



# ST. LAWRENCE HIGH SCHOOL

*A Jesuit Christian Minority Institution*



## Worksheet 55

Class: XII

Sub: Economics

Chapter 17: Fiscal Policy

Topic: Fiscal Policy

F.M.: 15

Date: 28/11/2020

### Multiple choice questions

1x15 = 15.

1. According to \_\_\_\_\_ income and employment can be increased through deficit financing.
  - a. Smith,
  - b. Marx,
  - c. Keynes,
  - d. Marshall.
2. That policy of the government which works through the budget is known as \_\_\_\_\_ policy.
  - a. Monetary,
  - b. Fiscal,
  - c. Income,
  - d. Revenue.
3. When the APC decreases MPC \_\_\_\_\_.
  - a. Decreases,
  - b. Increases,
  - c. Remains the same,
  - d. Zero.
4.  $APC + APS =$  \_\_\_\_\_.
  - a. 0,
  - b. 1,
  - c. 2,
  - d. 3.
5. The value of balanced budget multiplier is \_\_\_\_\_.
  - a. 1,
  - b.  $<1$ ,
  - c.  $>1$ ,
  - d. 0.
6.  $MPC + MPS =$  \_\_\_\_\_.
  - a. 1,
  - b. 0,
  - c. 2,

- d. 3.
7. The objective of anti-inflationary fiscal policy is to reduce\_\_\_\_\_.
- Aggregate demand,
  - Rate of interest,
  - Supply of money,
  - National income.
8. Inflation is a process through which \_\_\_\_\_increases continuously.
- Money supply,
  - Price level,
  - Production,
  - Income level.
9. If  $MPC=0.6$  then the value of  $MPS=$ \_\_\_\_\_.
- 0.6
  - 0.4
  - 1.6,
  - 0.36.
10. If in the budget total revenue is less than total expenditure it is known as \_\_\_\_\_budget.
- Surplus,
  - Deficit,
  - Balanced,
  - Capital.
11. If  $APC =0.5$  then  $APS$  will be \_\_\_\_\_.
- 0.5,
  - 0.1,
  - 1,
  - 0.25.
12. To control inflation, inflationary gap should be \_\_\_\_\_.
- Increased,
  - Reduced,
  - Zero,
  - Maximum.
13. Autonomous investment curve will be \_\_\_\_\_.
- Upward rising,
  - Downward sloping,
  - Horizontal,
  - Vertical.
14. The relation between consumption expenditure and income is known as \_\_\_\_\_ function.
- Demand,

- b. Consumption,
  - c. Utility,
  - d. Cost.
15. If  $MPC = 0.5$ , then  $MPS =$ \_\_\_\_\_.
- a. 0.5,
  - b. 0.4,
  - c. 1,
  - d. 0.6.

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