Department of Education,Sabaragamuwa/weekly school

week- July 3

Subject-Economics

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Grade-12

- Answer the following questions associating the details given below regarding a certain economy.(numerals in Rs.millions)

Marginal propensity to consume (MPC) = 0.75
Investment (I)   = 225
Autonomous consumption (a)   = 150

1. (a) Calculate the equilibrium.

   (b) Illustrate the curves of the aggregate expenditure,aggregate withdrawals and injections in a diagram.

2. The government purchases goods and purchases valued Rs.40 millions involving in this economy.And,a household is given Rs.40 millions as transfers and Rs.60 millions is charged as an independent tax.

   (a) Illustrate the new equilibrium.

   (b) Illustrate that withdrawals and injections are equal at that situation in the economy.

3. The product should be increased by Rs.600 millions to reach the full employment equilibrium level of a country.For this by how much should the investment be increased in this economy?

4. (a) If the aggregate demand increases even after the full employment equilibrium product level what type of condition can be created in the economy.Explain through illustrations.

   (b)Mention the components relevant to the aggregate demand of an open economy.

5. What are factors that affect for the household consumption?