

National Income - MCQs

1. The financial year in India is

- a. April 1 to March 31
- b. January 1 to December 31
- c. March 1 to April 30
- d. March 16 to March 15

ANSWER: a. April 1 to March 31

National income is calculated for a specific period of time. In India, it is calculated for April 1 to March 31.

2. Consider the following statements and identify the right ones.

- i. National income is the monetary value of all final goods and services produced.
 - ii. Depreciation is deducted from gross value to get the net value
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- a. I only
 - b. ii only
 - c. both
 - d. none

ANSWER: c. both

National Income is the monetary value of all final goods and services that are produced by the residents of the country.

3. Consider the following statements and identify the right ones.

- i. While calculating GDP, income generated by foreigners in a country is taken into consideration
 - ii. While calculating GDP, income generated by nationals of a country outside the country is taken into account
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- a. I only
 - b. ii only
 - c. both
 - d. none

4. The net value of GDP after deducting depreciation from GDP is

- a. Net national product
- b. Net domestic product
- c. Gross national product
- d. Disposable income

ANSWER: b. Net domestic product

After deducting the depreciation charges of plant and machinery from GDP, we get net value of GDP which is called NDP.

5. Consider the following statements and identify the right ones.

- i. While calculating GNP, income generated by foreigners in a country is taken into consideration
 - ii. While calculating GNP, income generated by nationals of a country outside the country is taken into account
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- a. I only

- b. ii only
- c. both
- d. none

ANSWER: b. ii only

While calculating GNP, income generated by foreigners in a country is not taken into consideration.

6. When depreciation is deducted from GNP, the net value is

- a. Net national product
- b. Net domestic product
- c. Gross national product
- d. Disposable income

ANSWER: a. Net national product

NNP is the net value of GNP after the depreciation of plant and machinery is deducted.

7. The value of NNP at consumer point is

- a. NNP at factor cost
- b. NNP at market price
- c. GNP at market price
- d. GNP at factor cost

ANSWER: b. NNP at market price

NNP at market price is calculated by deducting indirect taxes and subsidies from NNP at factor cost.

8. The value of NNP at production point is called

- a. NNP at factor cost
- b. NNP at market price
- c. GNP at market price
- d. GNP at factor cost

9. The value of national income adjusted for inflation is called

- a. Per capita income
- b. Disposable income
- c. Inflation rate
- d. Real national income

ANSWER: d. Real national income

It is adjusted for inflation that is calculated from a reference point which is a base year.

10. The average income of the country is

- a. Per capita income
- b. Disposable income
- c. Inflation rate
- d. Real national income

ANSWER: a. Per capita income

Per capita income is calculated by dividing the total national income by the total population of the year.