

India's Number 1 Education App

ECONOMICS

BOOKS - RADHA BHUGANA ECONOMICS (HINGLISH)

NATIONAL INCOME AND RELATED AGGREGATES : SOME BASIC CONCEPTS

Example

1. Calculate NDP at FC :

[Particulars	₹ in Lakhs
(<i>i</i>)	GNP at MP	16,000
(ii)	Subsidies	1,200
(iii)	Depreciation	1,000
(iv)	Factor income received from abroad	1,400
(v)	Indirect taxes (GST)	1,300



2. Calculate GNP_{FC} :

Particul	ars	₹ in Crores
(i) NDP _{MP}		25,000
(ii) Depreciation		15,000
(iii) Indirect taxes (GS	T)	1,300
(iv) Subsidies		300
(v) Factor income fro	m abroad	400
(vi) Factor income to	rest of the world	600 🥥



3. Calculate consumption of fixed capital :

	Particulars	₹ in Crores
(<i>i</i>)	NNP _{FC}	4,000
(<i>ii</i>)	GDP _{MP}	5,000
(iii)	Net indirect tax	300
<i>(iv)</i>	Net factor income from abroad	1,200



Watch Video Solution

4. Suppose in an imaginary economy, GDP at Market Price in a particular fiscal year was Rs. 4,000 crores, National Income was Rs. 2,500 crores, Net Factor Income paid by the economy to Rest of the World was Rs. 400 crores and the value of Net Indirect Taxes is Rs. 450 Crores. Estimate the value of consumption of fixed capital for the economy from the given data.

Watch Video Solution

5. Calculate Net Indirect Tax :

	Particulars	₹ in Crores
(i)	GNP _{MP}	1,7000
(<i>ii</i>)	NDP _{FC}	6,200
(iii)	Depreciation	600
(iv)	Net factor income from abroad	(-) 400

6. On the basis of following real data at current prices of Indian economy during during 1982-83, find out NNP_{FC} , NNP_{MP} , GNP_{MP} , GDP_{MP} , GNP_{FC}

and NDP_{MP} :

	Particulars	₹ in Crore
(<i>i</i>)	NDP _{EC}	1,33,151
<i>(ii)</i>	Depreciation	11,242
(iii)	Net indirect taxes	19,400
(iv)	Net income from abroad	(-)1,000

Watch Video Solution

7. Calculate from the following data :

(i) Net domestic product at market price

 $(NDP_{MP}).$

(ii) Net national product at market price (NNP_{MP}) .

(iii) Net national product at factor cost (NNP_{FC}) .

(iv) Gross national product at market price (GNP_{MP})

	Particulars	₹ in Crores
(<i>i</i>)	Depreciation	100
<i>(ii)</i>	Net income from abroad	800
(iii)	Gross domestic product (GDP _{MP})	15,000
(i <i>v</i>)	Subsidies by government	50
(v)	Indirect taxes (GST)	75

8. From the information given below calculate

(a) GDP_{MP} (b) NNP_{FC} :

	₹ in Crore
	74,905
	. 8,344
cruing to go	overnment 1,972
	2,305
	4,486
	(-) 232
Name and a state of the state o	(-

Watch Video Solution

9. Find out NDP_{MP} from given data :

	Particulars	Rin Crores
<i>(i)</i>	GNP _{MP}	97,503
(ii)	Net factor income from abroad	(-) 201
(iii)	Net indirect taxes	10,576
(iv)	Consumption of fixed capital	5,699

10. GNP_{MP} of an imaginary economy is Rs. 1,20,000 crore and its capital stock is worth Rs. 3,00,000 crore. If capital stock depreciation is @ 20 % per annum, indirect taxes amount to Rs 30,000 crore and subsidies are Rs. 15,000 crore. What is national income ?

