Choose the correct answer:

1. Which of the following is not, by definition, equal to national income?

(a) National expenditure
(b) National product
(c) National wealth
(d) None of the above
2. The difference between gross domestic product and net domestic product is expressed by which of the following terms?

(a) Depreciation cost
(b) Indirect taxes
(c) Subsidies
(d) Direct taxes

3. For calculating per capita income of a country, which of the following formula is used?

(a) Total family income + Number of family members
(b) National income + Total population
(c) Total government revenue + Total population
(d) None of the above

4. Which of the following is not included in disposable income?

(a) Business transfer payment
(b) Social security benefits
(c) Corporate dividends
(d) Personal income taxes

5. What will be the average propensity to consume when average propensity to save is zero?

(a) One
(b) Zero
(c) Two
(d) Three
6. The multiplier developed by J. M. Keynes was the following questions:

(a) investment multiplier
(b) employment multiplier
(c) consumption multiplier
(d) None of the above

7. According to classical economist Hawtrey, inflation is an economic situation where supply of money exceeds supply of goods
(b) supply of money is less than supply of goods
(c) Neither (a) nor (b)
(d) Both (a) and (b)

Answer the following questions:

8. Distinguish between demand-pull inflation and cost-push inflation.


10. Mention the motives behind the demand for money.

11. Define net national income.

12. Explain the concept of gross national income, personal income and disposable personal income.

13. Explain the relation between Say's law of markets and the classical theory of employment.
14. Discuss the significance of the investment multiplier in developing countries.

15. Discuss the properties of the consumption function.

16. Mention the limitations of the classical theory of interest.

17. Is national income a good measure of economic welfare? Give reasons.

18. Discuss the various methods for measurement of national income.

19. Explain Keynes' liquidity preference theory of interest with diagram.

20. Explain the different measures to control inflation.

21. Discuss the measures to raise the propensity to consume.

22. What is investment multiplier? Explain the relation between marginal propensity to consume and investment multiplier.

Answer any three of the following questions:

10 \times 3 = 30