

Chapter– 2

National Income Accounting

01. Explain the circular flow of income.
02. Briefly explain the money flow and the real flow of income.
03. Distinguish between stocks and flow. Give an example of each.
04. Explain the different phases of the circular flow of income.
05. Describe the circular flow of income in a two-sector economy.
06. What is the significance of the circular flow of Income?
07. Give the meaning of factor income.
08. What is meant by transfer income?
09. Define the current transfer.
10. Define the final goods.
11. What is meant by intermediate goods? Define the consumption of goods.
12. Define capital goods.
13. Define depreciation.
14. Define gross investment.
15. What are the subsidies?
16. Distinguish between factor income and transfer receipt
17. Distinguish between intermediate products and final products. Give examples.
18. Discuss the meaning of consumption goods and capital goods
19. What is meant by net factor income from abroad? Briefly discuss its various components
20. What are capital goods how being they different from consumption goods?
21. Explain the concept of normal residents. Briefly discuss the meaning of domestic territory.
22. Discuss the concept of factor income and transfer income with the help of examples.
23. What is Gross Domestic Product
24. define Gross National Product at market prices?
25. What is the relationship between GNP at market prices and GDP at market prices?
26. When will GDP of the economy equal to the GNP?
27. Define National income.
28. Distinguish between personal income and national income.

29. Is it necessary that Domestic income is always less than National income?
30. Distinguish between the following, giving suitable examples in support of your answer: -
Domestic product and National product.
31. State what is personal income. What is meant by private income?
32. Distinguish between national disposable income and National Income.
33. Calculate National Income or NNP at FC.

PARTICULARS	Rs. In crores
GDP at MP	5500
Consumption of fixed capital	300
Goods and services tax	120
Factor income from abroad	150
Subsidies	70
Factor income to abroad	250

34. Calculate net indirect tax.

Particulars	Rs. In Crores
GNP at MP	7000
Domestic Income or NDP at FC	6200
Depreciation	600
Net Factor Income from Abroad	-400

35. Mention the three methods of measuring national income.
36. What is the value-added method of measuring national income?
37. What is the value of output equal to value-added?
38. Give the meaning of operating surplus.
39. What is meant by mixed-income?
40. Why do exports form a part of national income?
41. What is the real Gross Domestic Product?
42. Why is transfer income not included in national income?
43. Give one example of negative externalities.
44. Define intermediate consumption.
45. What is meant by the compensation of employees?

46. Discuss three elements of compensation of employees.
47. What is meant by gross domestic capital formation?
48. State the various components of income method that are used to calculate national income.
49. Distinguish between real and nominal Gross Domestic Product.
50. Discuss any two differences between GDP at constant prices and GDP at current prices.
51. Define intermediate consumption and explain it with an example. How is it different from final consumption.
52. Given nominal income how can we find real income?
53. Explain what is real GDP? State three limitation of GDP as an index of economic welfare
54. Explain the income method of estimating National Income.
55. Discuss in brief the various precaution of value-added explains, in brief, the various components of the Expenditure method. Discuss the various steps of the Expenditure method for calculating national income. Explain the precautions that should be taken while estimating National income by expenditure method.
56. Differentiate between national income at current prices and national income at constant prices.

