

T.I. MATRICULATION HIGHER SECONDARY SCHOOL, AMBATTUR
Half Yearly Examination - 2018
Standard XII

MARKS: 90

ROLL NO :

TIME : 2.5 Hours

I. Choose the correct answer

(20x1=20)

1. According to multiplier, an increase in investment generates manifold increase in _____.
a. Capital b. Expense **c. Income** d. None
2. If savings rises _____ will fall.
a. Production **b. Consumption**
c. Distribution d. Investment
3. The relationship between consumption and income is explained by _____.
a. Consumption function b. Investment function
c. Savings function d. Consumption pattern
4. The central problem in Macro Economics is _____.
a. Income and Employment b. Price and Output
c. Interest and Money d. None of these
5. _____ is the ratio of change in saving to a change in Income.
a. Marginal propensity to save b. Marginal propensity to consume
c. Marginal propensity to produce d. None of the above
6. If unemployment is to be averted the remedy lies in _____.
a. Decreasing effective demand **b. Increasing effective demand**
c. Increasing supply of raw materials d. Wage cut
7. The ratio of change in consumption to a change in income _____.
a. MPS b. 1/MPS c. 1/(1 - MPC) **d. MPC**
8. "Too much money chases too few goods" this refers to _____.
a. Demand – pull inflation b. Cost push inflation
c. Profit – push inflation d. Hyper inflation
9. Bank rate is lowered during _____.
a. Inflation **b. Deflation** c. Stable prices d. Unemployment
10. The worldwide depression of 1930s was also caused by a _____.
a. Rise in investment **b. Fall in investment**
c. Rise in income d. Fall in income
11. $Y = \underline{\hspace{1cm}} = C + I + G + [X - M]$
a. AFC b. MEC **c. AD** d. AR

12. Monetary policy is controlled by _____.
- a. **Reserve Bank** b. State Governments
c. Central Government d. Commercial Banks
13. Currency with the public is known as _____.
- a. **M1** b. M2 c. M3 d. M4
14. A situation marked by rising prices and stagnation in demand is known as _____.
- a. Cost-push inflation b. Demand-pull inflation
c. **Stagflation** d. Wage-push inflation
15. What is the meaning of proportional tax?
- a. **Uniform tax rate** b. Maximum retail price
c. Minimum retail price d. Net cash
16. What are the kinds of budget?
- a. Balanced and lower budget b. National and state budget
c. **Balanced and unbalanced budget** d. None of the above
17. What is public debt?
- a. Gaining from public b. **borrowing from public**
c. Borrowing from private d. Increase in the rate of tax
18. In ZBB every year is considered as a / an _____.
- a. Base year b. Financial year c. **New year** d. Academic year
19. _____ means different sources of government income.
- a. **Public revenue** b. Public finance
c. Public capital d. Public welfare
20. The poorer sections of the society are taxed at a higher rate than the richer sections under the _____ tax system.
- a. **Regressive** b. Progressive c. Degressive d. None of the above

II. Answer any seven of the following in four or five lines. Q.No. 21 is compulsory. (7x2=14)

21. Give any four criticisms. 0.5 marks each.
22. Effective demand is the ability and willingness to spend by individuals, firms and government. The level of output produced and hence the level of employment depends on the level of total spending in the economy.
23. a) Transaction motive b) Precautionary motive c) Speculative motive. A line of explanation, for each motive.
24. M1, M2, M3, M4, what each component consist of. 0.5 marks each.
25. Shapiro's definition of monetary policy.
26. Three instruments of quantitative credit control- 0.5mark each.

27. Stagflation- refers to slow economic growth and relatively high unemployment i.e. inflation along with a decline in GDP.
28. Public Finance- concerned with income and public expenditure of public authorities and adjustment of one with another.
29. Kinds of taxes- direct and indirect tax / progressive, regressive and digressive tax/ specific and advaleron, VAT / single and multiple taxes. Each set of tax will get 0.5 marks.
30. Zero Based budget- evaluates and priorities the program of action at different levels.

III. Answer any seven of the following questions in a page. Q.No. 31 is compulsory. (7x3=21)

31. Complete Flow chart – 3 marks.
32. Diagram- 1.5 marks Explanation- 1.5 marks.
33. Any three determinant with brief explanation- 3 marks
34. Increase in rate of interest leads to a decline in the liquidity preference of the people. Explanation carries 3 marks.
35. Multiplier (k) = $\frac{\text{Change in Equilibrium Income}}{\text{Change in Expenditure}}$
Or
36. Difficulties of barter system – double coincidence of wants, difficulty of storage. Explanation - 3 marks.
37. Explain when, what and how of Dear money and Cheap money policies.
38. Explain $MV = PT$
39. Explain the four canons of taxation- canon of equity, certainty, convenience and economy- 1.5 marks for 2 canons.
40. Definition of budget- 1 mark. Balanced and Unbalanced budget , explanation- 2 marks

IV. Answer the following questions in about three pages (7x5=35)

- Q.41, 42, 44 - 47- complete explanation will be awarded 5 marks.
43. a. Appropriate diagram will be awarded 2 marks and explanation will be awarded 3 marks.