

Options 1. 1

2. 2

3. 3

4. 4

Q.26 Match List-I with List-II

List-I | List-II
(A) TVC | (I) AVC × quantity

(B) SAC | (II) AVC + AFC

(C) TC | (III) TVC + TFC

(D) LRMC | (IV) (TC at q1 units) − (TC at q1−1 units)

Choose the correct answer from the options given below:
1. (A) - (I), (B) - (II), (C) - (III), (D) - (IV)
2. (A) - (I), (B) - (III), (C) - (II), (D) - (IV)
3. (A) - (I), (B) - (II), (C) - (IV), (D) - (III)
4. (A) - (III), (B) - (IV), (C) - (I), (D) - (II)

Options 1. 1

2. 2

3. 3

4. 4

Q.27 Identify the major sectors in the domestic economy.
1. Government and household sector.
2. Firms and government.
3. Firms, government and household sector.
4. Firms, government, household sector and trade.

Options 1. 1

2. 2

3. 3

4. 4

Q.28

"General Theory of Employment, Interest and Money" by John Maynard
Keynes was written in?
1. 1933
2. 1936
3. 1929
4. 1919

Options 1. 1

2. 2

3. 3

4. 4

Q.29 Which of the following indicate that the goods and services are evaluated
at some constant set of prices ?
1. National disposable Income.
2. Real GDP.
3. Nominal GDP.
4. GNPMP.

Options 1. 1

2. 2

3. 3

4. 4

Q.30 The balance of payments records the transactions in goods, services and
assets between residents of a country with the rest of the world for a
specified time period. Identify the main accounts in the balance of
payments.
1. Current account and Fixed account.
2. Capital account and fixed account.
3. Budget account and Flexible account.
4. Current account and capital account.

Options 1. 1

2. 2

3. 3

4. 4

Q.31 Nation Income - Undistributed profits - Net interest payments made by
households - Corporate tax + Transfer payments to the households from
the government and firms, is ......
1. Personal Disposable Income.
2. Personal Income.
3. Gross National Income.
4. Net National Income.

Options 1. 1

2. 2

3. 3

4. 4

Q.32 Aggregate demand for final goods consists which of the following?
1. Ex-ante consumption.
2. Ex-ante Investment.
3. Government spending.
4. Effective demand.
Choose the correct answer from the options given below:
1. (A), (B) and (D) only
2. (A), (B) and (C) only
3. (A), (B), (C) and (D)
4. (B), (C) and (D) only

Options 1. 1

2. 2

3. 3

4. 4

Q.33

Match List-I with List-II

List-I	List-II
(A) GDP_{MP}	(I) NNP_{FC} + NIT
(B) GDP_{FC}	(II) NNP_{MP} - NIT
(C) NNP_{MP}	(III) GDP_{FC} + NIT
(D) NNP_{FC}	(IV) GDP_{MP} -NIT

Choose the correct answer from the options given below:
1. (A) – (I), (B) – (II), (C) – (III), (D) – (IV)
2. (A) – (I), (B) – (III), (C) – (II), (D) – (IV)
3. (A) – (I), (B) – (II), (C) – (IV), (D) – (III)
4. (A) – (III), (B) – (IV), (C) – (I), (D) – (II)

Options 1. 1

2. 2

3. 3

4. 4

Q.34 **From the following statements about a firm's supply curve, select the correct statements:**
1. Technological progress is expected to shift the supply curve of a firm to the right.
2. An increase in input prices is expected to shift the supply curve of a firm to the left.
3. A decrease in input prices is expected to shift the supply curve of a firm to the left.
4. The imposition of a unit tax shifts the supply curve of a firm to the left.
Choose the correct answer from the options given below:
1. (A), (B) and (D) only
2. (A), (B) and (C) only
3. (A), (C) and (D) only
4. (B), (C) and (D) only

Options 1. 1

2. 2

3. 3

4. 4

Q.35 **Suppose that the unit tax imposed by the government is Rs 50. Then, if the firm produces and sells 100 units of the good, the total tax that the firm must pay to the government is .....**
1. Rs. 500.
2. Rs. 5000.
3. Rs. 50.
4. Rs. 100.