11. Calculate NNP_{MP} from the following :

	Particulars	₹ in Crores
<i>(i)</i>	GDP _{MP}	50,000
<i>(ii)</i>	Depreciation	5,000
(iii)	NIT	4,000
(<i>iv</i>)	NFIA	(-) 1,000



Watch Video Solution

12. Find NDP_{FC}

	Particulars	₹ in Crores
(i)	GNP _{MP}	14,000
<i>(ii)</i>	Depreciation	600
(iii)	Indirect taxes (GST)	1,000
(iv)	Subsidies	200
(v)	Factor income received from abroad	400
(vi)	Factor income paid abroad	500



13. Find GDP_{FC} from the following data :

L	Particulars	₹ in Crores
(<i>i</i>)	GNP _{MP}	500
(<i>ii</i>)	Consumption of fixed capital	20
(iii)	Factor income from abroad	300
(<i>iv</i>)	Net indirect taxes	20
(v)	Factor income paid abroad	100



Watch Video Solution

Let Us Recapitulate

1. Classify the following as intermediate goods

or final goods :

Paper purchased by a publisher.





or final goods :

Milk purchased by households.

Watch Video Solution

3. Classify the following as intermediate goods

or final goods :

Purchase of sugar by a grocery shop.



or final goods :

Cloth used by a tailor.

Watch Video Solution

5. Classify the following as intermediate goods or final goods :
Construction of houses by the consumer households.



or final goods :

Furniture purchased by a school



7. Classify the following as intermediate goods

or final goods :

Chemical fertilizers used by the farmers.





or final goods :

Machine purchased for installation in a

factory.

Watch Video Solution

9. Classify the following as intermediate goods

or final goods :

Coal purchased by a factory.



goods or final goods :

Textbook purchased by a student.



11. Classify the following as intermediate goods or final goods :

Books purchased by a book seller.





Expenditure on research and development by

a company.

Watch Video Solution

13. Classify the following as intermediate

goods or final goods :

Seeds purchased by a farmer.



goods or final goods :

Electricity consumption in a business.



15. Classify the following as intermediate goods or final goods :

Mobile sets purchased by a mobile dealer.





Chalks dusters etc. purchased by a school.

Watch Video Solution

17. Classify the following as intermediate goods or final goods :

Milk purchased by a hotel.

Fees paid to the lawyer by a producer.

Watch Video Solution

19. Classify the following as intermediate goods or final goods :

Computers installed in an office.

Unsold wood wih furniture producing firm at

the end of a year.



- 21. Identify the domestic territory of India :
- 1. Indian embassy in Australia.
- 2. Branch of American bank in India.
- 3. American embassy in India

- 4. Branch of an indian company in London.
- 5. Indian consulates in France.
- 6. Branch of State Bank of India in France.
- 7. Indian Military forces sent to maintain peace

in Syria.

8. Microsoft office in India.



22. Identify the following as Normal Residents

of India :

Indian officials working in the Indian Embassy

in China.



23. Identify the following as Normal Residents

of India :

An American tourist who stays in India for 2 months.

24. Identify the following as Normal Residents

of India :

Indians going to australia for watching the

cricket match.

Watch Video Solution

25. Identify the following as Normal Residents

of India :

Indian employes working in W.H.O.located in

India.



26. Identify the following as Normal Residents

of India :

American tourists visiting India for a month to

see the Commonwealth games.

Watch Video Solution

27. Identify the following as Normal Residents

of India :

Indian going for medical treatment to U.S.



28. Are the following normal residents of Indian economy?

(i) Indian workers employed in the power projects of Nepal on daily wages and crossing into Indian territory every week.
(ii) Indians working in the U.S.A embassy in India.



29. Identify the following as Normal Residents

of India :

An American citizen visiting India for

attending a business meeting.

Watch Video Solution

30. Identify the following as Normal Residents

of India :

Indians working in USA ambassy in India.



31. Identify the following as Normal Residents

of India :

Students from India going to Australia for

higher studies.

Watch Video Solution

32. Classify the following as factor income or

transfer income

Rent received by the owner of a factory

building from the industrialist.





