

VIDYA BHAWAN BALIKA VIDYA PITH

शक्ति उत्थान आश्रम लखीसराय बिहार

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Teacher name – Ajay Kumar Sharma

Determination of Income and Employment

H.W

1. What is marginal propensity to consume? How is it related to marginal propensity to save?
2. What is the difference between ex ante investment and ex post investment?
3. What do you understand by 'parametric shift of a line'? How does a line shift when its (i) slope decreases, and (ii) its intercept increases?
4. What is 'effective demand'? How will you derive the autonomous expenditure multiplier when price of final goods and the rate of interest are given?
5. Measure the level of ex-ante aggregate demand when autonomous investment and consumption expenditure (A) is Rs 50 crores, and MPS is 0.2 and level of income (Y) is Rs 4000 crores. State whether the economy is in equilibrium or not (cite reasons).
6. Explain 'Paradox of Thrift'.