

BHARATIYA VIDYA BHAVAN'S V.M.PUBLIC SCHOOL, VADODARA
SESSION 2017-18
Question Bank

SECTION B

UNIT : 7 Chapter 6 :INCOME EMPLOYMENT AND OUTPUT

SHORT ANSWER TYPE QUESTIONS (3-4 MARKS)

1. Define aggregate demand. State its components.
2. Explain the concept of consumption function.
- 3 . Distinguish between average propensity to consume and marginal propensity to consume with the help of numerical examples.
4. Savings and investment are always equal discuss.
5. Find consumption expenditure if – autonomous consumption = Rs. 100
marginal propensity to consume = 0.70 national income = Rs. 1000

LONG ANSWER TYPE QUESTIONS (6 MARKS)

1. Why must aggregate demand be equal to aggregate supply at the equilibrium level of income and output? Explain with the help of a diagram?
2. Explain the equilibrium level of income with the help of saving and investment curves. If saving exceed planned investment, what changes will bring about the equality between them?
3. Distinguish between induced investment and autonomous investment?