33. Classify the following as factor income or

transfer income

Dearness alloweance added to basic salary of

an employee.

Watch Video Solution

34. Classify the following as factor income or

transfer income

Financial help to victims of Uttrakhand

tragedy.



35. Classify the following as factor income or

transfer income

Salaryreceived by an employee of State Bank of

India.

36. Classify the following as factor income or

transfer income

Old age pension received by public.



37. Classify the following as factor income or

transfer income

Taxes paid to government.



1. Goods which are purchased for resale are

A. final goods

B. capital goods

C. intermediate goods

D. none of these

Answer: C

2. Fall in the value of assets due to expected

obsolescence is

A. capital loss

B. depreciation

C. shut down point

D. all of these.

Answer: B

Normal residents of India

A. an official working in Indian embassy in

America

B. Indian visiting Japan as tourist

C. Indian working in W.H.O. located in India

D. all of these.

Answer: D

4. Salary paid to worker is an example of

A. transfer income

B. govt. revenue

C. factor payment

D. none of these

Answer: C

5. Aggregate used for domestic income

A. NDP_{FC}

B. NNP_{FC}

 $\mathsf{C}.\,GNP_{MP}$

D. NNP_{MP}

Answer: A

6. A car purchased by a dealer of cars is :

A. consumer good

B. capital goods

C. intermediate goods

D. all of these.

Answer: C

7. National income is the sum of factor

incomes accruing to

A. Nationals

B. Economic territory

C. Residents

D. Both residents and non-residents

Answer: C

8. Depreciation of fixed capital assets refers to

A. Normal wear and tear

B. Foreseen obsolescence

C. Normal wear and tear and foreseen

obsolescence

D. unforeseen obsolescence

Answer: C

:

