



ECONOMICS

BOOKS - SANDEEP GARG ECONOMICS (HINGLISH)

NATIONAL INCOME AND RELATED AGGREGATES

Illustration

1. Calculate NDP at FC.

Particulars	₹ in crores
(i) GNP at MP	8,000
(ii) Depreciation	600
(iii) Net Factor Income from Abroad	300
(iv) Net Indirect taxes	700



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2. Calculate GDP at MP.

Particulars	₹ in crores
(i) NNP at FC	2,000
(ii) Depreciation	200
(iii) Subsidies	70
(iv) Factor Income from Abroad	110
(v) Indirect Taxes	180
(vi) Factor Income to Abroad	50



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Example

1. Calculate Domestic Income or NDP at FC.

<i>Particulars</i>	<i>₹ in crores</i>
(i) GNP at MP	6,000
(ii) Subsidies	200
(iii) Depreciation	100
(iv) Net Factor income from abroad	400
(v) Indirect tax	300



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2. Calculate National income or NNP at FC .

<i>Particulars</i>	<i>₹ in crores</i>
(i) GDP at MP	5,500
(ii) Consumption of Fixed Capital	300
(iii) Goods and Services Tax	120
(iv) Factor income from abroad	150
(v) Subsidies	70
(vi) Factor Income to abroad	250



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3. Calculate GNP at FC.

<i>Particulars</i>	<i>₹ In crores</i>
(i) NDP at MP	25,000
(ii) Depreciation	5,000
(iii) Subsidies	30
(iv) Factor income from abroad	400
(v) Factor income to the rest of the world	600



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4. Calculate GNP at MP.

Particulars	₹ in crores
(i) Domestic Income or NDP at FC	3,200
(ii) Depreciation	400
(iii) Indirect Taxes	70
(iv) Net Factor Income to abroad	50



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5. Calculate Consumption of Fixed Capital .

Particulars	₹ in crores
(i) National Income or NNP at FC	4,000
(ii) GDP at MP	5,000
(iii) Net Indirect Tax	300
(iv) Net Factor income from abroad	200



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6. Calculate Net Indirect Tax.

Particulars	₹ in crores
(i) GNP at MP	7,000
(ii) Domestic Income or NDP at FC	6,200
(iii) Depreciation	600
(iv) Net Factor income from abroad	(-) 400



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7. Calculate Subsidies.

Particulars	₹ in crores
(i) GNP at FC	27,710
(ii) Consumption of Fixed Capital	4,000
(iii) Indirect Taxes	120
(iv) Factor income from abroad	400
(v) NDP at MP	24,000
(vi) Factor income to abroad	600



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8. Calculate Factor Income to abroad .

Particulars	₹ in crores
(i) GNP at MP	4,500
(ii) Replacement of Fixed Capital	100
(iii) Indirect Taxes	300
(iv) Subsidies	200
(v) Factor Income from abroad	700
(vi) NDP at FC	3,900



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9. The net domestic product at market price of an economy is ₹ 4, 500 crores. The capital stock is worth ₹ 4, 000 crores and it

depreciates at the rate of 10% per annum.

Indirect taxes amount to ₹ 150 crores ,
subsidies amount to ₹ 20 crores , factor income
from the rest of the world is ₹ 400 crores and
to rest of the world is ₹ 600 crores . Find out
the gross national product at factor cost.



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10. Calculate (a) Depreciation , (b) Subsidies ,
(c) NDP at FC.



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Hots Higher Order Thinking Skills Questions

1. Mention the situations in which following equations will hold true:

(i) National Income = Domestic Income

(ii) $GDP_{FC} > GDP_{MP}$

(iii) $NP_{FC} < NDP_{FC}$

(iv) $GDP_{FC} = GDP_{MP}$

(v) Domestic Income is greater than National Income.



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2. Determine the missing items in the following cases :

(i) $GNP_{FC} = GNP_{MP} - ?$

(ii) $? = \text{National Income} - \text{Domestic Income}$

(iii) $GDP_{FC} = ? + \text{Depreciation}$

(iv) $NDP_{FC} = ? - \text{Depreciation} - \text{Net Indirect Tax}$



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1. Are the following statements true or false ?

Give reasons .

In a closed economy , gross domestic product is always equal to gross national product .



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2. Domestic Income of a country can be more than its National Income.



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3. Domestic product includes contribution of only resident producers within the domestic territory of the country.



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Guidelines To Ncert Questions

1. 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.



