

ICS Part 2 Economics English Medium Chapter 2 Online Test

Sr	Questions	Answers Choice
1	Which of the following is a withdrawal from the circular flow of income stream.	<p>A. Taxation</p> <p>B. Consumption</p> <p>C. Subsidies</p> <p>D. Investment</p>
2	Equilibrium of national income will be when	<p>A. $S > I$</p> <p>B. $S < I$</p> <p>C. $S = I$</p> <p>D. $S - I$</p>
3	GDP at constant prices, calculated according to some base year is called.	<p>A. actual GDP</p> <p>B. Real GDP</p> <p>C. Net GDP</p> <p>D. Nominal GDP</p>
4	National income equals.	<p>A. $C + I + G$</p> <p>B. $C - I - G$</p> <p>C. $C - S - G$</p> <p>D. $C + S + G$</p>
5	This will cause an increase in national income	<p>A. Rise in exports</p> <p>B. Fall in consumer spending</p> <p>C. Rise in imports</p> <p>D. Increase in saving</p>
6	If money supply in a country decreases	<p>A. Price will rise</p> <p>B. Price will fall</p> <p>C. Rate of interest falls</p> <p>D. B and C of above</p>
7	Marginal propensity to consume MPC is.	<p>A. Total income spent on consumption</p> <p>B. Ratio of additional income consumed</p> <p>C. Ratio of total income consumed</p> <p>D. Consumption divided by saving</p>
8	Which shows equilibrium of national income	<p>A. Consumption = investment</p> <p>B. Saving = investment</p> <p>C. Saving > investment</p> <p>D. Saving < investment</p>
9	Which of the following would increase national income.	<p>A. Increase in taxation</p> <p>B. increase in savings</p> <p>C. Increase in govt spending</p> <p>D. Decrease in consumption spending</p>
10	Consumption is a function of.	<p>A. Saving</p> <p>B. Investment</p> <p>C. Income</p> <p>D. Expenditure</p>
11	In equilibrium of national income.	<p>A. $S > I$</p> <p>B. $S = I$</p> <p>C. $S < I$</p> <p>D. All are true</p>
12	Which one is investment in economics	<p>A. Building a factory</p> <p>B. Buying shares in stock exchange</p> <p>C. Depositing money in bank</p> <p>D. Depositing money with housing society</p>
13	MPC is always.	<p>A. Positive</p> <p>B. Negative</p> <p>C. Zero</p> <p>D. More than APC</p>
14	This will cause decrease in national income.	<p>A. Rise in exports</p> <p>B. Rise in saving</p> <p>C. Increase in taxes</p> <p>D. B and C above</p>

15 Aggregate demand means.

- A. Aggregate saving
 - B. Aggregate Income
 - C. Aggregate investment
 - D. Aggregate expenditure
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16 If $C = 200$ and $I = 40$ then Y will equal

- A. 160
 - B. 240
 - C. 8000
 - D. None of the above
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