

## **GDP and Calculation Method**

1. The average income of a country is called
  - (a) Per capita income
  - (b) Disposable income
  - (c) Inflation rate
  - (d) Real national income
2. The value of national income adjusted for inflation is called
  - (a) Per capita income
  - (b) Disposable income
  - (c) Inflation rate
  - (d) Real national income
3. Which is the most important source for National Income in India?
  - (a) Agriculture
  - (b) Services
  - (c) Industry
  - (d) Business
4. When the economy grows, what effect it has on the tertiary sector –
  - (a) Decrease and then increases
  - (b) Increases and then decreases
  - (c) Increases
  - (d) Decreases
5. What is National Income –
  - (a) National product value at market cost
  - (b) Net National value at factor cost
  - (c) Domestic value at market cost
  - (d) Domestic value at factor cost
6. Which of the following calculates National Income of India –
  - (a) Planning Commission
  - (b) Finance Ministry
  - (c) Central Statistical Office (CSO)
  - (d) RBI
7. In 1867-68 who calculated the per capita income at 20 rupees for the first time in India
  - (a) M G Ranade
  - (b) Sir W Hunter
  - (c) Naoroji
  - (d) R Dutt
8. Which of the following institutions releases the “World Economic Outlook Report”?
  - (a) World Bank

- (b) Federal Reserve Bank
- (c) International Monetary Fund
- (d) International Finance Corporation

9. Which committee recommended the merger of Regional Rural Banks with their respective Sponsor Banks?

- (a) Khusro Committee
- (b) Narasimham Committee
- (c) Dutt Committee
- (d) C Rangarajan Committee

10. Which of the following institutions releases the "World Economic Outlook Report"?

- (a) World Bank
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11. Which among the following is not a factor of production?

- (a) Land
- (b) Labour
- (c) Capital
- (d) Wages

12. Which of the following is not a method to calculate the Gross Domestic Product (GDP)?

- (a) Product method
- (b) Income law
- (c) Expenditure method
- (d) Diminishing cost method

13. The total amount of income from economic activities across the country in a year is called .....

- (a) Disposable income
- (b) National income
- (c) Personal income
- (d) Private Income

14. Which of the following statements is correct?

- (a)  $\text{GDP at factor cost} = \text{Net Value Addition} + \text{Depreciation}$
- (b)  $\text{GDP at factor cost} = \text{Net Value Addition} - \text{Depreciation}$
- (c)  $\text{GDP at factor cost} = \text{Net price increase} + \text{indirect tax}$
- (d)  $\text{GDP at factor cost} = \text{Net price increase} + \text{direct tax}$

15. Which sector contributes the most income to India's economy?

- (a) Primary sector
- (b) Secondary sector
- (c) Tertiary sector
- (d) None of these



## **GNP and NNP**

1. What was the inflation rate of India in 2001?

- (A) 6.3%
- (B) 3.78%
- (C) 3.0%
- (D) 4.01%

2. What was the estimated real GDP growth rate of India in 2002?

- (A) 7.0%
- (B) 4.3%
- (C) 14.7%
- (D) 18.5%

3. What is the function of the GDP deflator?

- (A) It is a measure of inflation which evaluates the entire range of goods and services produced in the economy.
- (B) It shows real GDP growth on the basis of current production.
- (C) The GDP deflator is in real terms while the CPI is in nominal terms.
- (D) None of the above

4. What does an increase in aggregate demand result in?

- (A) The cost to increase in the long term
- (B) GDP to increase in the long term
- (C) The cost to increase in the short term
- (D) GDP to increase in the short term

5. To determine the correct level of GNP (Gross national product), it is necessary to:

- (A) Add up the values of goods and services during one year
- (B) Add up all savings
- (C) Count all imports
- (D) Add up the value of semi-finished goods

6. GNP is always

- (A) Less than NNP
- (B) Greater than NNP
- (C) Equal to NNP
- (D) None of these

7. If we compare GDP and GNP, then

- (A)  $GNP = GDP - \text{net income from abroad}$
- (B)  $GNP = GDP + \text{net income from abroad}$
- (C)  $GNP = NNP - \text{net income from abroad}$
- (D)  $GNP = NNP + \text{net income from abroad}$

8. GNP is

- (A) Total sales in the economy
- (B) Total monetary transactions in an economy
- (C) The market value of all goods and services produced in an economy
- (D) Total spending in an economy

9. GNP includes

- (A) A loan from a bank
- (B) A loan from one's parents
- (C) Gifts and Donations
- (D) A broker's commission

10. 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

## **Factor Cost and Personal Income**

1. The difference between the value of output and value-added is:

- (a) Depreciation
- (b) Intermediate consumption
- (c) Net indirect taxes
- (d) NFIA

2. Product method of calculating national income is also known as:

- (a) Income method
- (b) Value added method
- (c) Expenditure method
- (d) Distribution method

3. Transfer payments refer to payments, which are made:

- (a) Without any exchange of goods and services
- (b) To workers on transfer from one job to another
- (c) As compensation to employees
- (d) None

4. National Income differs from Net National Product at market price by the amount of:

- (a) Current transfers from the rest of the world
- (b) Net Indirect Taxes
- (c) National debt interest
- (d) it does not differ

5.  $GDPMP = GDP + \text{_____}$  :

- (a) Depreciation
- (b) Indirect taxes
- (c) NFIA
- (d) Subsidies

6. National Income doesn't include:

- (a) Interest on the unproductive national debt
- (b) Income for government expenditure
- (c) The payments by the household to the firm for the purchase of goods and services
- (d) Undistributed profit

7. Which of the following is not correct?

- (a)  $NNPMP = GNPMP - \text{depreciation}$
- (b)  $NNPMP = NNPFC + \text{net indirect taxes}$
- (c)  $GDPMP = GNPMP + NFIA$
- (d)  $NDPFC = GDPFC - \text{depreciation}$

8. Net national product at factor cost is also known as:

- (a) Net Domestic product

- (b) Gross National product
- (c) National Income
- (d) Personal Income

9. In GNP calculation which of the following should be excluded?

- (a) Rental incomes
- (b) Interest payments
- (c) Dividends
- (d) Government transfer payment

## **ANSWERS**

### **GDP and Calculation Method**

- |       |        |        |        |        |        |        |       |
|-------|--------|--------|--------|--------|--------|--------|-------|
| 1.(a) | 2.(d)  | 3.(b)  | 4.(c)  | 5.(b)  | 6.(c)  | 7.(c)  | 8.(c) |
| 9.(a) | 10.(c) | 11.(d) | 12.(d) | 13.(b) | 14.(a) | 15.(c) |       |

### **GNP and NNP**

- |       |        |       |       |       |       |       |       |
|-------|--------|-------|-------|-------|-------|-------|-------|
| 1.(b) | 2.(b)  | 3.(a) | 4.(d) | 5.(a) | 6.(b) | 7.(b) | 8.(c) |
| 9.(d) | 10.(b) |       |       |       |       |       |       |

### **Factor Cost and Personal Income**

- |       |       |       |       |       |       |       |       |
|-------|-------|-------|-------|-------|-------|-------|-------|
| 1.(b) | 2.(b) | 3.(a) | 4.(b) | 5.(c) | 6.(a) | 7.(c) | 8.(c) |
| 9.(d) |       |       |       |       |       |       |       |