**Assignment – 1**

**Class – 12th**

**Subject : Economics**

1. Define aggregate demand?

2. What are the components of aggregate demand?

3. What is consumption function?

4. What is meant by marginal propensity to consume (MPC)?

5. What is meant by breakeven point?

6. What can you say about consumption and income at any point to the left of the breakeven point?

7. What is the relationship between consumption and income at any point to the right of the breakeven point?

8. What is the savings function?

9. What does the negative intercept of the savings function show?

10. What is the relationship between MPC and MPS?

11. What is the value of MPC if MPS=I

12. If the consumption function is C=30 +.8Y what is the value of MPC.

13. If the savings function is S= -100+.2y

What is the magnitude of dissavings ‘0’level of income?

14. If APC= .8 what would be consumption at income level 2000 Rs.

15. If MPC is 3 times MPS and autonomous consumption is 100. What would be the consumption function?

16. If a household consumes Rs.30 worth goods and services when his income is zero and his MPC= .8 construct the equation function.

17. If the negative intercept of the savings function is 260 and MPS is .2, what would be the equation of the savings function?

18. What is the relationship between APC and APS?

19. What happens to APS as income increases?

20. If consumption is Rs 800 when income is Rs 1000 what would be APS?