

## CHAPTER-1 | INTRODUCTION

## QUIZ-01

1. What was the central reason for the emergence of macroeconomics as a separate subject?
- The Industrial Revolution
  - The Great Depression of 1929
  - Globalization
  - World War II

(B)

**Explanation :** The Great Depression exposed large-scale unemployment and falling output, leading economists to study the economy as a whole.

2. Which of the following is not a feature of a capitalist economy?

- Private ownership of means of production
- Production for market
- Family labour without wages
- Use of wage labour

(C)

**Explanation :** Family labour without wages is a characteristic of traditional or subsistence economies, not capitalist ones.

3. Which book established Keynes as a foundational thinker in macroeconomics?

- Wealth of Nations
- Principles of Economics
- The General Theory of Employment, Interest and Money
- The Road to Serfdom

(C)

**Explanation :** Keynes' 1936 book laid the foundation for modern macroeconomic analysis.

4. What is meant by 'wage labour'?

- Labour done voluntarily
- Labour done for food
- Labour sold in exchange for wages
- Labour done only by government employees

(C)

**Explanation :** Wage labour is labour that is bought and sold in the market for wages.

5. What do households contribute to the economy?

- Only taxes
- Only labour
- Demand, labour, and savings
- Only capital

(C)

**Explanation :** Households demand goods, supply labour, save money, and pay taxes.

6. Which sector is not one of the four major macroeconomic sectors?

- Firms
- Government
- External sector
- Judiciary

(D)

**Explanation :** L

7. Who are considered economic agents in the economy?

- Only entrepreneurs
- Only labourers
- Individuals and institutions making economic decisions
- Only banks

(C)

**Explanation :** Economic agents include anyone making economic decisions—consumers, firms, government, banks, etc.

8. What was Adam Smith's view about markets and self-interest?

- Government must regulate all markets
- Markets work better when agents act in self-interest
- Society must share everything equally
- Trade should be banned

(B)

**Explanation :** Adam Smith believed self-interest in markets leads to public good through the 'invisible hand'.

9. What do we call income used to buy new machinery or expand factories?

- Wages
- Rent
- Investment expenditure
- Interest

(C)

**Explanation :** Investment expenditure increases future production capacity.

10. What was the unemployment rate in the USA during the Great Depression (1929–1933)?

- 3%
- 10%
- 25%
- 40%

(C)

**Explanation :** Unemployment rose from 3% to 25% in the USA between 1929 and 1933.