

International Institute of Information Technology
HS5.202- Introduction to Economics
Monsoon 2024
Mid-Semester Exam

Time: 90 minutes

Marks: 35

Answer the following questions within 500 words each

1. a) Explain fundamental and subsumed class processes as understood in Marxian economics with appropriate examples.
 b) How can one understand the performance of household labour as a fundamental class process?

6+5

2. a) What is the main reason for the existence of underemployment equilibrium in Keynesian economics?
 b) A government increases its spending by 50 units to fight recession in the economy. It also raises taxes by the same amount to fund this extra expenditure. What is the net effect of these policies on aggregate output?

6+6

3. a) In what sense does GDP not value leisure as a commodity? Has this problem become more or less pronounced in contemporary times?
 b) An austerity move by the government is an example of expansionary fiscal policy. True, False or Uncertain.

6+ 6