

Chapter 1 - National Income

Level I

1. The official estimates of national income was first published in
(A) 1948 (B) 1949 (C) 1951 (D) 1956

2. The book Poverty & Un-British Rule in India was written by
(A) V. K. R. V. Rao (B) Dadabhai Naoroji
(C) P. C. Mahalanobis (D) D. R. Gadil

3. Which of the following is defined as the money value of the national production for any given period?
(A) Net National Product (B) National Income
(C) Gross Domestic Product (D) Gross National Product

4. Identify the components of GDP.
1. Consumer expenditure 2. Government expenditure
3. Business expenditure 4. Business investments
(A) 1 and 2 only (B) 3 only (C) 2 and 4 only (D) All the above

5. Which of the following attempts to factor environmental costs into the financial results of operations?
(A) Green Gross Domestic Product
(B) Gross National Happiness
(C) Green Accounting
(D) Gross Domestic Product

Level II

NATRAJ INSTITUTE OF TNPSC

A Specialized Institute with Shortcut Ideas

6. Which among the following was set up in 1949 to make recommendations regarding the compilation of National Income estimates?
- (A) National Income Accounts Division
 - (B) National Income Unit
 - (C) National Income Committee
 - (D) Central Statistical Organisation
7. Identify the incorrect statement regarding GNP:
- (A) It avoids double counting by considering the money value of final goods and services.
 - (B) It is the basic measure of a nation's output.
 - (C) It refers to the net production of goods and services in a country.
 - (D) It is evaluated in terms of market prices.
8. Identify the factors that determine the national income:
- 1. Quality and quantity of land, labour, climate, rainfall, etc.
 - 2. Extent of technical know-how and technology in production
 - 3. Political stability
 - 4. Quantity and quality of entrepreneurial ability
- (A) 1 and 4 only (B) 2 and 3 only (C) 2 only (D) All the above
9. Identify the limitations of GDP, for the measure of a person's welfare:
- 1. If excludes unpaid economic activity.
 - 2. If includes all the spending by households on goods and services.
 - 3. If does not takes into account the inputs used to produce the output.
 - 4. GDP is the mean wealth rather than median wealth.
- (A) 1, 3 and 4 only (B) 2 and 3 only (C) 2 and 4 only (D) All the above

NATRAJ INSTITUTE OF TNPSC
A Specialized Institute with Shortcut Ideas

10. Good governance, sustainable socio-economic development, cultural preservation and environmental conservation are the pillars of
- (A) Green Gross Domestic Product (B) Gross National Product
(C) Net National Product (D) Gross National Happiness

Level III

11. National Income is not the monetary measure of
- (a) Public and private sector product.; and services
(b) Net gains from the international transactions
(c) Market value of the produce
(d) Net value of all the products and services
12. Consider the following statements regarding the National Income at factor cost.
1. It is the sum of all incomes by the owner of the factors of production.
 2. It excludes the payments which are not made for any productive service.
 3. NIFC = NNP - Indirect Taxes and Subsidies
 4. It includes capital consumption, government business. allowance and individual transfer payment.
- Which of the statement/s is/are incorrect?
- (A) 1, 2 and 3 only (B) 1 and 4 only
(C) 2 and 4 only (D) None of the above
13. Consider the following statements:
1. Disposable Personal Income (DPI) = Personal Income - Personal Taxes
 2. Personal Income = National Income - Corporate Taxes - Undistributed Corporate Profits - Social Security Contributions + Transfer Payments
 3. $GDP = C + I + G + (X - M)$
 4. $DPI = \text{Consumption} + \text{Savings}$

NATRAJ INSTITUTE OF TNPSC
A Specialized Institute with Shortcut Ideas

Which of the statement/s is/are incorrect?

(A) 1 and 2 only (B) 3 only (C) All the above (D) None of the above

14. Identify the obstacles in calculating the National Income.

1. Overlapping of occupations

2. Non-monetised sector

3. Double counting

4. Non-applicability of a uniform formula

(A) 3 only (B) 3 and 4 only (C) None of the above (D) All the above

15. Which of the following is not a measure of welfare of the people?

(A) Genuine Progress Indicator (B) Green Gross Domestic Product

(C) Gross National Happiness (D) Sustainable National Income.

ANSWER KEY

1. (D) 2. (B) 3. (D) 4. (D) 5. (C) 6. (C) 7. (C)
8. (D) 9. (A) 10.(D) 11.(C) 12.(C) 13.(D) 14.(D)
15. (B)