



INDIAN SCHOOL AL WADI AL KABIR

Class: XII	Department: Commerce
Revision worksheet	Topic: National Income Accounting

NUMERICAL PROBLEMS:

1. Calculate NNPmp:

Items	INR in thousand crores
1. Compensation of employees	250
2. Mixed Income of self employed	600
3. Profit	80
4. Rent	30
5. Interest	40
6. Net Factor Income to abroad	-10
7. Net Exports	15
8. Consumption of fixed capital	20
9. Net Indirect Taxes	10

2. Calculate the Net Value Added at market price for the firm:

Items	INR in thousand crores
1. Sales	400
2. Change in stock	-20
3. Depreciation	30
4. Net Indirect taxes	40
5. Purchase of machinery	200
6. Purchase of an intermediate product	250

3. Calculate:

i) GDPfc

ii) Factor Income to Abroad

1. COE	800
2. Profit	200
3. Rent	150
4. Interest	100
5. Dividend	50
6. GNPmp	1400
7. GDCF	300
8. NDFCF	200
9. Change in Stock	50
10. FIF	60
11. NIT	120

4. Calculate:**i) NI****ii) Depreciation**

Sl.No.	Item	In Rs Crores
i.	PFCE	210
ii.	GDPmp	320
iii.	Wages and salary	170
iv.	Employer's contribution to SSS	10
v.	Interest	20
vi.	IT	30
vii.	Subsidy	5
viii.	Rent	10
ix.	Profit	45
x.	Royalty	15
xi.	NFifA	3

5. Calculate NI by:**i. Output Method****ii. Income Method**

Sl.No.	Item	In Rs Crores
i.	Value of output	800
ii.	Value of IC	400
iii.	Wages and salary	110
iv.	Employer's contribution to SSS	10
v.	Interest & Profit	20
vi.	IT	60
vii.	Subsidy	10
viii.	Rent & Royalty	40
ix.	Consumption of fixed capital	50
x.	FItA	20
xi.	FIfA	10
xii.	MI	120

6. Calculate NI by:**i. Output Method****ii. Expenditure Method**

Sl.No.	Item	In Rs Crores
i.	GDCF	250
ii.	Net Export	-50
iii.	PFCE	1000
iv.	Value of output of primary sector	900
v.	Value of output of secondary sector	800
vi.	Value of output of tertiary sector	400
vii.	IC of primary sector	400
viii.	IC of secondary sector	300
ix.	IC of tertiary sector	100
x.	Consumption of fixed capital	80

xi.	IT	100
xii.	GFCE	100
xiii.	Subsidies	10
xiv.	NFifA	- 20

7. Calculate NI by:

i. Expenditure Method

ii. Income Method

Sl.No.	Item	In Rs Crores
i.	PFCE	800
ii.	GFCE	300
iii.	COE	600
iv.	Employee's contribution to SSS	60
v.	Interest	80
vi.	NIT	100
vii.	Dividend	150
viii.	Rent & Royalty	120
ix.	Consumption of fixed capital	20
x.	Undistributed profit	80
xi.	NFifA	-70
xii.	Corporate tax	50
xiii.	Net Imports	50
xiv.	GDCF	150

8. Calculate GNPmp by:

i. Expenditure Method

ii. Income Method

Sl.No.	Item	In Rs Crores
i.	PFCE	900
ii.	GFCE	450
iii.	COE	500
iv.	Employee's contribution to SSS	60
v.	Interest	150
vi.	NIT	100
vii.	Mixed Income	400
viii.	Rent & Royalty	100
ix.	Consumption of fixed capital	120
x.	Profit	350
xi.	NFifA	-20
xii.	Net Exports	-30
xiii.	NDCF	280

9. Calculate:

i. GDPmp

ii. FifA

Sl.No.	Item	In Rs Crores
i.	GNPfc	2800
ii.	GFCF	700
iii.	COE	1500

iv.	Net current transfer from ROW	90
v.	Interest	400
vi.	NIT	250
vii.	Mixed Income	0
viii.	Rent & Royalty	300
ix.	Profit	500
x.	Change in stock	50
xi.	FItA	120
xii.	Exports	40
xiii.	NDCF	650