Options 1. 1

2. 2

3. 3

4. 4

Q.36 **Fiscal Responsibility and Budget Management Act (FRBMA) was framed in which year.**
1. 2001
2. 2002
3. 2003
4. 2004

Options 1. 1

2. 2

3. 3

4. 4

Q.37 Marginal product (MP) and the average product (AP) curves are inverse 'U'-shaped. which of the following is correct for AP and MP.

1. Average product curve cuts the marginal product curve from above at the maximum point of marginal product curve.
2. Average product curve cuts the marginal product curve from above at the minimum point of marginal product curve.
3. Marginal product curve cuts the average product curve from above at the minimum point of average product curve
4. Marginal product curve cuts the average product curve from above at the maximum point of average product curve.

Options 1. 1

2. 2

3. 3

4. 4

Q.38 Currency notes and coins cannot be refused by any citizen of the country for settlement of any kind of transaction due to which they are called ....
1. Fiat money.
2. Legal tenders.
3. Broad money.
4. Narrow money.

Options 1. 1

2. 2

3. 3

4. 4

Q.39 Arrange the following concept emerges in context of consumer equilibrium.
1. Transfer his expenditure from Good Y to Good X.
2. Sacrifice more of Good Y to gain Good X.
3. Till, Marginal Rate of Substitution (MRSxy) = Market Rate of Exchnage.
4. Suppose, Marginal Rate of Substitution (MRSy) > Market Rate of Exchnage.
Choose the correct answer from the options given below:
1. (A), (B), (C), (D)
2. (D), (B), (A), (C)
3. (B), (A), (D), (C)
4. (C), (B), (D), (A)

Options 1. 1

2. 2

3. 3

4. 4

Q.40 Arrange the following statements related to money multiplier process in correct sequence.
1. The bank has Rs 140 as deposits.
2. The bank has Rs 80 to lend.
3. A bank has a initial deposits of Rs 100 and needs to keep reserves as 20 per cent.
4. The bank lends 50% of lending amount to Sonia.
Choose the correct answer from the options given below:
1. (A), (B), (C), (D)
2. (A), (C), (B), (D)
3. (B), (A), (D), (C)
4. (C), (B), (D), (A)

Options 1. 1

2. 2

3. 3

4. 4

Q.41 Equality of the Marginal Rate of Substitution and the Ratio of the Prices
The optimum bundle of the consumer is located at the point where the budget line is tangent to one of the indifference curves.
If the budget line is tangent to an indifference curve at a point, the absolute value of the slope of the indifference curve (MRS) and that of the budget line (price ratio) are the same at that point. The slope of the indifference

curve is the rate at which the consumer is willing to substitute one good for the other. The slope of the budget line is the rate at which the consumer is able to substitute one good for the other in the market. At the optimum, the two rates should be the same. To see why, consider a point where this is not so. Suppose the MRS at such a point is 2 and suppose the two goods have the same price. At this point, the consumer is willing to give up 2 mangoes if she is given an extra banana. But in the market, she can buy an extra banana if she gives up just 1 mango. Therefore, if she buys an extra banana, she can have more of both the goods compared to the bundle represented by the point, and hence, move to a preferred bundle. Thus, a point at which the MRS is greater, the price ratio cannot be the optimum. A similar argument holds for any point at which the MRS is less than the price ratio.

The rate at which the consumer is able to substitute one good for the other in the market is indicated by
1. Slope of Indifference curve.
2. Slope of Budget line.
3. Slope of consumer selection.
4. Marginal rate of substitution.

Options 1. 1

2. 2

3. 3

4. 4

Q.42 **Equality of the Marginal Rate of Substitution and the Ratio of the Prices**
The optimum bundle of the consumer is located at the point where the budget line is tangent to one of the indifference curves.
If the budget line is tangent to an indifference curve at a point, the absolute value of the slope of the indifference curve (MRS) and that of the budget line (price ratio) are the same at that point. The slope of the indifference curve is the rate at which the consumer is willing to substitute one good for the other. The slope of the budget line is the rate at which the consumer is able to substitute one good for the other in the market. At the optimum, the two rates should be the same. To see why, consider a point where this is not so. Suppose the MRS at such a point is 2 and suppose the two goods have the same price. At this point, the consumer is willing to give up 2 mangoes if she is given an extra banana. But in the market, she can buy an extra banana if she gives up just 1 mango. Therefore, if she buys an extra banana, she can have more of both the goods compared to the bundle represented by the point, and hence, move to a preferred bundle. Thus, a point at which the MRS is greater, the price ratio cannot be the optimum. A similar argument holds for any point at which the MRS is less than the price ratio.

