Economics, class-XII

1. Explain the three angles of looking at national income.

2. (a) Explain the three industrial sectors into which all producing enterprises are divided for estimating the contribution to national income.

   (b) Distinguish between intermediate goods and final goods. Can purchase of a new car can be categorised as intermediate goods ? Explain. [Delhi 2004C]

3. Explain briefly the steps taken in measuring national income through production method.

Or

Explain the value added method with the help of main steps to be followed.

4. Show how the sum of value added is equal to the sum of factor income.

5. What are the main precautions required to be taken in estimating national income by the value added method ?

6. Explain the problem of double counting in the estimation of national income with the help of an example. State one method of avoiding it.

7. Distinguish between a factor payment and a transfer payment. [AI 2004C]

8. Explain briefly the steps taken in estimating national income through the income method.

Or

Explain briefly the income method of estimating national income.

9. What are the main precautions required to be taken in estimating national income by the income method ?

10. Explain the main steps in the expenditure method of estimating national income.

11. Explain some of the precautions taken in estimating national income through the expenditure method.

Or

State any three precautions that are necessary for estimating domestic product by expenditure method.

Or

State three types of expenditure that are not included while estimating national income by expenditure method. Why are these not included ?

12. Explain the terms compensation of employees and its components. Giving reasons state whether the following are treated an compensation of employees : [AI 2007]

    (i) Gift by employers   (ii) Bonus

13. Categorise the following into intermediate goods and final goods. You must give reasons for your answer.

    (i) A new car puchased by a taxi-driver.

    (ii) Stationery purchased by the Government.

    (iii) Wheat purchased by households.

14. Classify the following into factor income and transfer receipt. Give reasons for your answer.

    (i) Employers' contribution to social security schemes

    (ii) Scholarships given to students by the government.

    (iii) Old age pension given by the government.

    (iv) Bonus given to employees by employer.

15. Will the following be included or not in the domestic factor income of India ? Give reasons for your answer.

    (i) Wages paid to a non-resident Indian working in an Indian company in Singapore.

    (ii) Salaries of non-residents working in Indian embassies.

    (iii) Profits earned by company in India owned by the non-residents.

    (iv) Profits earned by a branch of State Bank of India in England.

16. How are the following treated while estimating expenditure on gross domestic product ? Give reasons in support of your answer.

    (i) Expenditure incurred on purchase of second hand goods.

    (ii) Expenditure incurred on purchase of new shares of a company.

    (iii) Government expenditure on old age pension.

    (iv) Expenditure incurred by a shopkeeper on purchase of garments from a garment manufacturer.

NUMERICALS

1. Calculate the value added by firm A and firm B from the following data :

	(Rs. in lakhs)
(i) Purchase by firm A from the Rest of the world	30
(ii) Sales by firm B	90
(iii) Purchases by firm A from firm B	50
(iv) Sales by firm A	110
(v) Exports by firm A	30
(vi) Opening stock of firm A	35
(vii) Closing stock of firm A	20
(viii) Opening stock of firm B	30
(ix) Closing stock of firm B	20
(x) Purchases by firm B from firm A	50

2. Calculate value added by firm X and firm Y from the following data :

	(Rs. in lakhs)
(i) Sales by firm Y to general government	100
(ii) Sales by firm X	500
(iii) Purchases by households from firm Y	300
(iv) Exports by firm Y	50

(v) Change in stock of firm X	20
(vi) Change in stock of firm Y	10
(vii) Imports by firm X	70
(viii) Sales by firm Z to firm X	250
(ix) Purchases by firm Y from firm X	200

3. From the following data, calculate value added by firm X and by firm Y :

	(Rs. in lakhs)
(i) Closing stock of firm X	20
(ii) Closing stock of firm Y	15
(iii) Opening stock of firm Y	10
(iv) Opening stock of firm X	5
(v) Sales by firm X	300
(vi) Purchases by firm X from firm Y	100
(vii) Purchases by firm Y from firm X	80
(viii) Sales by firm Y	250
(ix) Import of raw material by firm X	50
(x) Exports by firm Y	30

4. Calculate value added by firm P and firm Q from the following data :

	(Rs. in lakhs)
(i) Sales by firm P	80
(ii) Sales by firm Q to firm P	40
(iii) Sales by firm Q to households	60
(iv) Imports by firm P	20
(v) Exports by firm Q	30
(vi) Opening stock of firm P	25
(vii) Closing stock of firm P	15
(viii) Opening stock of firm Q	35
(ix) Closing stock of firm Q	50
(x) Purchases by firm Q	100

5. An economy has only two firms A and B. On the basis of following information about these firms, find out :

(a) Value added by firms A and B.

(b) Gross domestic product at market price.

	(Rs. in lakhs)
(i) Exports by firm A	20
(ii) Imports by firm A	50
(iii) Sales to households by firm A	90
(iv) Sales to firm B by firm A	40
(v) Sales to firm A by firm B	30
(vi) Sales to households by firm B	60

6. On the basis of the following data about an economy which constitutes of only two firms, find out :
   (*a*) Value added by firms A and B,
   (*b*) Gross domestic product at factor cost.

	(Rs. in lakhs)
(*i*) Sales by firm A	300
(*ii*) Purchases from firm B by firm A	120
(*iii*) Purchases from firm A by firm B	180
(*iv*) Sales by firm B	600
(*v*) Closing stock of firm A	60
(*vi*) Closing stock of firm B	105
(*vii*) Opening stock of firm A	75
(*viii*) Opening stock of firm B	135
(*ix*) Indirect taxes by both firms	90

7. From the following data find out value added by firm X :

	(Rs. in lakhs)
(*i*) Sales by firm Y to firm X	400
(*ii*) Sales by firm X to households	500
(*iii*) Purchases by firm Z from firm X	300
(*iv*) Opening stock of firm X	25
(*v*) Closing stock of firm X	75

8. From the following data relating to a firm (*a*) estimate the net value added at market prices, (*b*) show that the net value added at factor cost is equal to the sum of the factor incomes :

	(Value in Rs. '000)
(*i*) Salaries and wages	120
(*ii*) Interest payments	90
(*iii*) Dividend	30
(*iv*) Undistributed profits	20
(*v*) Rent payments	15
(*vi*) Increase in stocks	40
(*vii*) Imports of raw materials	20
(*viii*) Indirect taxes	10
(*ix*) Depreciation of fixed capital	15
(*x*) Domestic sales	360
(*xi*) Exports	40
(*xii*) Purchase of raw materials and other inputs	120

9. Calculate value added by firm X from the following data :

	(Rs. in lakhs)
(*i*) Sales	600
(*ii*) Purchase of raw material	200
(*iii*) Import of raw material	100
(*iv*) Import of machines	200
(*v*) Closing stock	40
(*vi*) Opening stock	10