10. Calculate NNPmp:

Items	INR in Rs Crores
i. Profit	1000
ii. Mixed income	15000
iii. Dividend	200
iv. Interest	400
v. COE	7000
vi. Net factor Income to abroad	100
vii. Consumption of fixed capital	400
viii. Net Export	-200
ix. Net indirect taxes	800
x. Net current transfers to ROW	40
xi. Rent	500

MCQ:

- Select the meaning of non-market activities from the following options
 - Production
 - Non-marketable
 - Involuntary
 - Economic
- Nominal GNP is the same as,
 - GNP at constant prices
 - Real GNP
 - GNP at current prices
 - GNP less net factor income from abroad
- Which of the following is an example of transfer payment:
 - Free meals in the company canteen
 - Employers' contribution to social security
 - Retirement pension
 - Old-age pension
- In terms of Economics, total value of output (goods and services) produced and income received in a year by the domestic residents of a country put together is called?
 - Net National Product

- b. Gross national product
- c. Gross national income
- d. National Income

5. What must be added to the domestic factor income to avail national income?

Net factor income from abroad must be added to the domestic factor income to avail national income.

6. Providing the reason, explain whether the following are included in the domestic product of India.

- a. Profits earned by a branch of the foreign bank in India
- b. Payment of salaries to its staff by an embassy located in New Delhi
- c. Interest received by an Indian resident from its abroad firms

Choose the correct option:

1. $GNP_{MP} =$ _____
 - (A) $GDP_{MP} - \text{Depreciation}$
 - (B) $GDP_{MP} + \text{Depreciation}$
 - (C) $GDP_{MP} \div \text{Depreciation}$
 - (D) $GDP_{MP} + \text{Net factor income from abroad}$
2. $NDP_{MP} =$ _____
 - (A) $GDP_{MP} - \text{Depreciation}$
 - (B) $GDP_{FC} + \text{Net factor income from abroad}$
 - (C) $NNP_{FC} + \text{Net indirect taxes}$
 - (D) All of these
3. $NNP_{MP} =$ _____
 - (A) $GNP_{MP} - \text{Depreciation}$
 - (B) $NDP_{MP} + \text{Net factor income from abroad}$
 - (C) $NNP_{FC} + \text{Net indirect taxes}$
 - (D) All of these
4. $GDP_{FC} =$
 - (A) $GDP_{MP} - \text{Net indirect taxes}$
 - (B) $GDP_{MP} + \text{Net indirect taxes}$
 - (C) $GDP_{MP} + \text{Subsidies}$
 - (D) $GDP_{MP} - \text{Indirect taxes}$
5. $NDP_{FC} =$
 - (A) $GDP_{FC} - \text{Indirect taxes}$
 - (B) $GDP_{FC} - \text{Depreciation}$
 - (C) $GDP_{FC} + \text{Economic subsidy}$
 - (D) All of these

6. $NNP_{FC} =$
- $GNP_{FC} - \text{Depreciation}$
 - $NNP_{MP} + \text{Economic subsidy} - \text{Indirect taxes}$
 - $NDP_{MP} + \text{Net factor income from abroad}$
 - All of these
7. Which of the following is the method of measuring National Income?
- Income method
 - Product method
 - Expenditure method
 - All of these
8. Why are the intermediate goods not included in the National Income while measuring National Income?
- To avoid double accounting
 - It decreases income
 - Intermediate goods are not good
 - All of these
9. Which of the following items are excluded from GNP measurement?
- Purely financial transactions
 - Transfer of used goods and non-market goods and services
 - Illegal activities and the value of leisure
 - All of these
10. Examples are steel sheets used for making automobiles and copper used for making utensils. Here Steel and Copper Can be Resembled as _____
- Final goods
 - Consumption goods
 - Capital Goods
 - Intermediate goods
11. _____ Means GDP evaluated at a set of constant prices.
- Nominal GDP
 - Real GDP
 - GNP
 - GNP AT Market prices
12. Contribution made by entrepreneurship, remuneration of which is _____ & contribution made by fixed natural resources (called 'land'), remuneration for which is called _____.
- Interest, Rent
 - Profit, Rent
 - Profit, Interest
 - Interest, Profit
13. Deletion, which is made from the value of gross investment in order to accommodate regular wear and tear of capital, is called _____
- Appreciation
 - Depreciation
 - Addition
 - Deletion

