

**BHARATIYA VIDYA BHAVAN'S V.M.PUBLIC SCHOOL, VADODARA**  
**SESSION 2017-18**  
**Question Bank**

**SECTION B**

**UNIT : 5 Chapter 3 : NATIONAL INCOME ACCOUNTING**

**SHORT ANSWER TYPE QUESTIONS (3 MARKS)**

1. Explain why subsidies are added to and indirect taxes deducted from domestic product at market price to arrive at domestic product at factor cost.
2. Giving reasons, explain how are the following treated in estimating national Income by the income method. (a) Interest on a car loan paid by an individual (b) Interest on a car loan paid by a Govt. owned company.
3. Why do we include the imputed value of goods but not services while estimating production for self consumption?
4. Define operating surplus, write its components.
5. Distinguish between domestic product and national product. When can domestic product be more than National Product

**LONG ANSWER QUESTIONS (6 MARKS)**

1. How will you treat the following while estimating national income of India. (a) Dividend received by an Indian from his investment in shares of a foreign company. (b) Money received by a family in India from relatives working abroad. (c) Interest received on loan given to a friend for purchasing a car.
2. How will you treat the following while estimating national income of India? Give reason for your answer? (a) Dividend received by a foreigner from investment in shares of an Indian Company. (b) Money received by a family in India from relatives working abroad. (c) Interest received on loan given to a Friend for purchasing a car.
3. Explain the problem of double counting in estimating national income, with the help of an example. Also explain two alternative ways of avoiding the problem.
4. Distinguish between real gross domestic product and nominal gross domestic product. Can gross domestic product be used as an index of welfare of the people? Give two reasons.
5. How will you treat the following in estimating national income of India? Give reasons for your answer. (a) Value of bonus shares received by share holders of a company. (b) Fees received from students. (c) Interest received on loan given to a foreign company in India.
6. Explain the steps of measuring national income by income method.

7. Giving reasons, categories following into transfer payment or factor payments.  
(a) Financial help gives to flood victims (b) Old age pension. (c) Imputed rent.