

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

**SECTION B**

**UNIT : 7 Chapter 8 :INCOME EMPLOYMENT AND OUTPUT**

**3 marks**

1. State briefly the effect of excess demand on output, employment and price.
2. Explain the concept of inflationary gap with the help of a diagram?
3. Explain the situation of deficient demand in an economy with the help of a diagram .
4. State briefly any three measures to control excess demand in an economy.
5. What is monetary policy? Explain the role of (i) Bank rate and (ii) Margin requirements in influencing the availability of credit in an economy.
6. Give the meaning of excess demand? Explain any two fiscal measures to current excess demand.
7. What is fiscal policy? What possible fiscal measures can be taken with respect to deficient demand in an economy?
8. What do you mean by full employment equilibrium? Explain with the help of diagram.

**6 marks**

9. Explain with the help of diagram the concept of under-employment equilibrium.
10. Can an economy be in equilibrium when there is unemployment in the economy? Explain.
11. How does change in bank rate controls the situations of excess and deficient demand?
12. Briefly explain with the help of diagram the relationship between savings and income?
13. Explain the working of multiplier with the help of a numerical example.
14. When planned investment is more than planned savings, what will be its impact on income and employment. Explain with the help of diagram.
15. What do you mean by Fiscal Policy? How it helps in controlling excess demand?
16. Can there be equilibrium in case of underemployment. Explain with the help of a diagram?