



ST. LAWRENCE HIGH SCHOOL

A Jesuit Christian Minority Institution



Worksheet 54

Sub: Economics

Class: XII

Chapter 15: Determination of equilibrium level of national income F.M.: 15

Topic: MPC, MPS, APC, APS

Date: 27/11/2020

Multiple choice questions

1x15 = 15.

1. _____ is the author of the book, General Theory of Employment, Interest and Money.
 - a. Smith,
 - b. Marx,
 - c. Keynes,
 - d. Marshall.
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.
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. Equilibrium level of _____ is determined where the aggregate demand curve intersects the 45 degree line.
 - a. National income,
 - b. Employment,
 - c. Rate of interest,
 - d. Expenditure.
6. $MPC + MPS =$ _____.
 - a. 1,
 - b. 0,

- c. 2,
 - d. 3.
7. Inflation is a process through which _____ increases continuously.
- a. Money supply,
 - b. Price level,
 - c. Production,
 - d. Income 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.
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.
10. If $MPC=0.6$ then the value of $MPS=$ _____.
- a. 0.6
 - b. 0.4
 - c. 1.6,
 - d. 0.36.
11. If $APC =0.5$ then APS will be _____.
- a. 0.5,
 - b. 0.1,
 - c. 1,
 - d. 0.25.
12. Autonomous investment curve will be _____.
- a. Upward rising,
 - b. Downward sloping,
 - c. Horizontal,
 - d. Vertical.
13. The relation between consumption expenditure and income is known as _____ function.
- a. Demand,
 - b. Consumption,
 - c. Utility,
 - d. Cost.

14. If $MPC = 0.5$, then $MPS =$ _____.
- a. 0.5,
 - b. 0.4,
 - c. 1,
 - d. 0.6.
15. _____is that part of income which is not consumed.
- a. Saving,
 - b. Investment,
 - c. Cost,
 - d. Production.

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