



# INDIAN SCHOOL DARSAIT

## DEPARTMENT OF COMMERCE



Subject : Economics	Topic : Determination of Equilibrium Income and Employment	Date of Worksheet : _____
Resource Person:Ekta Gautam		Date of Submission: _____
Name of the Student : _____	Class & Division : _____	Roll Number : ____

S.No.		Marks
1.	What is 'aggregate supply' in macroeconomics?	1
2.	Define marginal propensity to consume.	1
3.	What is involuntary unemployment?	1
4.	Give meaning of full employment.	1
5.	What is meant by 'excess demand' in macroeconomics?	1
6.	Explain the relationship between investment multiplier and marginal propensity to consume.	3
7.	Define aggregate demand. What are its components?	3
8.	What is the difference between ex-ante investment and ex-post investment?	3
9.	Give the meaning of average propensity to save. What is its relation with average propensity to consume?	3
10.	Explain the meaning of investment multiplier. What can be its minimum and maximum value?	3
11.	Explain how controlling money supply is helpful in reducing excess demand.	3
12.	What changes will take place in the economy when aggregate demand is less than aggregate supply? Explain.	3
13.	In an economy planned spending is greater than planned output. Explain all the changes that will take place in the economy.	3
14.	How can government spending be helpful in removing deficient demand?	4
15.	Outline the steps in deriving saving curve from the given consumption curve. Use diagram.	4
16.	Explain all the changes that will take place in an economy when aggregate demand is not equal to aggregate supply.	4

17. Explain national income equilibrium through aggregate demand and aggregate supply. Use diagram. Also explain the changes that take place in an economy when the economy is not in equilibrium. 6
18. When is an economy in equilibrium? Explain with the help of saving and investment functions. Also explain the changes that take place in an economy when the economy is not in equilibrium. Use diagram.
19. What is 'excess demand'? Explain the role of 'Reverse Repo Rate' in removing it. 6
20. What is 'deficient demand'? Explain the role of 'bank rate' in removing it. 6
21. Explain the concept of inflationary gap. Explain the role of repo rate in reducing this gap. 6
22. Explain the working of investment multiplier with the help of a numerical example. 6
23. Distinguish between inflationary gap and deflationary gap. State two measures by which these can be corrected. 6
24. Explain the meaning of underemployment equilibrium. Explain two measures by which full employment equilibrium can be reached. 6