9. Unforeseen obsolescene of fixed capital assets during production is : (Chose the correct alternate)

A. Consumption of fixed capital

B. Capital loss

C. Income loss

D. None of the above.

Answer: B

10. GST was introduced in Indian economy in :

A. 2008

B. 2010

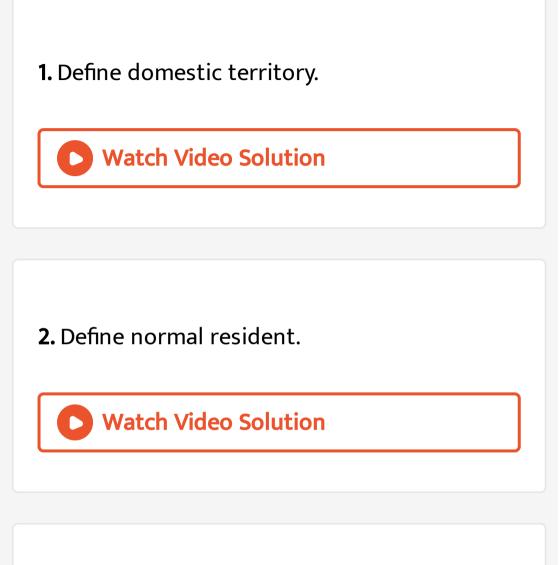
C. 2015

D. 2017

Answer: D

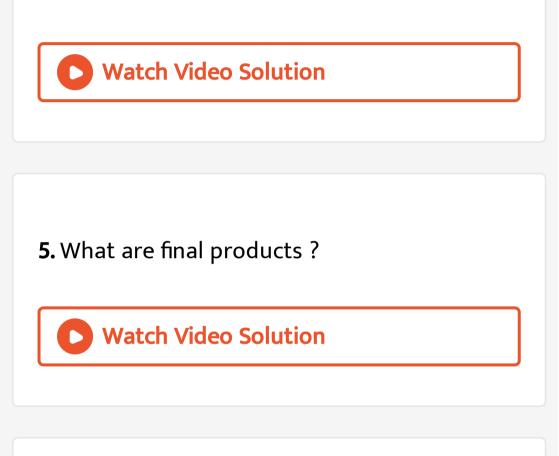
Watch Video Solution

Objective Type Questions



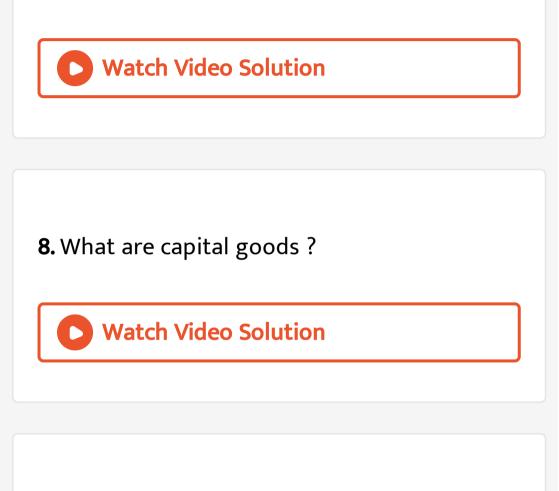
3. What is factor income ?

4. What is transfer income ?



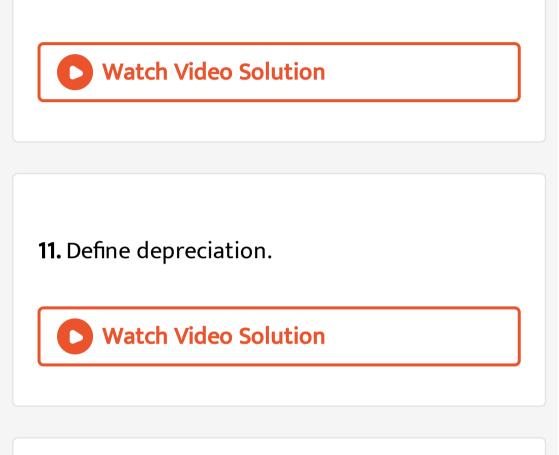
6. Define an intermediate good.

7. What are consumption goods ?



9. Define gross investment.

10. Define net investment.



12. What is net indirect tax ?

13. What is net factor income from abroad ?



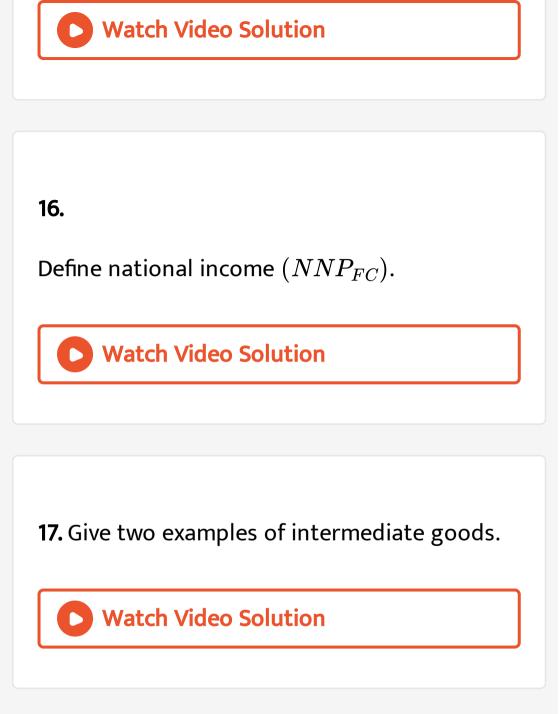
14.

What are the three components of NFIA ?

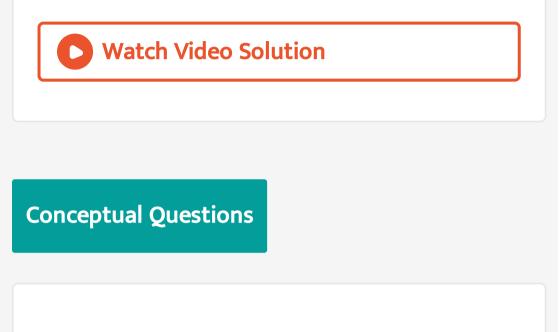
Watch Video Solution

15.