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2. In a single day , Raju , the barber , collects ₹ 500 from haircuts , over this day , his equipment depreciates in value by ₹ 50 . Of the remaining ₹ 450 , Raju pays indirect tax worth ₹ 30 , takes home ₹ 200 and retains ₹

220 for improvement and buying of new equipment . He further pays ₹ 20 as income tax from his income . Based on this information , complete Raju's contribution to the following measures of income (a) Gross Domestic Product (b) NNP at market price (c) NNP at factor cost.



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Revision Exercise Multiple Choice Questions

1. Out of the following , which aggregate represents 'National income ' ?

A. NNP_{MP}

B. GNP_{FC}

C. NNP_{FC}

D. GNP_{MP}

Answer: C



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2. If factor income received from abroad is equal to factor income paid abroad , then which of the following is not a valid statement ?

A. National Income = Domestic Income

B. $NDP_{FC} + \text{Depreciation} = GNP_{FC}$

C. $NDP_{FC} + \text{Depreciation} = GNP_{MP}$

D. All are valid

Answer: C



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3. Fill in the blank :

$$NNP_{FC} \underline{\hspace{2cm}} = GDP_{MP}$$

A. + Depreciation - Net factor income

from abroad - Net Indirect taxes

B. + Depreciation + Net factor income

from abroad + Net Indirect taxes

C. + Depreciation - Net factor income

from abroad + Net Indirect taxes

D. + Depreciation + Net factor income
from abroad - Net Indirect taxes

Answer: C



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4. If economic subsidies are added to and indirect taxes are subtracted from the national income at market prices , then it will be equal to :

A. Domestic Income

B. National Income

C. Gross national product at market prices

D. Gross domestic product at factor cost

Answer: B



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5. Which of the following is not a component of operating surplus ?

A. Interest

B. Rent

C. Royalty

D. Compensation of Employees

Answer: D



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6. In which type of economy , domestic income is equal to national income ?

A. Open Economy

B. Closed Economy

C. Both (a) and (b)

D. Neither (a) nor (b)

Answer: B



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7. Domestic factor income is another name for

:

A. NDP_{FC}

B. NNP_{MP}

C. GDP_{FC}

D. NNP_{FC}

Answer: A



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8. Net domestic product at factor cost is less than national income when :

A. Net factor income from abroad is positive

B. Net factor income from abroad is negative

C. Net factor income from abroad is zero

D. Net exports are positive

Answer: A



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9. National income is equal to :

A. Domestic product plus factor incomes earned from abroad

B. Domestic product plus net factor incomes earned from abroad

C. Domestic product minus factor incomes to abroad

D. Domestic product plus export minus imports

Answer: B



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10. If net national products is given at Market Prices , we ____ indirect taxes and _____ subsidies to get National income of the economy.

A. Add , Subtract

B. Add , Divide

C. Subtract , Add

D. Subtract , Divide

Answer: C



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11. From the following information , compute

GNP_{MP} . GDP_{FC} = ₹ 3, 000 . Net factor

income to abroad = ₹ 200 . Indirect Taxes = ₹

420 , Subsidies = ₹ 240 .

A. 3380

B. 2, 980

C. 3020

D. 2, 620

Answer: B



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12. GNP exceeds NNP by :

A. Amount of total taxes

B. Government expenditure

C. Transfer payments

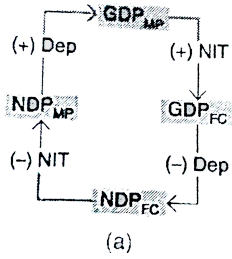
D. Difference between gross and net investment

Answer: D

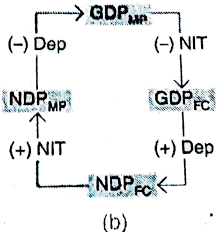


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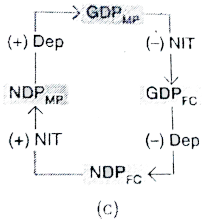
13. Which of the following flowchart correctly represents the relationship between Domestic concepts ?



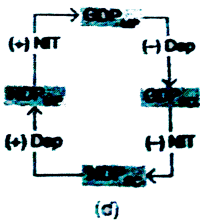
A.



B.



C.



D.

Answer: C



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Very Short Answer Type Questions

1. Define domestic income

OR

Define domestic product .



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2. When is the net domestic product at market price less than the net domestic product at

factor cost ?



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3. Why is gross domestic product at factor cost more than the net domestic product at factor cost ?



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4. When will GDP of an economy be equal to GNP?



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5. When will the domestic income exceed the national income ?



