



Class: XII	Department: Commerce
Worksheet No: 1	Topic: National Income

I. MULTIPLE CHOICE QUESTIONS

1. The difference between gross and net is:
 - (a) Depreciation
 - (b) NFIA
 - (c) Net Indirect Tax
 - (d) Subsidies
2. The difference between domestic income and National income is _____.
 - (a) NFIA
 - (b) Net Indirect Tax
 - (c) Depreciation
 - (d) All of the above
3. In terms of Economics, the 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?
 - (a) Net National Product
 - (b) Gross national product
 - (c) Gross national income
 - (d) National Income
4. If NFIA is negative,
 - (a) Factor income to abroad will be less than Factor income from abroad
 - (b) Factor income to abroad will be equal to Factor income from abroad
 - (c) Factor income to abroad will be more than Factor income from abroad
 - (d) None of the above
5. If NFIA is positive,
 - (a) $NDPFC = NNPFC$
 - (b) $NDPFC > NNPFC$
 - (c) $NDPFC < NNPFC$
 - (d) None of the above
6. Which of the following is another name for the average income of a country?
 - (a) Inflation rate
 - (b) Disposable income
 - (c) Per capita income
 - (d) None of the above
7. When the depreciation is deducted from the gross domestic product, the net value is known as _____.
 - a. Gross national product

- b. Net national product
 - c. Net domestic product
 - d. None of the above
8. Which of the following is the correct duration for the financial year in India?
- a. April 15th to March 15th
 - b. April 1st to March 1st
 - c. April 1st to March 31st
 - d. January 1st to December 31st
9. Which of the following is not added while calculating the national income of India?
- a. The service rendered by housewives
 - b. The value of a good or a service
 - c. Both a and b are correct
 - d. Both a and b are incorrect
10. Which of the following is not an example of an indirect tax in India?
- a. Custom duty
 - b. Excise duty
 - c. Sales tax
 - d. Estate duty
11. GNP at Market Price is measured as:
- (a) GDP at Market Price – Depreciation;
 - (b) GDP at Market Price + Net Factor Income from Abroad
 - (c) GDP at Market Price + Subsidies;
 - (d) NDP at Factor Cost + Net Factor Income from Abroad
12. In the production of sugar, sugarcane is
- (a) a final good
 - (b) a capital good
 - (c) an intermediate good
 - (d) none of these
13. NNPMP = _____
- (a) GNPMP – Depreciation
 - (b) NDPMP + Net factor income from abroad
 - (c) NNPFC + Net indirect taxes
 - (d) All of these
14. National income is the sum of factor incomes accruing to:
- (a) Nationals
 - (b) Economic territory
 - (c) Residents
 - (d) Both residents and non-residents
15. Which one of the following is a flow variable?
- (a) Consumption
 - (b) Wealth
 - (c) Quantity of money
 - (d) None of these
16. Which of the following is an example of a transfer payment;
- (a) Free meals in the company canteen
 - (b) Employers' contribution to social security

- (c) Retirement pension
- (d) Old-age pension

17. What do you mean by Gross National Product?

- a) The total value of goods and services produced in the country
- b) The total value of all the transactions in the country
- c) The depreciation in the total value of goods and services produced in the country
- d) The total value of goods and services produced in the country and the net factor income from abroad

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

- a. Profits earned by a branch of a 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.

19. How will you treat the following items in the calculation of Gross Domestic Product of India? Give reasons for your answers.

- i) Profit earned by a branch of foreign bank in India.
- (ii) Salaries of Indian employees working in the embassy of Japan in India
- (iii) Salaries of residents of Japan working in the Indian embassy of Japan

20. Should the following be treated as normal resident of India? Give a reason for your answer.

- i) Foreigner working in the Indian embassy in Taiwan.
- ii) Indian working in the Asian Development Bank in the Philippines.
- iii) Indian student in the USA who has been living there for five years.

II. Numericals:

1. Calculate intermediate consumption from the following data:

Particulars	₹in crores
i) Value of Output	400
ii) Net value added at factor cost	160
iii) Depreciation	40
iv) Subsidy	10
v) Sales tax	30

Ans. Intermediate consumption ₹180 Crores

2. Calculate Indirect Taxes from the following data:

Particulars	₹in crores
vi) NDP at FC	55915

vii) Subsidies	1540
viii) Factor income from abroad	625
ix) Consumption of Fixed Capital	1625
x) Factor income to abroad	865
xi) GNP at MP	58350

Ans. Indirect Taxes ₹2590 crores

3. Calculate Factor Income to abroad:

Particulars	₹in crores
i) GNP at FC	4280
ii) Subsidies	80
iii) Factor Income from abroad	400
iv) Depreciation	480
v) Indirect Taxes	100
vi) NDP at MP	3700

Ans. ₹280 Crores

4. From the following data calculate 'Gross Value Added at factor cost.'

Particulars	₹in lakhs
i) Net indirect taxes	20
ii) Purchase of intermediate products	120
iii) Purchase of Machines	300
iv) Sales	250
v) Consumption of fixed capital	20
vi) Change in stock	30

Ans. ₹140 Crores

5. In a single day Raju, the barber, collects rs.500 from haircuts; over this day, his equipment depreciates in value by ₹50. Of the remaining ₹450, Raju pays sales tax worth Rs 30, and takes home ₹200 and retains ₹220 for improvement and buying of new equipment. He further pays ₹20 as income tax from his income. Based on this information, complete Raju's contribution to the following measures of income

(a) Gross domestic Product (b) NNP at market price (c) NNP at factor cost

Ans. Raju's Contribution to GDPmp = 500

Raju's Contribution toGDPfc = 500 – 30 = 470

Raju's Contribution to NNPmp = 500 – 50 = 450

Raju's Contribution to NNPfc = 450 – 30 = 420