

INTERNATIONAL INDIAN SCHOOL BURAIDAH

CLASS XII ECONOMICS WORKSHEET 5

Macroeconomics L-5

I. Choose the correct answer

1. NDPMP = _____

- (A) GDPMP – Depreciation
- (B) GDPFC + Net factor income from abroad
- (C) NNPFC + Net indirect taxes
- (D) All of these

2. GDPFC =

- (A) GDPMP – Net indirect taxes
- (B) GDPMP + Net indirect taxes
- (C) GDPMP + Subsidies
- (D) GDPMP – Indirect taxes

3. Calculation of National Income at Market Prices is known as _____

- (A) Money income
- (B) Real income
- (C) Non-monetary income
- (D) None of these

4. Increase in Stock of Capital is known as:

- (a) Capital Loss
- (b) Capital Profit

(c) Capital Formation

(d) None of these

5. Which of the following is not flow?

(a) Capital

(b) Income

(c) Investment

(d) Depreciation

6. Which of the following is the actual definition of transfer payments?

(a) Transfer payments refer to the payments made as compensation to the employees within an organization

(b) Transfer payments refer to the payments made to workers on transferring from one job to another

(c) Transfer payments refer to the payments made without any exchange of goods and services

(d) None of the above

7. Which of the following is the definition of a closed economy?

(a) A closed economy is a type of economy where the money supply is totally controlled by the government

(b) A closed economy is a type of economy where neither exports nor imports take place

(c) A closed economy is a type of economy where deficit financing takes place

(d) A closed economy is a type of economy where there are no exports to other countries

8. Which one of the following options is not an example of indirect tax?

(a) Custom Duty (b) Estate Duty (c) Sales Tax (d) Excise Duty

II. Very Short Answer Questions

Q1. Define real GDP.

Q2. What are injections into circular flow?

Q3. Define a closed economy.

Q4. Give two examples of indirect taxes.

III. Short Answer Questions

Q1. Giving reasons identify whether the following are final expenditure or intermediate expenditure:

(i) Expenditure on maintaining of office building

(ii) Expenditure on improvement of a machine in the factory

(iii) Furniture purchased by a school

(iv) Computers installed in an office

(v) Mobile sets purchased by a mobile dealer

Q2. Describe the precautions that should be taken while measuring the national income using income method.

Q3. Explain the meaning of domestic territory of a country.

IV. Long Answer Questions

Q1. "GDP does not give us a clear indication of economic welfare of a country."

Defend or refute the given statement with valid reasons.

Numerical Problems

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

1. Gross Domestic Product
2. NNP at market price
3. NNP at factor cost
4. Personal income
5. Personal disposable income.

2. Calculate the domestic income or NDP at FC.

Particulars	₹ in crores
GNP at MP	6,000
Subsidies	200
Depreciation	100
Net Factor income from abroad	400
Indirect Tax	300

3. Calculate national income or NNP at FC

Particulars	₹ in crores
GDP at MP	5,500
Consumption of fixed capital	300
Goods and services tax	120
Factor income from abroad	150
Subsidies	70
Factor income to abroad	250

4. From the following data, calculate Personal Income and Personal Disposable Income.

Particulars	(₹) In Crore
(i) Net Domestic Product at factor cost	8,000
(ii) Net Factor Income from abroad	200
(iii) Undistributed Profit	1,000
(iv) Corporation Tax	500
(v) Interest Received by Households	1,500
(vi) Interest Paid by Households	1,200
(vii) Transfer Income	300
(viii) Personal Tax	500