

SUMMER VACATION HOLIDAY HOMEWORK

Class XII C (Commerce)

SUBJECT: ECONOMICS

Project work – The student who has been given the individual project topic, will collect material information on that topic.

Students are required to keep following essentials in mind while preparing the project.

1. Explanation of the concept
2. Meaning and definition
3. Application of the concept
4. Diagrammatic explanation
5. Numerical explanation related to the concepts etc., if any
6. Students' own views/perception/opinion and learning from topic.

➤ Collection of the research material/data ➡ Organization of material/data ➡
Present material/data ➡ Analysing the material/data for conclusion ➡ Draw the relevant conclusion
➡ Presentation of the Project Work

NOTE: Marks will be given on the basis of following parameters a) Relevance of the topic b) Knowledge content/ research work c) Presentation Technique d) Viva-voce

NATIONAL INCOME AND RELATED AGGREGATES

3- 4 Mark Questions

1. Distinguish between GDPmp and GNP FC
2. Distinguish between nominal GNP and real GNP
3. What are the precautions to be taken while calculating national income through product method (value added method)
4. Precautions to be taken while calculating national income through income method.
5. Precautions to be taken while calculations N.I under expenditure method.
6. Write down the limitations of using GDP as an index of welfare of a country
7. What is double counting? How can it be avoided?
8. If the Real GDP is 400 and Nominal GDP is 450, calculate the Price Index (base = 100).
9. If the Real GDP is 500 and Price Index (base = 100) is 125, calculate the Nominal GDP.
10. If the Nominal GDP is 600 and Price Index (base = 100) is 120, calculate the Real GDP.
11. Explain the circular flow of income.

6 Mark questions/MCQ

1. Giving reason explain how the following should be treated in estimation of national income:
 - (i) Payment of interest by a firm to a bank
 - (ii) Payment of interest by a bank to an individual
 - (iii) Payment of interest by an individual to a bank
2. Will the following be included in the domestic product of India? Give reasons for your answer.
 - (a) Profits earned by foreign companies in India
 - (b) Salaries of Indians working in the Russian Embassy in India
 - (c) Profits earned by a branch of State Bank of India in Japan
3. Will the following be included in the national income of India? Give reasons for your answer.
 - (a) Financial assistance to flood victims
 - (b) Profits earned by the branches of a foreign bank in India
4. Giving reason state how the following are treated in estimation of national income:-
 - (a) Payment of Indirect taxes by a firm
 - (b) Payment of Interest by banks to its depositors/ Payment of Interest by a firm to households
 - (c) Contribution to provident fund or Insurance premium paid by employees
 - (d) Transport expenses by a firm/ Expenditure on advertisement and scientific research by a firm
 - (e) Prize won in a lottery.
5. (a) If tea leaves are used in a restaurant for tea brewing, and the drinkable tea is sold to the customers, then the tea leaves will be :- (a) Final goods (b) Intermediate good (c) Consumption goods (d) Capital goods

- (b) Market prices Include: (a) Subsidies (b) Indirect taxes (c) Intermediate consumption (d) Depredation
(c) Losses are classified as: (a) Stock variable (b) Flow variable (c) Either (a) or (b) (d) Neither (a) nor (b)
(d) State giving reason whether the following statement is **True or False**: Free services provided by the government will not be included in national income
(e) State giving reason whether the following statement is **True or False**: Purchase of car by a household is a part of gross domestic capital formation.