Define domestic income (NDP_{FC}) .



18. Define capital formation.



1. What is difference between intermediate

goods and final goods ?

2. Classify the following as final goods or intermediate goods :

(i) Clothes purchased by an individual household.

(ii) Textbooks purchased by a student.

(iii) Seeds purchased by a farmer to grow wheat.

(iv) Machines purchased by a dealer of machines.

(v) Car purchased by a household.

(vi) Refrigerator purchased by an individual household.

(vii) Refrigerator purchased by a confectioner.

(viii) Refrigerator purchased by a dealer of refrigerators.

(ix) Butter purchased by a bakery shop for making cakes.

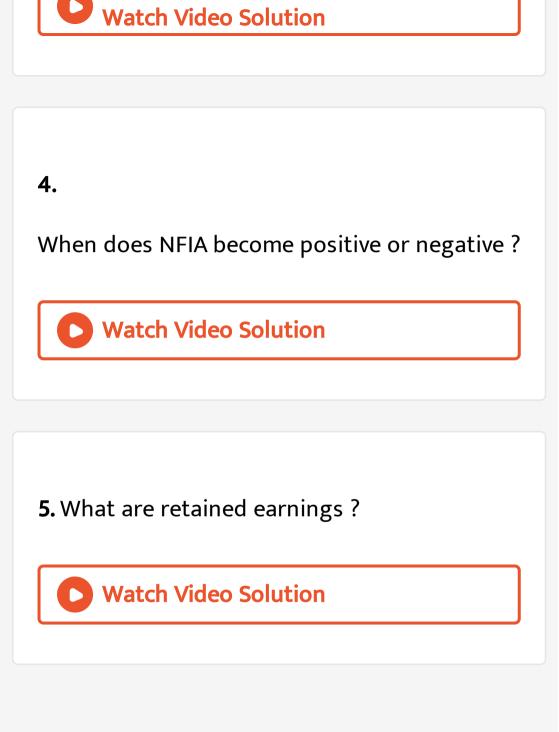
(x) Butter purchased by a household for consumption.

Watch Video Solution

3. Why does national income include only final

goods ?





6. Differentiate between gross domestic product at market price and national income.

7. Classify the following as factor income or transfer income :

(i) Old age pension.

(ii) Salary received by Amit from a company.

(iii) Financial help to earthquake victims.

(iv) Rent received from buildings.

(v) Wages received from employer.

(vi) Birthday gift received from a relative.

(vii) Rent free accommodation from employer.

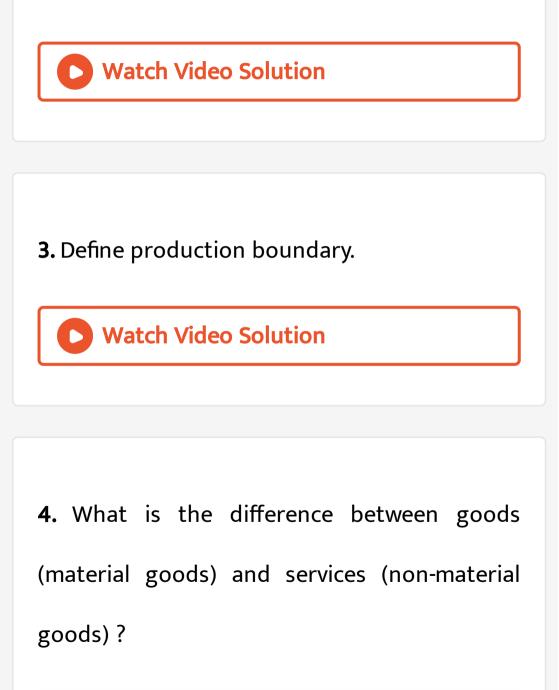
(viii) Donations received by a charitable trust.

Watch Video Solution

Hots

1. Define replacement of capital.

2. What is low level equilibrium trap?







5. What is difference between intermediate

goods and final goods ?