Which of the following indicates the slope of Budget Line?
1. (-)P1/P2
2. P1/P2
3. (-)Pz/P1
4. Pz/P1

Options 1. 1

2. 2

3. 3

4. 4

Q.43 **Equality of the Marginal Rate of Substitution and the Ratio of the Prices**
The optimum bundle of the consumer is located at the point where the budget line is tangent to one of the indifference curves.
If the budget line is tangent to an indifference curve at a point, the absolute value of the slope of the indifference curve (MRS) and that of the budget line (price ratio) are the same at that point. The slope of the indifference curve is the rate at which the consumer is willing to substitute one good for the other. The slope of the budget line is the rate at which the consumer is able to substitute one good for the other in the market. At the optimum, the two rates should be the same. To see why, consider a point where this is not so. Suppose the MRS at such a point is 2 and suppose the two goods have the same price. At this point, the consumer is willing to give up 2 mangoes if she is given an extra banana. But in the market, she can buy an extra banana if she gives up just 1 mango. Therefore, if she buys an extra banana, she can have more of both the goods compared to the bundle represented by the point, and hence, move to a preferred bundle.

Thus, a point at which the MRS is greater, the price ratio cannot be the optimum. A similar argument holds for any point at which the MRS is less than the price ratio.

Which goods are represented by a straight line Indifference Curve?
1. **Complementary Goods.**
2. **Substitute Goods.**
3. **Joint Products/Goods.**
4. **By-Products.**

Options 1. 1

2. 2

3. 3

4. 4

Q.44 **Equality of the Marginal Rate of Substitution and the Ratio of the Prices**
The optimum bundle of the consumer is located at the point where the budget line is tangent to one of the indifference curves.
If the budget line is tangent to an indifference curve at a point, the absolute value of the slope of the indifference curve (MRS) and that of the budget line (price ratio) are the same at that point. The slope of the indifference curve is the rate at which the consumer is willing to substitute one good for the other. The slope of the budget line is the rate at which the consumer is able to substitute one good for the other in the market. At the optimum, the two rates should be the same. To see why, consider a point where this is not so. Suppose the MRS at such a point is 2 and suppose the two goods have the same price. At this point, the consumer is willing to give up 2 mangoes if she is given an extra banana. But in the market, she can buy an extra banana if she gives up just 1 mango. Therefore, if she buys an extra banana, she can have more of both the goods compared to the bundle represented by the point, and hence, move to a preferred bundle. Thus, a point at which the MRS is greater, the price ratio cannot be the optimum. A similar argument holds for any point at which the MRS is less than the price ratio.

The optimum bundle of the consumer is located at the point where:
1. **Budget line = Indifference curve.**
2. **Indifference curve = Slope of budget line.**
3. **Slope of indifference curve = Slope of budget line.**
4. **Slope of indifference curve = Budget line.**

Options 1. 1

2. 2

3. 3

4. 4

Q.45 **Equality of the Marginal Rate of Substitution and the Ratio of the Prices**
The optimum bundle of the consumer is located at the point where the budget line is tangent to one of the indifference curves.
If the budget line is tangent to an indifference curve at a point, the absolute value of the slope of the indifference curve (MRS) and that of the budget line (price ratio) are the same at that point. The slope of the indifference curve is the rate at which the consumer is willing to substitute one good for the other. The slope of the budget line is the rate at which the consumer is able to substitute one good for the other in the market. At the optimum, the two rates should be the same. To see why, consider a point where this is not so. Suppose the MRS at such a point is 2 and suppose the two goods have the same price. At this point, the consumer is willing to give up 2 mangoes if she is given an extra banana. But in the market, she can buy an extra banana if she gives up just 1 mango. Therefore, if she buys an extra banana, she can have more of both the goods compared to the bundle represented by the point, and hence, move to a preferred bundle. Thus, a point at which the MRS is greater, the price ratio cannot be the optimum. A similar argument holds for any point at which the MRS is less than the price ratio.

