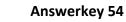
ST. LAWRENCE HIGH SCHOOL

A Jesuit Christian Minority Institution



Sub: Economics Class: XII

Chapter 15: Determination of equilibrium level of incomeF.M.: 15Topic: APC, APS, MPC, MPSDate: 27/11/2020

Multiple choice questions

- 1. ______is the author of the book, General Theory of Employment, Interest and Money.
 - a. Smith,
 - b. Marx,
 - c. Keynes,
 - d. Marshall.
 - Ans: c. Keynes.
- 2. In the Keynesian Theory average propensity to consume _____as national income increases.
 - a. Increases,
 - b. Decreases,
 - c. Remains the same,
 - d. First increases and decreases.

Ans: b. Decreases.

- 3. When the APC decreases APS _____.
 - a. Decreases,
 - b. Increases,
 - c. Remains the same,
 - d. Zero.

Ans: b. Increases.

- 4. APC+APS=_____.
 - a. 0,
 - b. 1,
 - c. 2,
 - d. 3.
 - Ans: b. 1.
- 5. Equilibrium level of ______ is determined where the aggregate demand curve intersects the 45 degree line.
 - a. National income,
 - b. Employment,



1x15 = 15

- c. Rate of interest,
- d. Expenditure.

Ans: a. Natinal income.

- 6. MPC+MPS=_____.
 - a. 1,
 - b. 0,
 - c. 2,
 - d. 3.

Ans: a. 1.

- 7. Inflation is a process through which ______increases continuously.
 - a. Money supply,
 - b. Price level,
 - c. Production,
 - d. Income level.
 - Ans: b. Price level.
- 8. In a situation of full employment if aggregate demand increases, the resulting inflation is known as ______inflation.
 - a. Demand pull,
 - b. Cost push,
 - c. Suppressed,
 - d. Partial.

Ans: a. Demand pull.

- 9. Inflation arising out of rise in wage rate in a situation of less than full employment is known as _____inflation.
 - a. Demand pull,
 - b. Cost push,
 - c. Mixed,
 - d. Depressed.

Ans: b. Cost push

- 10. If MPC=0.6 then the value of MPS=____.
 - a. 0.6
 - b. 0.4
 - c. 1.6,
 - d. 0.36.

Ans: b. 0.4.

11. If APC =0.5 then APS will be _____.

- a. 0.5,
- b. 0.1,
- c. 1,
- d. 0.25.

Ans: a. 0.5

- 12. Autonomous investment curve will be _____.
 - a. Upward rising,
 - b. Downward sloping,
 - c. Horizontal,
 - d. Vertical.

Ans: a. upward rising.

13. The relation between consumption expenditure and income is known as ______ function.

- a. Demand,
- b. Consumption,
- c. Utility,
- d. Cost.

Ans: b. Consumption.

14. If MPC= 0.5, then MPS =_____.

- a. 0.5,
- b. 0.4,
- c. 1,
- d. 0.6.
 - Ans: a. 0.5.

15. ______ is that part of income which is not consumed.

- a. Saving,
- b. Investment,
- c. Cost,
- d. Production. Ans: a. Saving.

DebaleenaGanguly.

27.11.2020