Watch Video Solution

6. Operating surplus arises in the

7. State whether the following statements are

true of false. Give reasons for your answer : .

(a) Bread is always a consumer good.

(b) Butter is only a final product.



8. Differentiate between consumption of fixed

capital and capital loss.



9. "All producer goods are not capital goods".

Comment.



10. Dfferentiate between current transfers and

capital transfers.

Watch Video Solution

Value Based Question

1. Why are tranfer payments not included in the estimation of National Income ? Do we arrive at the value that these are not important for the economy ?

Watch Video Solution

2. A company maintains a depreciation reserve fund for replacing its fixed assets after expiry of its life time. Can the company claim that the machines are protected against obsolescence



3. Compensation given to victims of Uttrakhand tragedy is a good measure taken by government. Why is it not included in national income ?

Watch Video Solution

Guidelines To Ncert Questions

1. What is the difference between planned and

unplaned inventory accumulation ?

Watch Video Solution

2. Write down the three identities of calculating the GDP of a country by the three methods. Also briefly explain why each of these should give us the same value of GDP.

View Text Solution

3. Suppose the GDP at market price of a country in a particular year was ₹ 1, 100 crores. Net factor Income from Abroad was ₹ 100 crores. The value of (Indirect taxes - Subsidies) was ₹ 150 crores and National Income was ₹ 850 crores. Calculate the aggregate value of depreciation.

Watch Video Solution

4. In a single day, Raju, the barber, collects Rs

500 from haircuts, over this day, his

equipmant depreciates in value by Rs 50. Of the remaining Rs 450, Raju pays indirect 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 infomation, complete Raju's constribution to the following measures of income (a) GDP_{MP} (b) NNP_{MP} (c) NNP_{FC} (d) Personal income (r) Personal disposable

income





1. What is net indirect tax ?

Watch Video Solution

2. Give the meaning of market price.

When will GDP of an economy be equal to GNP

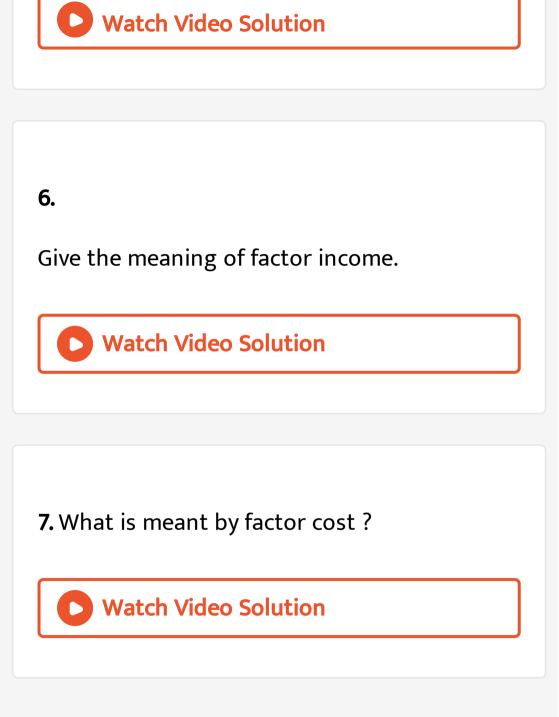
?



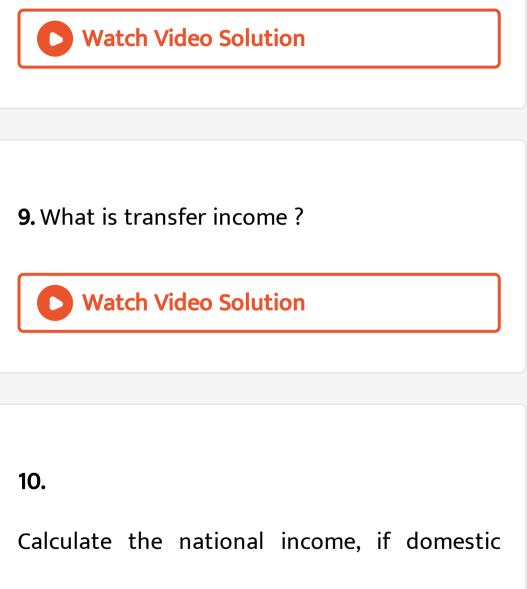
4. Define domestic income (NDP_{FC}) .



