Introduction to Macroeconomics

Standard difficulty · 20 questions · 40 marks · Time: 37 minutes

Name: _____ Date: _____ Score: ____ / 40

Write full answers in Sections B and C. Answers are on the last page — try every question first!

Section A — Choose the correct answer 8 × 1 = 8 marks

1. Macroeconomics emerged as a separate subject in the 1930s mainly due to the work of:
   (a) Alfred Marshall **(b)** David Ricardo
   (c) Adam Smith **(d)** J. M. Keynes

2. The income earned from a teacher's work in a school is called:
   (a) wages **(b)** transfer payments
   (c) taxes **(d)** profit

3. Which sector of the macroeconomy does this belong to: buying machines to expand a factory?
   (a) the banking sector **(b)** households
   (c) firms **(d)** the farm sector

4. Which of these is studied in macroeconomics?
   (a) national income **(b)** the wage in one factory
   (c) a household's demand for milk **(d)** the supply of potatoes in one market

5. Suppose a country's labour force is 109,000 and 7,630 of them are unemployed. What is the unemployment rate?
   (a) 93% **(b)** 7% **(c)** 14% **(d)** 9%

6. In the USA, the unemployment rate rose from 3% in 1929 to 25% in 1933. In a labour force of 19,500, how many more people would be unemployed at the higher rate?
   (a) 5,460 people **(b)** 4,875 people **(c)** 4,290 people **(d)** 585 people

7. A firm's value added is ₹640,000. It pays ₹280,000 in wages, ₹90,000 in rent and ₹40,000 in interest. What is left as profit?
   (a) ₹640,000 **(b)** ₹410,000 **(c)** ₹230,000 **(d)** ₹270,000

8. Suppose a country exports goods worth ₹660 crore and imports goods worth ₹790 crore. Its trade with the external sector shows:
   (a) a surplus of ₹1,450 crore **(b)** a surplus of ₹130 crore
   (c) a deficit of ₹130 crore **(d)** a deficit of ₹1,450 crore

Section B — Short answer 8 × 2 = 16 marks

9. How does macroeconomics differ from microeconomics?

10. Name the reward for each: (a) organising a business as an entrepreneur (b) land let out to a farmer

11. Explain each term: (a) external sector (b) unemployment rate

12. Suppose region A has a labour force of 70,000 with 4,200 unemployed, and region B has 87,000 with 6,960 unemployed. Find each unemployment rate.

13. Between 1929 and 1933 the unemployment rate in the USA rose from 3% to 25%. In a labour force of 30,800, how many would be unemployed at each rate?

14. Suppose in a small economy firms pay ₹810 crore as wages, ₹180 crore as rent, ₹180 crore as interest and earn ₹60 crore as profit. What is the total factor income, and what does it equal?

15. A firm's value added is ₹197,000, and 15% of it is profit; the rest goes in wages, rent and interest. How much is profit, and how much goes to the other factors?

16. Name the sector of the macroeconomy: (a) hiring workers and producing goods for sale (b) selling Indian tea to buyers abroad

Section C — Longer answers — 4 × 4 = 16 marks

17. Explain why macroeconomics emerged as a separate subject.

18. Match each with its meaning: (a) macroeconomics (b) Great Depression (c) investment expenditure. Choose from: firms' spending on new capital goods; the collapse of output and jobs from 1929; the study of the economy's aggregates.

19. From 1929 to 1933 unemployment in the USA rose from 3% to 25% and output fell by about 33%. Suppose an economy with a labour force of 39,500 and output of ₹1,500 crore suffered the same. (a) How many more people would be unemployed? (b) What would output fall to, roughly? (c) Why did this lead to the rise of macroeconomics?

20. Suppose in an economy firms pay ₹890 crore wages, ₹100 crore rent and ₹190 crore interest, and earn ₹300 crore profit; exports are ₹260 crore and imports ₹140 crore. (a) What is the total factor income? (b) What is the net export figure? (c) Which sectors of the economy are involved in each flow?

Want another sheet on this chapter? In the Ambiful Worksheets app every sheet is new, with its answer key, and your child never gets the same question twice.
Scan the code to get the free app, or open **worksheets.ambiful.com/get**

Answer key

Introduction to Macroeconomics · AW-12SS-IMA-2026-V1 · For parents — fold back or tear off before handing the sheet to your child.

Q	Answer	Working
1	**(d) J. M. Keynes**	—
2	**(a) wages**	—
3	**(c) firms**	—
4	**(a) national income**	—
5	**(b) 7%**	7,630 ÷ 109,000 × 100
6	**(c) 4,290 people**	(25 − 3)% of 19,500
7	**(c) ₹230,000**	640,000 − 280,000 − 90,000 − 40,000
8	**(c) a deficit of ₹130 crore**	660 − 790
9	**Macroeconomics studies aggregates like total output, employment and the price level; microeconomics studies individual markets and agents.**	—
10	**(a) profit (b) rent**	—
11	**(a) the economy's dealings with other countries (b) unemployed as a percentage of the labour force**	—
12	**A 6%, B 8%**	unemployed ÷ labour force × 100
13	**924 at 3% and 7,700 at 25%**	3% and 25% of 30,800
14	**₹1,230 crore; it equals the value of the final output (value added) of the economy**	810 + 180 + 180 + 60
15	**profit ₹29,550; others ₹167,450**	15% of 197,000
16	**(a) firms (b) external sector**	—
17	**The Great Depression showed long mass unemployment that micro theory could not explain; Keynes's 1936 book studied the economy as a whole.**	—
18	**(a) the study of the economy's aggregates (b) the collapse of output and jobs from 1929 (c) firms' spending on new capital goods**	—
19	**(a) 8,690 (b) about ₹1,005 crore (c) Older theory could not explain long mass unemployment; Keynes's General Theory (1936) studied the economy as a whole.**	(25 − 3)% of 39,500; 67% of 1,500

Q	Answer	Working
20	**(a) ₹1,480 crore (b) ₹120 crore (c) households receive factor incomes from firms; exports and imports link firms and households with the external sector.**	890 + 100 + 190 + 300; 260 − 140