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Questions:

1 Marks

1. What is meant by transfer income?
2. Giving reasons, classify the following Giving reasons, classify the following into stock or flow.
   Production of Wheat
3. Giving reasons state whether the following are included or excluded in/from domestic territory.
   Branch of Foreign Bank in India
4. Giving reasons, state whether the following statements are true or false.
   Ina two-sector economy, total production is always equal to total consumption.
5. Giving reasons, state whether the following statements are true or false.
   Books in a library are intermediate goods.
6. Define an intermediate good.

5 Marks

7. Explain that Domestic territory is bigger than the political frontiers of a country.
8. "All Producer Goods are not Capital Goods". Explain.
9. "Machine purchased is always a final good." Do you agree? Give reasons for your answer.
10. "Machine purchased is always a capital good. "Do you agree? Give reasons for your answer.

3 Marks

11. Describe the four major sectors in an economy according to the macroeconomic point of view.
12. What are the important features of a capitalist economy?
13. Describe the Great Depression of 1929.
14. Distinguish between stock and flow variables.

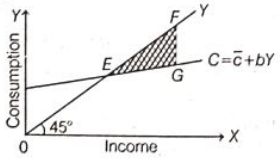
QB365 Study Material QUESTION BANK 365

2 Marks

15. What is the difference between microeconomics and macroeconomics?
16. Define depreciation.

Multiple Choice Question

17. Statement I : Net investment is a stock concept.
    Statement II : Capital is a flow concept
    (a) Statement I is true and Statement II is false (b) Statement I is false and Statement II is true (c) Both statements are true (d) Both statements are false
18. Inventory is a ..... concept where as the change in inventory is a .... concept.
    (a) flow, stock (b) stock, flow (c) stock, stock (d) flow, flow
19. Which of the following is a flow?
    (a) Deposits in a bank (b) Capital (c) Depreciation (d) Wealth
20. Which of the following is not a flow?
    (a) Capital (b) Income (c) Investment (d) Depreciation
21. Identify, what does the shaded area (ΔEFG), in the given figure indicate?



(i) Consumption > Income
(ii) Saving = Zero
(iii) Consumption < Income
(iv) Saving < Zero
(a) (i) and (ii) (b) (ii) and (iii) (c) (iii) and (iv) (d) All options are incorrect