The rate at which the consumer is willing to substitute one good for the other is indicated by:
1. **Monotonic Preferences.**
2. **Slope of Indifference curve.**
3. **Price ratio.**
4. **Slope of Budget line.**

Options 1. 1

2. 2

3. 3

4. 4

Q.46 **Macroeconomics: Economy as a whole**
The founding father of modern economics, had suggested that if the
buyers and sellers in each market take their decisions following only their
own self-interest, economists will not need to think of the wealth and
welfare of the country as a whole separately. For various purposes
macroeconomists had to study the effects in the markets of taxation and
other budgetary policies, and policies for bringing about changes in money
supply, the rate of interest, wages, employment, and output.
Macroeconomics has, therefore, deep roots in microeconomics because it
has to study the aggregate effects of the forces of demand and supply in
the markets.
In a simplified economy, the households may dispose off their earnings by
spending their entire income on the goods and services produced by the
domestic firms as other channels if disposing their income are closed. The
factors of production use their remunerations to buy the goods and
services which they assisted in producing. The aggregate consumption by
the households of the economy is equal to the aggregate expenditure on
goods and services produced by the firms in the economy•

Which of the following study the aggregate effects of the forces of demand
and supply in the markets?
1. Aggregate Demand.
2. Aggregate Supply.
3. Microeconomics.
4. Macroeconomics.

Options 1. 1

2. 2

3. 3

4. 4

Q.47 **Macroeconomics: Economy as a whole**
The founding father of modern economics, had suggested that if the
buyers and sellers in each market take their decisions following only their
own self-interest, economists will not need to think of the wealth and
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other budgetary policies, and policies for bringing about changes in money
supply, the rate of interest, wages, employment, and output.
Macroeconomics has, therefore, deep roots in microeconomics because it
has to study the aggregate effects of the forces of demand and supply in
the markets.
In a simplified economy, the households may dispose off their earnings by
spending their entire income on the goods and services produced by the
domestic firms as other channels if disposing their income are closed. The
factors of production use their remunerations to buy the goods and
services which they assisted in producing. The aggregate consumption by
the households of the economy is equal to the aggregate expenditure on
goods and services produced by the firms in the economy•

The decision of an individual economic agent is the study ....?
1. Markets.
2. Macroeconomics.
3. Microeconomics.
4. Administration.

Options 1. 1

2. 2

3. 3

4. 4

Q.48 **Macroeconomics: Economy as a whole**
The founding father of modern economics, had suggested that if the
buyers and sellers in each market take their decisions following only their
own self-interest, economists will not need to think of the wealth and
welfare of the country as a whole separately. For various purposes
macroeconomists had to study the effects in the markets of taxation and

other budgetary policies, and policies for bringing about changes in money supply, the rate of interest, wages, employment, and output.
Macroeconomics has, therefore, deep roots in microeconomics because it has to study the aggregate effects of the forces of demand and supply in the markets.
In a simplified economy, the households may dispose off their earnings by spending their entire income on the goods and services produced by the domestic firms as other channels if disposing their income are closed. The factors of production use their remunerations to buy the goods and services which they assisted in producing. The aggregate consumption by the households of the economy is equal to the aggregate expenditure on goods and services produced by the firms in the economy•

There is no leakage from the system then, in which form the entire income of the economy comes back to the producers?
1. Sales revenue.
2. Factor payment.
3. Aggregate Expenditure.
4. Aggregate Consumption.

Options 1. 1

2. 2

3. 3

4. 4

Q.49 Macroeconomics: Economy as a whole
The founding father of modern economics, had suggested that if the buyers and sellers in each market take their decisions following only their own self-interest, economists will not need to think of the wealth and welfare of the country as a whole separately. For various purposes macroeconomists had to study the effects in the markets of taxation and other budgetary policies, and policies for bringing about changes in money supply, the rate of interest, wages, employment, and output.
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In which of the following method the flow is measured as the sum total of all factor payments?
1. Product Method.
2. Expenditure Method.
3. Income Method.
4. First in First out Method.

Options 1. 1

2. 2

3. 3

4. 4

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Who among the following is called as the founding father of modern economics.
1. Alfred Marshall.
2. J. S. Mill.
3. Adam Smith.
4. John Marynard Keynes.

Options 1. 1

2. 2

3. 3

4. 4