

BOARD QUESTION

2003-04

- Q1. Give the meaning of MPS and APS can the value of APS be negative? If yes, when? (3)
- Q2. In an economy, the MPC is (0.8) (0.75) and (0.95). Investment is increased by (500) (200) and (Rs 100) crores. Calculate the total increase in income and consumption expenditures. (3)
- Q3. Explain the concept of underemployment equilibrium with the help of a diagram. Show on the same diagram the additional investment expenditure required to reach full employment equilibrium. (6)

OR

Explain the equilibrium level of income with the help of C + I curve. If planned savings is greater than planned investment, what adjustments will bring about equality between the two?

2004-05

- Q1. Explain the meaning of equilibrium level of national income, with the help of a diagram. (3).
- Q2. Complete the following table. (3)

| Income | Consumer Expenditure | MPC | MPS |
|--------|----------------------|-----|-----|
| 1000 | 900 | | |
| 1200 | 1060 | | |
| 1400 | 1210 | | |
| 1600 | 1350 | | |

Q. Explain with the help of a numerical example how an increase in investment in an economy affects its level of income. (6)

OR

Why should planned saving and planned investment be equal at equilibrium level of income? Explain with the help of diagram.

Comp. 2004-05

- Q1. In an economy, the MPC is 0.6 . What will be the change in N.I if investment increases by Rs 50 crores.
- Q2. In an economy MPS is 0.10. How much increase in investment is required? So that N.I rises by Rs 400.
- Q3. Give the meaning of APC and MPC.

2005-06

Q1. Explain with the help of saving and investment curve the equilibrium level of income. Does equilibrium level of income always indicate full employment in the economy? Explain.

OR

Explain with the help of a diagram the situation of excess demand in an economy. Explain any one measure of correcting it.

Comp.2005-06

- Q1. In an eco. Invest increased by Rs.600 crores. If MPC is 0.7. What is the increase in total N.I.
- Q.2 Give meaning of involuntary unemployment, underemployment and full employment.
- Q.3. Explain briefly the components of AD. Also explain determination of N.I. based on AD and AS. Use diagram.

OR

Q. How is the S =I approach, of income determination derived from AD and AS approach? Explain the S =I approach. Use diagram.

2006-07

Q.1 What is meant by investment multiplier. Explain the relationship between MPC and investment multiplier. (3)

Q.2. Define APS and MPS. Can the value of APS be negative? Give reason.(3)

Q.3. Why must AD be equal to AS at equilibrium level of income and output. Explain with the help of a diagram.(6)

Comp.2006-07

Q1. Define investment multiplier. What can be its max.value and why.

Q.2. Complete the following table (3)

| Income | Con.Exp. | MPS | APC |
|--------|----------|-----|-----|
| 2000 | 1900 | | |
| 3000 | 2700 | | |
| 4000 | 3400 | | |
| 5000 | 4000 | | |

Q3. When is an economy in a state of under employment equilibrium level. Explain with the help of a diagram.(6)

2007-08

Q1. Give meaning of deficient demand.(1)

Q2. Define aggregate supply.(1)

Q3. If marginal propensity to save is 0.2, how much new investment is required to make the N.I. rise by Rs.600 crores. Calculate. (4)

Q4. Explain consumption function with the help of a schedule and diagram. (6)

OR

Explain saving function with the help of a schedule and diagram.

2008-09

Q.1. Give the meaning of excess demand in an economy.(1)

Q2. Define involuntary unemployment.(1)

Q.3. Give meaning of AS.(1)

Q.4. Complete the following table (3) set-2

| Y | C | MPS | APC |
|-----|-----|-----|-----|
| 0 | 15 | | |
| 50 | 50 | | |
| 100 | 85 | | |
| 150 | 120 | | |

Set -3

| Y | MPC | saving | APC |
|-----|------|--------|-----|
| 0 | - | -30 | |
| 100 | 0.75 | | |
| 200 | 0.75 | | |
| 300 | 0.75 | | |

Q5. In an economy $S = -50 + 0.5Y$ is the saving function. $\Delta I = 7000$. Calculate (i)Y and (ii) CE.

OR

Cal. (i) Y and S

Consumption function: $C = 200 + 0.9 Y$ and $\Delta I = 3000$.(6)

Comp. 2008-09

Q.1 Define APC .(1)

Q.2. What is aggregate supply.(1)

Q.3. Investment in an economy increases by Rs.700 crores. Suppose MPS is 1. Calculate increase in Y . (4)

Q.4. Explain the concept of inflationary gap. Use diagram. Also explain the role of LRR in removing the gap.

OR

Explain the concept of deflationary gap. Use diagram. Also explain the role of BRR in removing the gap.(6)

2009-10

Q.1. What is ex-ante aggregate demand. (1)

Q.2. Give the meaning of inflationary gap.(1)

Q.3. Giving reasons, state whether the following statements are true or false –

(i) When MPC is Zero, the value of investment multiplier will also be zero.

(ii) Value of APS can never be less than zero.

Q.4. In an eco. The equilibrium level of income is Rs.12000.

The MPC and MPS is 3:1. Calculate the additional investment needed to reach a new equilibrium level of income of Rs.20,000 crores.

Comp.2009-10

Q.1. Find the value of multiplier. If (a) $MPC = 0$ and (b) $MPS = 0$.

Q.2. In an economy the level of income is Rs.15,000 crores. And the ratio of APC and APS is 4:1. How much is the total CE in the economy? Calculate.(3)

Q.3. Define and represent deflationary gap on a diagram. Explain the role of BRR in removing it.

OR

Define and represent inflationary gap on a diagram .Explain the role of OMO in removing it.(6)

2010-11

Q.1. Define SLR. (1)

Q.2. Explain the distinction between voluntary and involuntary unemployment.(3)

Q.3. In an econ. MPC is 0.75, investment exp. in the economy increases by 75 crores. Calculate the total increase in N.I.(3)

Q.4. Explain the role of the following in correcting the inflationary gap in an eco.

(i) Legal reserves

(ii) BRR

OR

Explain the role of the following in correcting the deflationary gap in an eco.

(i) OMO

(ii) Margin requirement

Comp 2010 – 11

Q1. Explain the relationship between APC and APS. Which of these can have a negative value and when?(3)

Q.2. In an econ. AD is less than AS. Explain the changes that will take place in this econ.

OR

Explain the meaning and implications of deflationary gap.(3)

Q.3. Explain the steps taken in derivation of the cons. Curve from the saving curve. Use diagram.(6)