14. If Farmer supplies a wheat of 100 Rs. Baker sells the Produce a Cake at 200 Rs. Baker also uses 50 Rs. as a cost of intermediate Goods used In Cake. what Is the amount of a Total Value addition?
- 300
 - 100
 - 150
 - 250
15. Which of the following is a method to measure the National Income?
- Expenditure method
 - Income method
 - Product method
 - All of the above
16. The difference between the National Income and the Net National Product at market price is known as _____.
- National debt transfer
 - Current transfers from the rest of the world
 - Net indirect taxes
 - All of the above
17. Which of the following is included in the National Income of a country?
- Rent
 - Interest
 - Wages
 - Rent, Interest, Wages, Salary, Profits
18. What is the consumption of Fixed Capital known as?
- Depreciation
 - Capital Formation
 - Investment
 - All of the above
19. Purchase of refrigerator by a restaurant is:
- Consumption expenditure on durable good
 - Consumption expenditure on non-durable good
 - Intermediate expenditure
 - Final expenditure
20. Capital and investment are
- Both flows
 - Both stocks
 - Capital is stock while investment is flow
 - Investment is stock while capital is flow
21. Chinese embassy in India is a part of economic territory of:
- China
 - India
 - Both China and India
 - International area

22. Given GDP at mp = 100, subsidies = 5 and depreciation = 10, then NDP at fc equals:
- 95
 - 100
 - 105
 - 115
23. Those goods which satisfy human wants directly are called:
- intermediate goods
 - consumer goods
 - capital goods
 - none of these
24. In the production of sugar, sugarcane is:
- a final good
 - a capital good
 - an intermediate good
 - none of these
25. Increase in the stock of capital is known as:
- capital loss
 - capital gain
 - capital formation
 - None of these
26. Operating Surplus =
- Rent + Profit + Interest
 - Rent + Interest + Compensation of employees
 - NDP at FC – Compensation of employees – Mixed income of self-employed
 - both a) and c)
27. Problem of double counting can be avoided by using:
- final output method
 - value-added method
 - both a) and b)
 - neither a) nor b)
28. Which of the following is irrelevant in the estimation of compensation of employees?
- Free accommodation provided to the school principals
 - Free education of the students whose parents are working in schools
 - Wages and salaries in cash
 - Old age pensions
29. Which of the following is a phase of the circular flow of income?
- Generation Phase
 - Distribution Phase
 - Disposition Phase
 - All of these
30. In a closed economy..... is not included.
- Households
 - Firms

- c) Government
- d) Foreign sector

31. Which of the following are covered under the domestic territory of India?

- a) state bank of India in London
- b) Google office in India
- c) Office of Tata Motors in Australia
- d) Russian Embassy in India

32. Which one of the following is not an example of final goods?

- a) Chalk, dusters, etc. purchased by a school
- b) seeds used by the farmers
- c) milk used by a sweets shop
- d) All of the above

Assertion n Reasoning Questions:

Alternatives:

- a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
- b. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)
- c. Assertion (A) is true, but Reason (R) is false.
- d. Assertion (A) is false, but Reason (R) is true.

1. **Assertion (A):** Domestic income is a territorial concept.

Reason (R): Domestic income includes the value of goods and services produced in the entire world.

2. **Assertion (A):** Money received for the sale of second hand cars will be included in the estimation of national income.

Reason (R): Their value is already included and does not contribute to the current flow of goods and services.

3. **Assertion (A):** Domestic income is a territorial concept.

Reason (R): Domestic income includes the value of goods and services produced in the entire world.

4. **Assertion (A):** Payment for the uniforms of the nurses by the hospital is not included in national income.

Reason (R): Uniforms provided during the time of work is to be treated as intermediate consumption.

Read the following statements carefully and choose the correct alternative from the following.

Alternatives:

- a. Both the statements are true.
- b. Both the statements are false.

- c. Statement 1 is true and statement 2 is false.
- d. Statement 1 is false and statement 2 is true.

1. **Statement 1-** Value Added method, Income method and Expenditure method are three methods to measure national income.

Statement 2- Production, income and expenditure method correspond to three phases of national income.

2. **Statement 1-** Macro and micro economics are interdependent on each other and one cannot study the two in isolation.

Statement 2- Micro economics has a greater degree of aggregation and macro economics has a lesser degree of aggregation.