

## CENTUM MODEL QUESTIONS – 2

## Chapter 4, 5 and 6

Class: XII

Economics

Mark: 90

Time: 3hrs

## PART- I

Choose the correct answer

20 x 1 = 20

1. The relationship between total spending on consumption and the total spending on consumption and the total income is the

A. Consumption function B. Saving function C. Investment function D. aggregate demand function

2. As income increase, consumption will

A. fall B. not change C. fluctuate D. increase

3. In an open economy import ..... The value of the multiplier

A. reduces B. increase C. dose not change D. change

4. When investment is assumed autonomous the slope of the AD schedule is determined by the

A. marginal propensity to invest B. disposable income C. marginal propensity to consume D. average propensity to consume

5. According to Keynes, investment is a function of the MEC and

A. demand B. supply C. income D. rate of interest

6. The RBI headquarters is located at

A. Delhi B. Chennai C. Mumbai D. Bengaluru

7. MV stand for

A. demand for money B. supply of legal tender money C. supply of bank money D. total supply of money

8. During inflation who are the gainers?

A. debtor B. creditor C. wage and salary earners D. government

9. Stagflation combines the rate of inflation with

A. stagnation B. employment C. output D. price

10. V in  $MV = PT$  equation function money as

A. measure value B. Store of value C. Medium of exchange D. standard of deferred payment

11. A commercial bank is an institution that provide service

A. accepting deposits B. providing loans C. both a and b D. none of the above

12. Bank credit refers to

A. bank loan B. advances C. bank loans and advance D. borrowing

13. Central bank is ..... authority of any country

A. monetary B. fiscal C. wage D. national income

14. Moral suasion refers

A. optimization B. maximization C. persuasion D. minimization

15. Online banking is also known as

A. E-banking B. internet banking C. RTGS D. NEFT

16. NABARD was set up in

A. July 1962 B. July 1972 C. July 1982 D. July 1992

17. Consumption function indicates a functional relationship where C is the ..... variable

A. depended B. independent C. equal D. all the above

18. multiplier is inversely related to

A. MPS B. MPC C. APC D. All the above

19. Inflation is taxation without legislation who said this ?

A. Milton fried man B. J.M.Keynes C. Irring fisher D. Marshall

20. The name was derived from the Sanskrit word raupya meaning

A. gold B. bronze C. silver D. diamond

#### PART-II

**Note:** Answer any seven question (q.no 30 is compulsory)

7 x 2 = 14

21. What is consumption function?

22. What do you mean propensity to save?

23. Define multiplier

24. Define money

25. What is plastic money? Give example

26. What is stagflation ?

27. Define commercial bank?

28. What is credit creation ?

29. Write the meaning of open market operation

30. What are the factors depends MEC?

#### PART-III

**Note:** Answer any seven question (q.no 40 is compulsory)

7 x 3 = 21

31. Differentiate autonomous and induced investment
32. Keynes's psychological law of consumption and propositions
33. Write the limitation of the multiplier
34. What is money supply?
35. What are determinants of money supply
36. Write the types of inflation
37. Bring out the methods of credit control
38. What are the function of NABARD?
39. Function of IFCI
40. What are the main objectives of the RRB

PART- IV

7 x 5 = 35

Answer all the questions

41. (a) Explain Keynes psychological law of consumption function with diagram  
(or)  
(b) Explain the subjective and objective factors of consumption function ?
- 42 (a) Define multiplier and any five uses of multiplier  
(or)  
(b) Explain the operation of the accelerator
43. (a) What are the different between MEC and MEI  
(or)  
(b) Explain Working of multiplier

44. (a) Fisher's quantity theory of money

(or)

(b) Function of money

45. (a) What are the causes and effects of inflation on the economy

(or)

(b) Describe the phase of trade cycle

46.(a) Explain the role of commercial bank in economic development

(or)

(b) Function of commercial bank

47. (a) Function of reserve bank of India

(b) What are the objectives of monetary policy? Explain

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