

1. Which of the following is a final good?

- A. Steel used in making cars
- B. Cloth sold to tailoring shops
- C. Bread bought by a household
- D. Yarn sold to textile mills (C)

Explanation : Final goods are those that are not used for further production, like bread consumed by a household.

2. Net Investment is equal to:

- A. Gross Investment + Depreciation
- B. Gross Investment – Depreciation
- C. Gross Investment \times Depreciation
- D. Gross Investment \div Depreciation (B)

Explanation : Net Investment = Gross Investment minus Depreciation.

3. Which of the following is a stock variable?

- A. Income
- B. Output
- C. Profit
- D. Capital (D)

Explanation : Stock variables are measured at a point in time, like capital.

4. In the circular flow of income, expenditure equals:

- A. Profit only
- B. Consumption only
- C. Income
- D. Tax revenue (C)

Explanation : In a simple economy, total income equals total expenditure.

5. What is depreciation?

- A. Increase in investment
- B. Profit of firms
- C. Wear and tear of capital
- D. Cost of wages (C)

Explanation : Depreciation refers to the wear and tear of capital goods over time.

6. The sum of all value added by firms in an economy gives:

- A. National Income
- B. Net Investment
- C. Gross Domestic Product
- D. Net Domestic Product (C)

Explanation : The total gross value added by all firms is called GDP.

7. What does Personal Disposable Income exclude?

- A. Wages
- B. Profit
- C. Personal taxes and non-tax payments
- D. Subsidies (C)

Explanation : Personal Disposable Income = PI – Personal tax payments – Non-tax payments.

8. Which index uses constant base year prices to compare production?

- A. Consumer Price Index
- B. Wholesale Price Index
- C. Nominal GDP
- D. Real GDP (D)

Explanation : Real GDP uses constant prices from a base year to reflect actual production.

9. What does GDP deflator measure?

- A. Only quantity of goods produced
- B. Change in capital stock
- C. Change in price level
- D. Change in employment (C)

व्याख्या : GDP deflator = Nominal GDP / Real GDP. It measures price level changes.