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Questions:

1 Marks

1. Giving reasons, classify the following into intermediate or final goods.
Paper purchased by a publisher.

2. Giving reasons, classify the following into intermediate or final goods.
Milk purchased by households.

3. Giving reasons, state whether the following statements are true or false.
Ina two-sector economy, total production is always equal to total consumption.

4. Giving reasons, state whether the following statements are true or false.
Circular flow of income takes place in case of open economy and close economy.

5 Marks

5. Explain that Domestic territory is bigger than the political frontiers of a country.

6. "All Producer Goods are not Capital Goods". Explain.

3 Marks

7. Describe the four major sectors in an economy according to the macroeconomic point of view.

8. Describe the Great Depression of 1929.

2 Marks

9. Define final goods.

10. Define final product.

Multiple Choice Question

11. Transfer payments refer to payments which are made:
(a) Without any exchange of goods and services. (b) To workers on transfer from one job to another. (c) As compensation to employees. (d) None of these

12. Which one of the following items comes under consumption goods?
(a) Durable goods (b) Semi-durable goods (c) Non-durable goods (d) All of these.

13. Service of a teacher:
(a) Capital goods (b) Consumption goods (c) Intermediate goods (d) Can be Consumption goods and intermediate goods

14. In a circular flow of income, we have:
(a) Production (b) Distribution (c) Disposition (d) All of them

15. Who is considered as agents of factor of production, _____
(a) Households (b) Government (c) Rest of the world (d) All of these

16. Which among the following are the features of capitalist economy, _____
(a) Private ownership of Land and Capital. (b) Profit is the only motive. (c) Free Play of market forces of demand and supply. (d) All of these

17. Flow of Goods & services and factors of production across different sectors in a barter economy is known as:
(a) Circular flow (b) Real flow (c) Monetary Flow (d) Capital Flow