

# VIDYA BHAWAN BALIKA VIDYA PITH

## शक्ति उत्थान आश्रम लखीसराय बिहार

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### Determinations of Income and Employment Notes

Question 1.

What is the shape of the Keynesian Aggregate Supply before the level of full employment is attained?

- (A) Perfectly inelastic
- (B) Perfectly elastic
- (C) Unitary elastic
- (D) More elastic

Answer

Answer: (B) Perfectly elastic

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Question 2.

According to classical economists, real wage rate is \_\_\_\_\_ to the Marginal Productivity of Labour.

- (A) Equal
- (B) More
- (C) Less
- (D) None of these

Answer

Answer: (A) Equal

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Question 3.

What is the cause of Keynesian perfectly elastic Aggregate Supply curve?

- (A) Wage price rigidity
- (B) Constant Marginal Product of Labour
- (C) Both of these
- (D) None of these

Answer

Answer: (C) Both of these

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Question 4.

According to classical economists, there always exists \_\_\_\_\_ equilibrium in the economy.

- (A) Full employment
- (B) Underemployment

(C) Over full employment

(D) None of these

[Answer](#)

Answer: (A) Full employment

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Question 5.

What will be APC when  $APS = 0$ ?

(A) One

(B) Zero

(C) Two

(D) Infinite

[Answer](#)

Answer: (A) One

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Question 6.

If the income is ₹ 400 crores and consumption is ₹ 250 crores, what will be the APC?

(A) 0.67

(B) 0.63

(C) 0.60

(D) 0.58

[Answer](#)

Answer: (B) 0.63

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Question 7.

What is a fiscal measure of correcting deficient demand?

(A) Increase in public expenditure and decrease in taxes

(B) Decrease in public debt

(C) Deficit financing

(D) All of these

[Answer](#)

Answer: (D) All of these

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Question 8.

Which is the measure of correcting excess demand?

(A) Deficit financing

(B) Reduction in taxes

(C) Increase in public expenditure

(D) Increase in public debt

[Answer](#)

Answer: (D) Increase in public debt

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Question 9.

Suppose in a hypothetical economy, the income rises from ₹ 5,000 crores to ₹ 6,000 crores. As a result, the consumption expenditure rises from ₹ 4,000 crores to ₹ 4,600 crores. Marginal propensity to consume in such a case would be \_\_\_\_\_

- (A) 0.8
- (B) 0.4
- (C) 0.2
- (D) 0.6

[Answer](#)

Answer: (D) 0.6

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Question 10.

On the basis of government law, the compulsory payment made by the public is known as \_\_\_\_\_

- (A) Expenditure
- (B) Investment
- (C) Tax
- (D) Subsidy

[Answer](#)

Answer: (C) Tax

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Question 11.

Which among is the direct tax?

- (A) Income tax
- (B) Gift and Corporation tax
- (C) Wealth tax
- (D) All of these

[Answer](#)

Answer: (D) All of these

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Question 12.

The value of multiplier is:

- (A)  $1/MPC$
- (B)  $1/MPS$
- (C)  $1/(1-MPS)$
- (D)  $1/(MPC-1)$

[Answer](#)

Answer: (B)  $1/MPS$

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Question 13.

If  $MPC = 1$ , the value of the multiplier is:

- (A) 0

- (B) 1
- (C) Between 0 and 1
- (D) Infinity

[Answer](#)

Answer: (D) Infinity

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Question 14.

Aggregate demand can be increased by:

- (A) increasing bank rate
- (B) selling govt, securities by RBI
- (C) increasing cash reserve ratio
- (D) none of these

[Answer](#)

Answer: (D) None of these

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Question 15.

If the marginal propensity to consume is greater than the marginal propensity to save, the value of the multiplier will be

- (A) greater than 2
- (B) less than 2
- (C) equal to 2
- (D) equal to 5

[Answer](#)

Answer: (A) greater than 2