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XII ECO Income_Employment

By: Rohin Gupta Sir

(Q.1) Define consumption demand.

(Q.2) What is Say's law of market?

(Q.3) Which one variable affects the investment demand?

(Q.4) What is consumption function?

(Q.5) What can be the maximum value of MPS

(Q.6) With the help of consumption function, bring out the measuring of break-even point.

(Q.7) What is marginal efficiency of capital?

(Q.8) What is autonomous investment?

(Q.9) What is meant by ex-ante saving?

(Q.10) What is relationship between ex-post saving and ex-post investment?

(Q.11) What is meant by aggregate Demand?

- (a) Total demand of goods and services
- (b) Individual demand of goods and services
- (c) Firm demand of goods and services
- (d) Expected demand of goods and services

(Q.12) Net Export is a component of:

- (a) Aggregate supply
- (b) Aggregate Demand
- (c) Expected demand
- (d) Expected Supply

(Q.13) Name the situation under which aggregate demand is insufficient to eliminate involuntary unemployment.

- (a) Efficient Demand
- (b) Deficient Demand
- (c) Excess Demand
- (d) Expansion in Demand

(Q.14) What is the cause of excess demand?

- (a) Decrease in money supply
- (b) Increase in money supply
- (c) Regular money supply
- (d) Increase money demanded

(Q.15) Bank Rate is the rate at which central bank lends to:

- (a) Private Bank
- (b) Commercial Bank
- (c) Cooperative Bank
- (d) None

(Q.16) Percentage down payment on borrowing to finance purchase of stock by firms is called.

- (a) Total requirement
- (b) Margin requirement
- (c) Capital Requirement
- (d) Securities amount

(Q.17) What do you mean by consumption function?

- (a) Relation between consumption and expenditure
- (b) Relation between consumption and Income
- (c) Relation between production and consumption
- (d) Relation between consumption and saving

(Q.18) Say's law of Market states that:

- (a) Demand creates its own supply
- (b) Demand and Supply brings equilibrium
- (c) Supply creates its own demand
- (d) Excess supply does not create demand

(Q.19) Who propounded the modern theory of Income determination?

- (a) Adam Smith
- (b) Boulding
- (c) J.M Keynes
- (d) Senior Rohin Gupta

(Q.20) What is wage price rigidity?

- (a) Wages and prices are free to increase and decrease.
- (b) Wages and prices are not free to increase or decrease.
- (c) Wages and prices remain constant.

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(d) Wage and prices depends on the economic change.

(Q.21) When is the national income is at its equilibrium?

- (a) Aggregate demand is more than aggregate supply.
- (b) Aggregate demand and supply are equal.
- (c) Aggregate supply is more than aggregate demand.
- (d) Aggregate demand is more than individual demand.

(Q.22) What happens to the level of national income if aggregate demand is greater than aggregate supply?

- (a) National Income will decrease
- (b) National Income will be constant
- (c) National Income will rise
- (d) None

(Q.23) Can the value of average propensity be greater than one?

- (a) Yes
- (b) No
- (c) May be
- (d) Not Sure

(Q.24) What is propensity to save?

- (a) Relation between income and saving.
- (b) Relation between saving and investment.
- (c) Relation between income and investment
- (d) Relation between prices and saving.

(Q.25) When income earned is saved then it is called to propensity to save.

- (a) At the point of equilibrium of demand & supply of goods
- (b) At the point of equilibrium of national income
- (c) At the point of equilibrium of national saving
- (d) When saving and investment is equal

(Q.26) What is multiplier?

- (a) Change in national income due to change in saving
- (b) Change in national income due to fluctuation in demand and supply
- (c) Change in national income due change in individual income
- (d) Change in national income due to change in investment

Q27) Marginal efficiency is determinant of

- (a) Saving
- (b) Investment
- (c) Income
- (d) Demand

(Q.28) What is CDR ?

- (a) Current deposit receipt
- (b) Currency deposit ratio
- (c) Currency deposit receipt
- (d) None

(Q.29) What do you understand by Liquidity Trap?

- (a) Interest rate to rise and bond prices to fall.
- (b) Interest rate to fall and bond price to rise.
- (c) Interest rate to increase and bond price to rise.
- (d) None

(Q.30) What is MEI:

- (a) Marginal Effectiveness of investment
- (b) Marginal efficiency of investment
- (c) Marginal efficiency of Income
- (d) None

(Q.31) On what depends the value of multiplier.

- (a) MPS
- (b) MPC
- (c) MPP
- (d) None

(Q.32) What do you mean by full employment level of output?

- (a) Partial utilization of resources
- (b) Complete job satisfaction
- (c) Full utilization of resources
- (d) Equilibrium of employment

(Q.33) What is over equilibrium level of employment ?

- (a) Aggregate demand is more than full employment of resources
- (b) Full employment of resources are more than Aggregate demand
- (c) Aggregate supply of employees is more than Aggregate supply
- (d) When demand and supply of employment is equal.

(Q.34) Name the situation under which

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the planned aggregate expenditure exceeds equilibrium level of expenditure.

- (a) Efficient Demand
- (b) Deficient Demand
- (c) Excess Demand
- (d) Expansion in Demand

(Q.35) What is monetary policy?

- (a) Regulate and control money supply
- (b) Regulate and control money demand
- (c) Increase the value of currency
- (d) Monetary policy regulates finance

(Q.36) What is the fiscal measures to correct excess demand ?

- (a) Private Expenditure
- (b) Public Expenditure
- (c) Government Expenditure
- (d) Capital Expenditure

(Q.37) Process of buying and selling government securities in the market by central bank is called.

- (a) Monopoly market operations
- (b) Trading
- (c) Closed market operations
- (d) Open market operations

(Q.38) Realized investment is called:

- (a) Pre-investment
- (b) Ex-post investment
- (c) Ex-ante investment
- (d) Planned investment

(Q.39) Distinguish between planned and realised investment.

(Q.40) Write down the main points of classical theory.

(Q.41) Write down the main points of Keynesian theory.

(Q.42) What are the main features of propensity to save?

(Q.43) Write a short note on the

aggregate supply.

(Q.44) 'Autonomous investment remains constant.' Comment.

(Q.45) Give the relationship between APC and APS.

(Q.46) Explain the paradox of thrift.

(Q.47) Explain the concept of induced investment.

(Q.48) Explain the concept of equilibrium.

(Q.49) Write a short note on the behaviour of the aggregate demand.

(Q.50) What is the relationship between multiplier and marginal propensity to consume?

(Q.51) Name the factors affecting propensity to consume.

(Q.52) What is the relationship between multiplier and MPS?

(Q.53) Explain the psychological law of consumption. Also write down its assumption.

(Q.54) Distinguish between APC and MPC. The value of which of these two can be greater than one and when?

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