

## **Chapter-3**

### **National Income and Related Aggregates**

#### **Multiple Choice Questions**

1. Which income is included to calculate national income of a country from given below?
  - a) Government Income
  - b) Private Income
  - c) Factor Income
  - d) Transfer Income
2. From given below whose income is included to calculate national income of a country?
  - a) Citizen
  - b) Normal Resident
  - c) Foreigner
  - d) All people of a country
3. What is the time period to calculate the national income?
  - a) 1 Year
  - b) 2 Year
  - c) 3 Year
  - d) 4 Year
4. What is the importance of national income accounting?
  - a) Calculation of National Income
  - b) Knowledge about structure of an economy
  - c) Knowledge about the level of economic activities
  - d) All of the above
5. What is included from the given below to calculate domestic income of a country?
  - a) Factor Income
  - b) Transfer Income
  - c) Both a and b
  - d) None of the above
6. Which area is included in domestic territory?
  - a) Political area
  - b) That area in which a country is allowed to do its economic activities
  - c) Both a and b
  - d) None of the above
7. Tell one similarity between domestic income and national income
  - a) Both includes transfer income
  - b) Both includes factor income
  - c) Both includes net factor
  - d) Both includes net indirect

income from abroad

taxes

8. National Income = -----

a) Domestic Income – Net  
Factor Income from Abroad

b) Domestic Income x Net  
Factor Income from Abroad

c) Domestic Income + Net Factor  
Income from Abroad

d) Domestic Income/Net Factor  
Income from Abroad

9. Domestic income =-----

a) National Income – Net Factor  
Income from Abroad

b) National Income x Net Factor  
Income from Abroad

c) National Income + Net Factor  
Income from Abroad

d) National Income/Net Factor  
Income from Abroad

10. Gross Income =-----

a) Net Income-  
Depreciation

c) Net Income x  
Depreciation

b) Net Income+  
Depreciation

d) Net Income/  
Depreciation

11. Net Income=-----

a) Gross Income-  
Depreciation

c) Gross Income x  
Depreciation

b) Gross Income+  
Depreciation

d) Gross Income/  
Depreciation

12. Factor Cost =-----

a) Market Price- Net  
Indirect Taxes

c) Market Price x Net  
Indirect Taxes

b) Market Price+ Net  
Indirect Taxes

d) Market Price/ Net  
Indirect Taxes

13. Gross Domestic Product at Market Price = -----

a) Net Domestic Product at  
Market Price + Net Factor  
Income from Abroad

c) Net Domestic Product at

b) Net Domestic Product at  
Factor Cost + Depreciation

d) Net National Product at

Market Price – Net Factor  
Income from Abroad

Market Price – Net Indirect  
Taxes

14. Gross National Product at Market Price = -----

a) Gross Domestic Product at  
Market Price + Net Factor  
Income from Abroad

b) Net Domestic Product at  
Market Price + Net Factor  
Income from Abroad

c) Net National Product at Market  
Price – Net Indirect Taxes

d) Net National Product at  
Factor Cost – Depreciation

15. Gross Domestic Product at Factor Cost=-----

a) Net Domestic Product at Factor  
Cost + Net Factor Income from  
Abroad

b) Net Domestic Product at  
Factor Cost + Depreciation

c) Net Domestic Product at  
Market Price – Net Factor  
Income from Abroad

d) Net National Product at  
Factor Cost + Net Indirect  
Taxes

16. Net National Product at Factor Cost = -----

a) Gross Domestic Product at  
Factor Cost + Net Factor  
Income from Abroad

b) Net Domestic Product at  
Factor Cost + Net Factor  
Income from Abroad

c) Net National Product at Factor  
Cost + Net Indirect Taxes

d) Net National Product at  
Factor Cost + Depreciation

17. Gross National Product at Factor Cost =-----

a) Net National Product at Factor  
Cost + Depreciation

b) Net National Product at  
Factor Cost – Depreciation

c) Net National Product at Factor  
Cost + Net Factor Income from  
Abroad

d) Net National Product at  
Factor Cost – Net Factor  
Income from Abroad

18. Difference between Gross Domestic Product at Market Price and Gross National Product  
at Market Price is equal to

a) Net Indirect Taxes

b) Depreciation

c) Net Factor Income from  
Abroad

d) Transfer Income

19. Difference between Gross Domestic Product at Market Price and Net Domestic Product at Market Price is equal to

- |                                  |                    |
|----------------------------------|--------------------|
| a) Net Indirect Taxes            | b) Depreciation    |
| c) Net Factor Income from Abroad | d) Transfer Income |

20. Difference between Gross National Product at Market Price and Net National Product at Market Price is equal to

- |                                  |                    |
|----------------------------------|--------------------|
| a) Net Indirect Taxes            | b) Depreciation    |
| c) Net Factor Income from Abroad | d) Transfer Income |

### **True/False**

1. There is no difference between normal residents and citizens of a country (True/False)
2. An individual can be a citizen of one country and a normal resident of another country. (True/False)
3. Factor Income means Income received by factors of production. (True/False)
4. Factor Income does not include wages. (True/False)
5. Level of Economic Activities means which Economic Activities are going on? (True/False)
6. Primary Sector includes Production sector. (True/False)
7. There is no difference between Domestic territory and Political territory. (True/False)
8. Domestic Territory is a larger concept than Political Territory. (True/False)
9. Political Territory of a country is included in Domestic Territory of that country. (True/False)
10. An area which is included in Political Territory of a country will also be included in Domestic Territory of the country. (True/False)
11. If an individual lives and works as a teacher for six months in India and his Factor Income is included in Domestic Income of India. (True/False)
12. If an American has been working as a doctor in India for the last 1 year then his income is included in National Income of India. (True/False)
13. Gross Income is the larger concept than Net Income. (True/False)
14. Depreciation only means wear and tear of machines. (True/False)
15. Net Domestic Product at Factor Cost is equal to Net Domestic Product at Market Price – Net Indirect Taxes. (True/False)

### **Fill in the blanks**

1. If an American doctor has been working in India for last 8 months then he will be a normal resident of \_\_\_\_\_. (America/India)
2. If an Indian student has been studying in a college of America for the last 2 years then he will be a normal resident of \_\_\_\_\_. (America/India)
3. American Embassy in India is a part of Domestic Territory of \_\_\_\_\_(India/America).
4. Japanese Embassy in America is a part of Domestic Territory of \_\_\_\_\_.(America/Japan)
5. Depreciation mainly includes \_\_\_\_\_ types of Depreciations. (3/4)