

XII ECONOMICS – REVISION I (L.NO.4, 5 & 6)



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MAT. HR. SEC. SCHOOL**ECONOMICS****GRADE: XII****REVISION TEST - 1****MARKS: 90****I CHOOSE THE CORRECT ANSWER**

20 X 1 = 20

1. An increase in the marginal propensity to consume will:
 - a) Lead to consumption function becoming steeper
 - b) Shift the consumption function upwards
 - c) Shift the consumption function downwards
 - d) Shift savings function upwards
2. As national income increases
 - a) The APC falls and gets nearer in value to the MPC.
 - b) The APC increases and diverges in value from the MPC.
 - c) The APC stays constant
 - d) The APC always approaches infinity
3. Lower interest rates are likely to :
 - a) Decrease in consumption
 - b) increase cost of borrowing
 - c) Encourage saving
 - d) increase borrowing and spending
4. The relationship between total spending on consumption and the total income is the _____
 - a) Consumption function
 - b) Savings function
 - c) Investment function
 - d) aggregate demand function
5. The multiplier is calculated as
 - a) $1/(1-MPC)$
 - b) $1/MPS$
 - c) $1/MPC$
 - d) a and b
6. In an open economy import _____ the value of the multiplier
 - a) Reduces
 - b) increase
 - c) does not change
 - d) changes
7. The term MEC was introduced by
 - a) Adam Smith
 - b) J.M. Keynes
 - c) Ricardo
 - d) Malthus
8. Inflation means
 - (a) Prices are rising
 - (b) Prices are falling
 - (c) Value of money is increasing
 - (d) Prices are remaining the same
9. _____ inflation results in a serious depreciation of the value of money.
 - (a) Creeping
 - (b) Walking
 - (c) running
 - (d) Hyper
10. Stagflation combines the rate of inflation with
 - (a) Stagnation
 - (b) employment
 - (c) output
 - (d) price
11. The study of alternating fluctuations in business activity is referred to in Economics as
 - (a) Boom
 - (b) Recession
 - (c) Recovery
 - (d) Trade cycle
12. Fisher's Quantity Theory of money is based on the essential function of money as
 - (a) measure of value
 - (b) store of value
 - (c) medium of exchange
 - (d) standard of deferred payment
13. V in $MV = PT$ equation stands for
 - (a) Volume of trade
 - (b) Velocity of circulation of money
 - (c) Volume of transaction
 - (d) Volume of bank and credit money
14. _____ inflation is in no way dangerous to the economy.
 - (a) walking
 - (b) running
 - (c) creeping
 - (d) galloping
15. NBFI does not have.
 - a) Banking license
 - b) government approval
 - c) Money market approval
 - d) Finance ministry approval

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16. Central bank is ----- authority of any country.
 a) Monetary b) Fiscal c) Wage d) National Income
17. NABARD was set up in.
 a) July 1962 b) July 1972 c) July 1982 d) July 1992
18. EXIM bank was established in.
 a) June 1982 b) April 1982 c) May 1982 d) March 1982
19. Online Banking is also known as.
 a) E-Banking b) Internet Banking c) RTGS d) NEFT
20. Expansions of ATM.
 a) Automated Teller Machine b) Adjustment Teller Machine
 c) Automatic Teller mechanism d) Any Time Money

II ANSWER THE FOLLOWING (ANY 7) Q.No.30 is compulsory

7 X2 = 14

21. What do you mean by propensity to consume?
 22. Define Marginal Propensity to Save (MPS).
 23. Define Accelerator.
 24. What is commodity money?
 25. What is gold standard?
 26. What is plastic money? Give example.
 27. Define Central bank.
 28. Distinguish between CRR and SLR.
 29. Write the meaning of Open market operations
 30. What are the difference between Debit card and Credit card.

III ANSWER THE FOLLOWING (ANY 7) Q.No.40 is compulsory

7 X3 = 21

31. State the propositions of Keynes's Psychological Law of Consumption
 32. Differentiate autonomous and induced investment.
 33. Specify the limitations of the multiplier.
 34. What is money supply?
 35. Explain Demand-pull and Cost push inflation.
 36. Explain disinflation.
 37. Give a brief note on NBFI.
 38. Specify the functions of IFCI.
 39. Distinguish between money market and capital market
 40. Describe Paytm.

IV ANSWER THE FOLLOWING

7 X5 = 35

41. a) Explain Keynes psychological law of consumption function with diagram. (OR)
 b) Illustrate Fisher's Quantity theory of money
42. a) Explain the operation of the Accelerator. (OR)
 b) What are the differences between MEC and MEI
43. a) What are the causes and effects of inflation on the economy? (OR)
 b) Illustrate the working of Multiplier.
44. a) Explain the role of Commercial Banks in economic development (OR)
 b) Describe the phases of Trade cycle.
45. a) Describe the functions of Reserve Bank of India (OR)
 b) Explain the functions of money.
46. a) What are the objectives of Monetary Policy? Explain (OR)
 b) Elucidate the functions of Commercial Banks
47. a) Describe about the specific objectives of monetary policy (OR)
 b) How the effects of inflation can be classified.