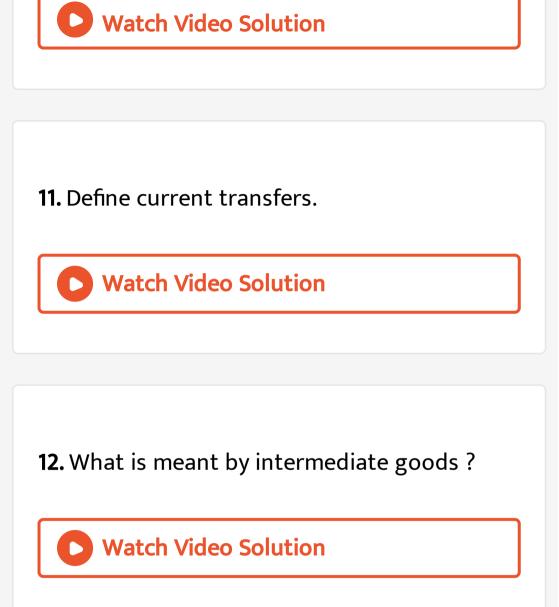
5. Define capital goods

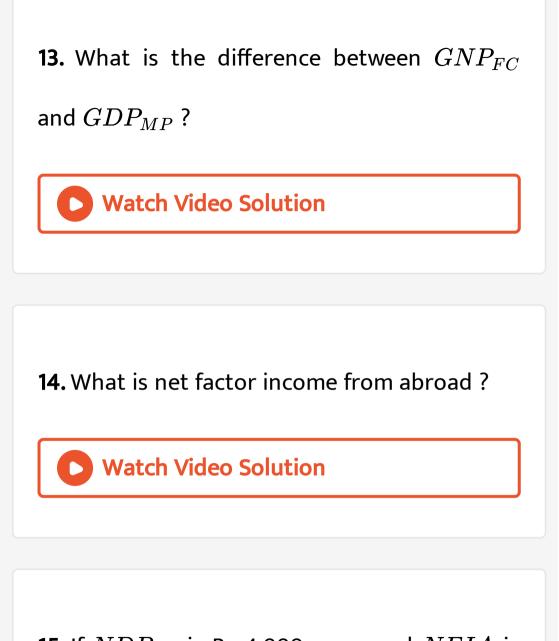


8. What is the meaning of final goods?

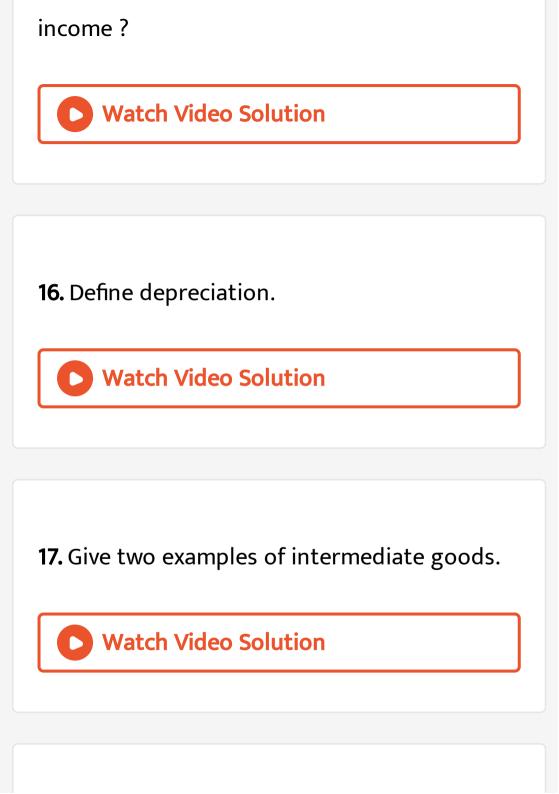


income is Rs. 30,000 and the NFIA is Rs 3000.





