

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

SECTION B

UNIT : 7 Chapter 7 :INCOME EMPLOYMENT AND OUTPUT

SHORT ANSWER TYPE QUESTIONS (3-4 MARKS)

1. What is meant by investment multiplier? Explain the relationship between MPC and Multiplier?
2. Giving reasons, state whether the following statements are true or false :
(i) When marginal propensity to consume is zero, the value of investment multiplier will also be zero.
3. (ii) Value of average propensity to save can never be less than zero.
4. If national income is 50 crore and saving Rs. 5 crore, find out APC. When income rises to Rs. 60 crore and saving to Rs. 9 crore. What will be the APC and MPS.
5. An economy is in equilibrium. Its national income is Rs. 5000 and autonomous consumption expenditure is Rs. 500. What is the total consumption expenditure if MPC is 0.7?
6. Given marginal propensity to save equal to 0.25, what will be the increase in national income if investment increases by Rs. 125 crore. Calculate multiplier.
7. Find out equilibrium level of income, when $S = -40 + 0.25 Y$ and investment is Rs. 60