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Test forc12th

1. What is aggregate demand?
a) Total demand for a specific good
b) Total demand for all goods and services in an economy
c) Demand for labor in an economy
d) Demand for money in an economy

2. Which of the following is a component of aggregate demand?
a) Consumption
b) Investment
c) Government spending
d) All of the above

3. What is consumption in the context of aggregate demand?
a) Spending by businesses on capital goods
b) Spending by households on goods and services
c) Spending by the government on public goods
d) Spending by foreigners on export

4. Which component of aggregate demand is most volatile?
a) Consumption
b) Investment
c) Government spending
d) Net exports

5. What happens to aggregate demand when consumption increases?
a) It decreases
b) It remains unchanged
c) It increases
d) It becomes unstable

6. What is the formula for aggregate demand?
a) AD = C + I
b) AD = C + I + G
c) AD = C + I + G + (X - M)
d) AD = C + I - G

7. Which of the following would increase aggregate demand?
a) Increase in taxes
b) Decrease in government spending
c) Increase in consumer confidence
d) Decrease in investment

8. What is the effect of an increase in aggregate demand on the economy?
a) Decrease in output and prices
b) Increase in output and prices
c) No change in output and prices

d) Decrease in output and increase in prices

9. Which component of aggregate demand is influenced by interest rates?
a) Consumption
b) Investment
c) Government spending
d) Net exports

10. What happens to aggregate demand when net exports increase?
a) It decreases
b) It remains unchanged
c) It increases
d) It becomes unstably

Do you want me to:
A) Generate more questions
B) Explain a concept