

DELHI PUBLIC SCHOOL, JAMMU
ASSIGNMENT: National income
Cycle Test-I

CLASS: XII

SUB: ECONOMICS

1. Differentiate between Final goods and Intermediate goods.
2. Write the precautions to be taken while calculating national income using Income and Expenditure method.
3. What are capital goods and consumer goods? Discuss the types of consumer goods.
4. Why nominal GDP is not taken as an appropriate index of welfare?
5. Distinguish between depreciation and depreciation reserve fund.
6. Describe the four major sectors in an economy according to the macroeconomic point of view.
7. Give one example of externality which reduces welfare of the people.
8. Define national product and domestic product.
9. If Real GDP is Rs.200 and price index(with base=100) is 110,calculate NOMINAL GDP.
10. If nominal income is Rs.500 and price index is 125,calculate real income.
11. What does GDP Deflator show? How is it estimated?
12. What do you mean by domestic territory of a country and normal residents of a country?
13. What is double counting and how can we avoid it?
14. Calculate sales from following data:

Items	Rs. (In lakhs)
Net value added at factor cost	300
Intermediate consumption	200
Indirect tax	20
Depreciation	30
Change in stocks	(-)50

15. Calculate National income from the following data:

Items	Rs. (in crores)
Private final consumption expenditure	900
Profit	100
Government final consumption expenditure	400
Net indirect taxes	100
Gross domestic capital formation	250
Change in stock	50
Net factor income from abroad	(-)40
Consumption of fixed capital	20
Net imports	30

16. From the following information, calculate Gross National Product at Factor Cost by

- a) Income method
- b) Expenditure method

Items	Rs. (in crores)
Factor income from abroad	10
Compensation of employees	150
Net domestic capital formation	50
Private final consumption expenditure	220
Factor income to abroad	15
Change in stock	15
Employer's contribution to social security schemes	10
Consumption of fixed capital	15
Interest	40
Exports	20
Imports	25
Indirect taxes	30
Subsidies	10
Rent	40
Govt. final consumption expenditure	85
Profit	100

17. State three expenditures that are not included while estimating national income by Expenditure method. Why are these not included?
18. Giving reasons, explain how the following are treated in estimating National income:
 - i) Purchase of a truck to carry goods by a production unit.
 - ii) Payment of income tax by a producing unit.
 - iii) Services rendered by family members to each other.
19. Differentiate between Gross investment and Net investment.
20. All machine goods are not capital goods. Justify.