Model Question Paper

Simple Theory of Income Determination - Part I

12th Standard

Economics

Reg.No. : ☐☐☐☐☐☐

I. Answer all the questions.

II. Use blue pen only.

Time : 01:30:00 Hrs

Total Marks : 90

Part-A

5 x 1 = 5

1) The macro economic thinking was revolutionized by

   (a) David Ricardo   (b) J.M. Keynes   (c) Adam Smith   (d) Malthus

2) The Classical Theory assumed the existence of

   (a) Unemployment   (b) Disguised unemployment   (c) Full employment   (d) Under-employment

3) The central problem in Macro Economics is

   (a) Income and employment   (b) Price and Output   (c) Interest and Money   (d) None

4) To explain the simple theory of income determination, Keynes used

   (a) Consumption and Investment   (b) Aggregate demand and aggregate supply   (c) Production and Expenditure   (d) All the above

5) The marginal propensity to consume

   (a) $\frac{\Delta S}{\Delta Y}$ (b) $\frac{C}{y} \times \frac{\Delta P}{\Delta Q}$ (c) $\frac{\Delta P}{\Delta Q}$ (d) $\frac{\Delta C}{\Delta Y}$

Part-B

5 x 3 = 15

6) What are the assumptions of Say's law of markets?

7) What is an effective demand?

8) Give the factors on which the aggregate demand depends?

9) What are the three motives of liquidity preference theory?

10) Write a note on multiplier.

Part-C

5 x 10 = 50

11) What are the criticisms of Say's Law?

12) Draw the flow chart to depict the essence of Keynes theory.

13) Describe the consumption function with a diagram

14) What are the determinants of consumption other than income?

15) What are the assumptions of Keynes' Simple Income Determination?

Part-D

1 x 20 = 20

16) Critically examine J.B.Say's Law of Markets.

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