

Aggregate D & C - Reason-Based (Comp. of Sub)

Q.1. In macroeconomics, aggregate demand refers to planned purchase of goods and services during a year.

Ans. True. AD is the sum total of expenditure that the people plan or desire to incur on the purchase of goods and services produced in the economy during an accounting year.

Q.2. AD is measured not as the sum total of goods but as the sum total of planned expenditure on the goods during an accounting year.

Ans. True. Because, it is not possible to add up physical quantities of the goods and services planned to be purchased by the people. Accordingly, AD is measured in terms of planned expenditure on the goods and services during an accounting year.

Q.3. The government makes collective consumption expenditure in a three sector economy.

Ans. True. Collective consumption expenditure refers to public consumption expenditure or consumption expenditure on behalf of the society as a whole.

Q.4. Minimum level of expenditure is dependent of the level of income in the economy.

Ans. False. Minimum level of expenditure is independent of the level of income in the economy.

Q.5. AD curve (indicating aggregate expenditure at different levels of income) slopes downward from left to right.

Ans. False. AD curve (indicating aggregate expenditure at different levels of income) slopes upward from left to right. This is because expenditure is positively related to income.

Q.6. Exports in an open economy indicate demand for foreign goods.

Ans. False. Exports in an open economy indicate demand for goods produced in the domestic economy.

Q.7. When exports = ₹ 40,000 and imports = ₹ 50,000, value of net exports will be equal to ₹ 10,000.

Ans. False. We know that,

Net exports = Exports - Imports

When exports = ₹ 40,000 and imports = ₹ 50,000

Net exports = ₹ 40,000 - ₹ 50,000

= (-) ₹ 10,000