*ROLL NO 16148*

*NAME SANA GULL*

*SUBJECT MACRO ECONOMICS*

*Q1) ANS;*

|  |  |
| --- | --- |
| *1* | *A* |
| *2* | *C* |
| *3* | *D* |
| *4* | *B* |
| *5* | *B* |
| *6* | *A* |
| *7* | *D* |
| *8* | *B* |
| *9* | *A* |
| *10* | *D* |

*Q2) ANS1;*

*As GDP is the market value of all the goods and services produced in economy,so therefor transfer payement are excluded because nothing gets produced.money is simply transferred from one group to another.*

*ANS 2;*

*Because NNP consideres the depreciation effect and calculating depreciation is a difficult task.*

*ANS 3;*

*Total labour force=employed workers+unemployed workers*

*TLF=138,547,000+6,021,000=144,56,8,000*

*Un employement rate=unemployed workers/TLF*

*UNEMP RATE=6,021,000/144,56,8,000*

*=0.0416 ans*

*ANS 4;*

***NATURAL RATE OF UN EMPLOYEMENT;***

*It is the rate which always exists in the economy and is the combination of frictional and structural un employement.at this rate labour market and product market are in equilibrium.here inflation is stable.it shows the highest sustainable level of employement and correspond with the nation’s potiential output.*

*ANS 5;*

*OKUN’S LAW;*

*Arthur Okun’s in 1960 present this law which describes the relationship between the country’s unemployement rate and growth rate of an economy.it tells how much the country’s GDP will lost when unemployement rate is above its natural rate.the law state that;*

*‘’for every one percent increase in unemployement will result in two percent loss in GDP relative to the potiential GDP’’.*

*ANS 6;*

***MONEY IS ONLY A MEDIUM OF EXCHANGE;***

*Classical theory considers only a single function of money that is the medium of exchange and ignor the other function.*

***AUTOMATIC ADJUSTMENT MECHANISM;***

*Classical are of the opinion that wages and prices are flexible and the market will automatically adjust them according to the forces of demand and supply,so any changes or problem will itself be sought out due to the flexible nature of prices.*

***Q3) ANS;***

***USES OF NATIONAL INCOME STATISTIC;***

***1;MEASURE OF ECONOMIC GROWTH;***

*ESTIMATES of national income at constant prices indicate economic growth of a country.*

***2;PER CAPITA INCOME;***

*National Income is useful in finding the per capita income of a country and is obtained by dividing national income by total population of the country*

***3;INDICATOR OF SUCCESS OR FAILIURE OF PLAINNING;***

*If a country has adopted planning as a mean of economic growth then national income data can help In assessing the achievements of panning.*

***4;PRODUCTION PERFORMANCE;***

*National income is useful in assessing the performance of different production sectors.the data of factor income generated by different sectors can be used to measure their relative contribution to national income.*

***5;ECONOMIC COMPARISON;***

*National income makes international comparisons possible.we can compare the economies of two countries on the basis of their national income data.*

***UTILITIES OF NATIONAL INCOME;***

***1;****national income estimates help us to know the performance of economy over a period of one year.*

***2;****It also tells us about the economic welfare enjoyed by the people.*

***3;****on the basis of this estimates comparison between various economies of the world may be made.*

***4;****national income accounts reflects the structural change in a growing economy.*

***5;****on the basis of national income statistics inter-sector comparison can be made.*

***END***