

ECONOMICS

HOLIDAY HOMEWORK

1. From the following data, calculate “Net Value Added at Factor Cost”.

S.no.	Content	(Rs. in Lakhs)
(i)	Sales	400
(ii)	Change in Stock	(-) 20
(iii)	Intermediate consumption	200
(iv)	Net indirect taxes	40
(v)	Exports	50
(vi)	Depreciation	70

2. Calculate the Net National Product at Market Price from the given details.

S.no.	Contents	(Rs. in Crores)
(i)	Mixed income of self-employed	8,000
(ii)	Depreciation	200
(iii)	Profit	1,000
(iv)	Rent	600
(v)	Interest	700
(vi)	Compensation of employees	3,000
(vii)	Net indirect taxes	500
(viii)	Net factor income to abroad	60
(ix)	Net exports	(-) 50
(x)	Net current transfers to abroad	20

3. From the following data calculate “ national income” by Income & expenditure method:

S.no	Particulars	Amount (in rupees crore)
1.	Interest	150
2.	Rent	250
3.	Government final consumption expenditure	600
4.	Private final consumption expenditure	1200
5.	Profits	640
6.	Compensation of employees	1000
7.	NFIA	30
8.	NIT	60
9.	Net exports	(-)40
10.	Consumption of fixed capital	50
11.	Net domestic capital formation	340

4. Calculate Gross Domestic Product at Market Price by a) Production Method and (b) Income Method

a) Intermediate consumption by	
i. Primary sector	500
ii. Secondary sector	400
iii. Tertiary sector	400
b) Value of output by	
i. Primary sector	1000
ii. Secondary sector	900
iii. Tertiary sector	700
c) Rent	10
d) Compensation of employees	400

e) Mixed income	550
f) Operating surplus	300
g) Net factor income from abroad	(--) ²⁰
h) Interest	5
i) Consumption of fixed capital	40
j) Net indirect taxes	10

5. CALCULATE GNP at FACTOR COST BY INCOME METHOD AND EXPENDITURE METHOD.

a) 1. Private final consumption expenditure	1000
b) 2. Net domestic capital formation	200
c) 3. Profit	400
d) 4. Compensation of employers	800
e) 5. Rent	250
f) 6. Gov.: final consumption expenditure	500
g) 7. Consumption of fixed capital	60
h) 8. Interest	150
i) Net current transfer from row	(-) ⁸⁰
j) .Net factor income from abroad	(-) ¹⁰
k) Net exports	(-) ²⁰
l) indirect taxes	80

6. calculate NNPmp, NDPfc and National Income.

Items	₹ (in crores)
1. Govt. final consumption expenditure	100
2. Indirect tax	120
3. Subsidies	60
4. Fixed capital formation	50
5. <i>NVA</i> in stock	40
6. Depreciation	140
7. Private final consumption expenditure	200
8. Exports	90
9. Imports	20
10. <i>NFLA</i>	300

7. calculate operating surplus and GNPmp

Items	₹ (in crores)
1. Employers' contribution to social security	50
2. Depreciation	30
3. Wages and salaries	350
4. Interest	150
5. Subsidy	30
6. Royalty	20
7. Rent	30
8. Indirect taxes	90
9. Profits	120
10. Net factor income from abroad	(-) ¹⁰

8. calculate GDPmp by primary secondary and tertiary sector; and national income.

Items	₹ (in crores)
1. Value of output of primary sector	800
2. Value of output of secondary sector	200
3. Value of output of tertiary sector	300
4. Value of intermediate inputs purchased by:	
(a) Primary sector	400
(b) Secondary sector	100
(c) Tertiary sector	50
5. Indirect taxes by all sectors	50
6. Consumption of fixed capital of all sectors	80
7. Factor income received from rest of the world	10
8. Factor income paid to non-residents	20
9. Subsidies received by all sectors	20

9. calculate GNPfc and NDPmp

Items	₹ (in crores)
1. Amount of the tea produced	2,000
2. Market price of tea per kg.	100
3. Amount of coffee produced	1,500
4. Market price of coffee per kg.	300
5. Value of other agricultural products	6,00,000
6. Value of industrial products	8,00,000
7. Value of intermediate inputs	3,00,000
8. Net indirect taxes	1,00,000

10. calculate GDPmp by income method and national income by expenditure method.

Items	₹ (in crores)
1. Compensation of employees	13,000
2. Indirect taxes	3,700
3. Gross fixed capital formation	6,300
4. Interest, rent and profit	5,000
5. Govt. final consumption expenditure	3,400
6. Mixed income of self-employed	16,000
7. Change in stock	1,000
8. Imports	1,800
9. Exports	1,700
10. Private final consumption expenditure	29,000
11. Subsidies	300
12. Net factor income from abroad	250
13. Consumption of fixed capital	2,200

11. Giving reasons, state whether the following statements are true or false:

- Inventory is a flow variable.
- Purchase of machinery by a producer is an intermediate good.
- Subsidies to the producers should be treated as transfer payments.
- Nominal GDP can never be less than real GDP.
- Butter is always a final product.

12. How will you treat the following while estimating domestic income of India? Give reasons for your answer.

- Expenditure on improvement of a fixed capital asset.
- Compensation of employees received by the Indian residents working in Japanese embassy in India.
- Payment of fees to a lawyer engaged by a firm.
- Family members working free on farm owned by family.
- Rent received by an Indian resident from German embassy in India,
- Compensation given by insurance company to an injured worker.
- Expenditure on purchasing a car for use by a firm.

13. How are the following items treated while estimating national income of India? Give reasons for your answer.

- Profits earned by 'Apple' in India.
- Expenditure on construction of flyovers by the government.
- Gifts given by an employer to his employees on Independence Day.

(d) Interest received on bank loan given to an individual for purchase of car.

(e) Profits earned by an Indian bank from its branches abroad.

(f) Payment of corporate tax by a firm.

(g) Expenditure by a firm on payment of fees to a chartered accountant.

14. 'Circular flow of income in a two-sector economy is based on the axiom that one's expenditure is other's income'. Do you agree with the given statement? Support your answer with valid reasons.

15. If real GDP is Rs. 500 and Price Index (base =100) is 125, calculate the nominal GDP.

16. Define Occupational Structure?

17. What do you mean by Commercialization of agriculture?

18. What is Subsistence Farming?

19. The traditional handicraft industry was ruined under the British rule. Do you agree with this view? Give reasons in support of your answer.

20. What were the major drawbacks of IPR-1956?