15. If NDP_{FC} is Rs 4,000 crore and NFIA is (-) Rs 5 crore, how much will be the national



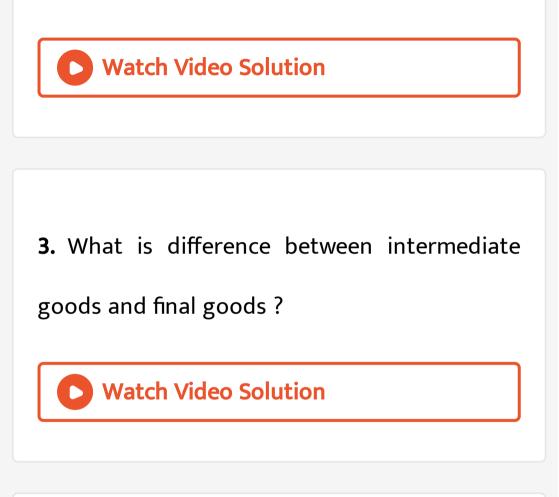
18. Define gross investment.

Watch Video Solution

Short Answer Type

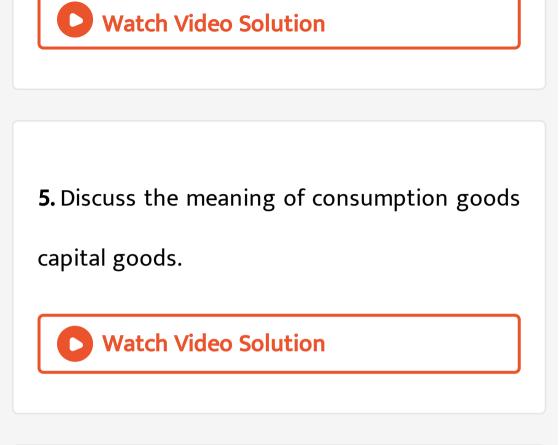
 What is meant by national income ?
 Distinguish between national income and domestic income.

2. What is meant by depreciation ?



4. Differentiate between factor income and

tranfer income.



6. What is meant by net factor income from abroad ? Briefly discuss its various compounds.

7. What is meant by domestic territory of a country ?

Watch Video Solution

8. Machine ' purchased is always a final good ,

Do you agree ? Give reasons for your answer.

9. Explain with the help of an example the basis of classifying goods into final goods and intermediate goods.



Long Answer Type Question

1. Discuss the concept of factor income and

transfer income with the help of examples.



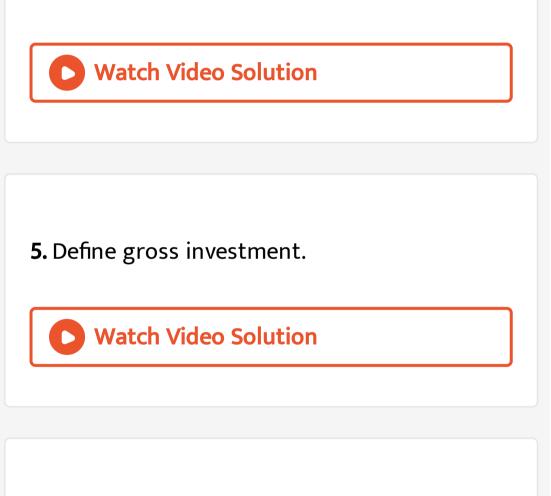
2. Briefly discuss the concept of normal residents.



3. Define domestic territory.

4. Distinguish between market price and factor

cost.



6. Differentiate between consumer goods and capital goods.

Г