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6. If NDP_{FC} is ₹ 1, 000 crores and NFIA is (-) ₹ 5 crores , how much will be the national income ?



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7. If the domestic factor income is ₹ 200 crores and the national income is ₹ 190 crores , how much will be the net factor income from abroad ?



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8. In which type of economy , domestic income will be equal to national income ?



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9. Define national income .

OR Define national product .



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Short Answer Type Questions

1. Define the following terms : (i) GDP_{MP} , (ii)

NDP_{FC} , (iii) NP_{MP}



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2. When can domestic product be more than national product ?



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3. Distinguish between Gross Domestic Product at Market Price and National Income.



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4. Distinguish between domestic product and national product .



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5. Is it necessary that Domestic Income is always less than National Income .



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Long Answer Type Questions

1. Distinguish between the following , giving suitable examples in support of your answer :

(a) Domestic product and national product .

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2. Discuss the concepts of : (i) NDP at MP , (ii) GNP at FC and (iii) GDP at MP.

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1. Calculate GNP at FC.

<i>Particulars</i>	<i>₹ in crores</i>
(i) NDP at MP	80,000
(ii) Net Factor income from abroad	-200
(iii) Depreciation	4,950
(iv) Subsidies	1,770
(v) Indirect Tax	10,600



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2. Calculate the Domestic Income .

<i>Particulars</i>	<i>₹ in crores</i>
(i) Gross national product at market price	58,350
(ii) Indirect Tax	2,590
(iii) Subsidies	1,540
(iv) Depreciation	1,625
(v) Net Factor income from abroad	-240



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3. Calculate National Income or NNP at FC .

<i>Particulars</i>	<i>₹ in crores</i>
(i) GDP at MP	4,800
(ii) Indirect Taxes	300
(iii) Net Factor income from abroad	80
(iv) Consumption of Fixed Capital	200
(v) Subsidies	60



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4. Calculate GDP at MP .

<i>Particulars</i>	<i>₹ in crores</i>
(i) National Income	6,700
(ii) Consumption of Fixed Capital	180
(iii) Factor income from abroad	100

(iv) Indirect Taxes	130
(v) Subsidies	70
(vi) Factor income to abroad	150

GDP



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5. Calculate Domestic Income .

Particulars	₹ in crores
(i) GNP at FC	2,700
(ii) Indirect Taxes	60
(iii) Factor income from abroad	150
(iv) Factor income to abroad	180
(v) Replacement of Fixed Capital	150



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6. Calculate (a) Domestic Income , (b) National Income .

Particulars	₹ in Crores
(i) GDP at MP	70,150
(ii) Indirect Taxes	5,200
(iii) Factor Income from abroad	800
(iv) Consumption of Fixed Capital	3,100
(v) Factor Income to abroad	300
(vi) Subsidies	4,000

(a) ₹ 65,850 Crores.



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7. Calculate Indirect Taxes from the following data :

<i>Particulars</i>	<i>₹ in crores</i>
(i) NDP at FC	55,915
(ii) Subsidies	1,540
(iii) Factor income from abroad	625
(iv) Consumption of Fixed Capital	1,625
(v) Factor income to abroad	865
(vi) GNP at MP	58,350



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8. Calculate Factor Income to abroad .

<i>Particulars</i>	<i>₹ in crores</i>
(i) GNP at FC	4,280
(ii) Subsidies	80
(iii) Factor income from abroad	400
(iv) Depreciation	480
(v) Indirect Taxes	100
(vi) NDP at MP	3,700



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9. Calculate Depreciation :

<i>Particulars</i>	<i>₹ in crores</i>
(i) NDP at MP	80,000
(ii) Indirect Taxes	10,600
(iii) GNP at FC	75,920
(iv) Factor Income to abroad	700
(v) Factor income from abroad	500
(vi) Subsidies	1,770



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10. Calculate Subsidies .

<i>Particulars</i>	<i>₹ in crores</i>
(i) GDP at FC	55,000
(ii) Indirect Taxes	4,400
(iii) Factor Income to abroad	600
(iv) NNP at MP	55,500
(v) Factor income from abroad	1,300
(vi) Depreciation	2,500

Subi



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11. Gross National Product at market prices of an economy is ₹ 65 , 000 crores . The capital stock of the economy is valued at ₹ 1, 20 , 000 crores , which depreciates at the rate of 10 % per annum . Indirect taxes amount to ₹ 6, 000 crores and subsidies amount to ₹ 1, 000 crores . Estimate National Income of the economy.



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