1. The Saving Function represents the relationship between:
   A. Saving and Investment
   B. Saving and National Income
   C. Consumption and Saving
   D. Saving and Government Expenditure (B)

Explanation : The Saving Function shows how household saving changes with different levels of national income (S = f(Y)).

2. At zero income, if consumption is positive, saving is:
   A. Positive
   B. Zero
   C. Negative
   D. Infinite (C)

Explanation: When income is zero but consumption is positive, savings are negative, representing dissaving.

3. The point where the Saving Curve crosses the X-axis is called:
   A. Break-even Point
   B. Equilibrium Point
   C. Maximum Saving Point
   D. Marginal Point (A)

Explanation: The break-even point is where saving is zero and consumption equals income.

4. Which of the following is the correct formula for Average Propensity to Save (APS)?
   A. S ÷ Y
   B. ΔS ÷ ΔY
   C. Y ÷ S
   D. ΔY ÷ ΔS (A)

Explanation : APS = Saving ÷ Income, representing the ratio of saving to income at a given time.

5. Which of the following statements about APS is true?
   A. APS can never be negative
   B. APS can never be less than 1
   C. APS can be zero or negative
   D. APS always decreases with income (C)

Explanation: APS may be negative when there is dissaving, and it can be zero at the break-even point.

6. Marginal Propensity to Save (MPS) is defined as:
   A. ΔC ÷ ΔY
   B. S ÷ Y
   C. ΔS ÷ ΔY
   D. Y ÷ ΔS (C)

Explanation: MPS = Change in Saving ÷ Change in Income.

7. Which of the following values can MPS take?
   A. Less than 0
   B. More than 1
   C. Between 0 and 1
   D. Equal to –1 (C)

Explanation: MPS varies between 0 and 1. It cannot be negative because saving cannot decrease with rising income.

8. MPS is also known as:
   A. Slope of Consumption Curve
   B. Slope of Saving Curve
   C. Slope of Aggregate Demand Curve
   D. None of the above (B)

Explanation: MPS is the slope of the Saving Curve since it shows how saving changes with income.

9. The relationship between APC and APS is expressed as:
   A. APC + APS = 0
   B. APC + APS = 11
   C. APC – APS = 1
   D. APC × APS = 1 (B)

Explanation: Since Y = C + S, dividing through by Y gives 1 = APC + APS.

10. The relationship between MPC and MPS is expressed as:
    A. MPC + MPS = 1
    B. MPC – MPS = 1
    C. MPC × MPS = 1
    D. MPC ÷ MPS = 1 (A)

Explanation : MPC is the slope of the Consumption Curve, showing how consumption changes with income.