Notes :

Assignment 1 Unit 1 & 2 (Eco)

Q1.) A
Q2) C
Q3) D
Q4) B
Q5) C
Q6.) D
Q.7) D
Q8.) C
Q.9.) A
Q10.) D
Q11.) C
Q.12.) B
Q.13.) A
Q.14.) C
Q.15.) B
Q.16.) B
Q.17.) A
Q.18.) B
Q.19.) B
Q.20) B
Q.21.) B
Q.22.) A
Q.23.) D
Q.24.) C
Q.25.) D
Q.26.) C
Q.27) B
Q.28.) B

Q-29)

b) Gross Domestic Income = Mixed Inco + Operating Surplus + Compensation of Employs

= 28000 + 10000 + 24000

= 62000

a) Net Domestic Income = GD Income − Depreciatn

= 62000 − 1700

= 60300

c) Net National Income = ND Income + Net Factor Income from Abroad

= 60300 + (300)

= 60000

33) Actual growth is a rise in real national income/GDP. It could arise from an increase in Aggregate demand or a decrease in cost of production leading to increase in aggregative supply.
Potential growth is the speed at which economy could grow. It is a percentage annual income int the economy's capacity to produce.

Scanned by TapScanner

Q31: Short-run aggregate supply curve

⇒ The short run aggregate supply curve lets us capture how all of the firms in an economy respond to price stickiness. When prices are sticky, the SRAS curve will slope upward. The SRAS curve shows that a higher price level leads to more output
There are two important things to note about SRAS. For one, it represents a short-run relationship between price level and output supplied. Aggregate supply slopes up in the short run because at least one price is inflexible. Second, SRAS also tells us there is a short run tradeoff between inflation and unemployment. Because, higher leads to more output, higher inflation is also associated with lower unemployment in the short run.