MONEY & BANKING

3-4/6 Mark questions/MCQ

1. What is repo rate? How do changes in repo rate affect money creation by commercial banks?
2. What is meant by cash reserve ratio? How does it increase the money supply in the economy?
3. What is meant by open market operation? How does it reduce the money supply in the economy?
4. What is Bank rate? How is it used by the central bank to control credit creation by commercial banks?
5. Explain the credit creation role of commercial banks with the help of a numerical example.
6. Explain the function of central banks as
 - (a) Banker to the Government
 - (b) Lender of last resort
 - (c) Banker's bank
 - (d) Bank of issue
7. If the total deposits created by commercial banks is Rs.10, 000 crores and LRR is 10%, calculate the amount of initial deposit
8. What is money multiplier? What is the relation between LRR and money multiplier? Explain with an example.
9. State whether the following statement is **True or False**:-To Increase the money supply in the economy, Central Bank reduces the margin requirement
10. If the RBI increases the bank rate, money supply in the economy..... (increases/decreases)

(1) LINK FOR AGRA REGION BLOG

<https://learningbeyondskool.blogspot.com/>



<https://classxiivideo.blogspot.com/2020/04/economics.html>



<https://classxiivideo.blogspot.com/2020/04/lesson-notes.html>



<https://mcqkvsroagra.blogspot.com/2020/04/12.html>

(2) LINK OF NCERT BOOKS (CHAPTER-1 AND CHAPTER-2)

Read and Prepare chapter notes of the following chapters:-

NCERT practice question is also to be answered in home work copy



<http://ncert.nic.in/textbook/textbook.htm?leec1=1-6>

<http://ncert.nic.in/textbook/textbook.htm?leec1=2-6>

NATIONAL INCOME – NUMERICALS**1. Calculate Value Added at factor cost from the following.**

ITEMS	Rs. crores
a. Purchase of raw materials	30
b. Depreciation	12
c. Sales	200
d. Excise tax	20
e. Opening stock	15
f. Intermediate consumption	48
g. Closing stock	10

2. Calculate Net National Product at MP.

ITEMS	Rs. crores
a. Private final Consumption expenditure	200
b. Net indirect taxes	20
c. Change in stocks	(--) ¹⁵
d. Net current transfers from abroad	(--) ¹⁰
e. Govt. final consumption expenditure	50
f. Consumption of fixed capital	15
g. Net domestic capital formation	30
h. Net factor income from abroad	5
i. Net imports	10

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

ITEMS	Rs. crores
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
h. Net factor income from abroad	(--) ²⁰
i. Interest	5
j. Consumption of fixed capital	40
k. Net indirect taxes	10

4. ESTIMATE NATIONAL INCOME BY (a) EXPENDITURE METHOD (b) INCOME METHOD FROM THE FOLLOWING DATA

Items	Rs. in crores
1. Private final consumption expenditure	210
2. Govt: final consumption expenditure	50
3. Net domestic capital formation	40
4. Net exports	(-) 5
5. Wages & Salaries	170
6. Employer's contribution	10
7. Profit	45
8. Interest	20
9. Indirect taxes	30
10. Subsidies	05
11. Rent	10
12. Factor income from abroad	03
13. Consumption of fixed capital	25
14. Royalty	15

5. FROM THE FOLLOWING DATA CALCULATE (a) NATIONAL INCOME

Items	Rs. in crores
1. Profit	500
2. Rent	200
3. Private income	2000
4. Mixed income of self-employed	800
5. Compensation of employers	1000
6. Consumption of fixed capital	100
7. Net factor income from abroad	-(50)
8. Net retained earnings of private employees'	150
9. Interest	250
10. Net exports	200
11. Co-operation	100
12. Net indirect tax	160
13. Direct taxes paid by houses hold's	120
14. Employers contribution to social security scheme.	60

6. CALCULATE NATIONAL INCOME FROM THE FOLLOWING DATA.

Items	Rs. in crores
1. Net indirect tax	05
2. Net domestic fixed capital formation	100
3. Net exports	(-) 20
4. Gov.: final consumption expenditure	200
5. Net current transfer from abroad	15
6. Private final consumption expenditure	600
7. Change in stock	10
8. Net factor from abroad	05
9. Gross domestic fixed capital formation	125

7. CALCULATE NNP AT MARKET PRICE BY PRODUCTION METHOD AND INCOME METHOD

Items	Rs.in Crore
1. Intermediate consumption	
(a) primary sector	500
(b) Secondary sector	400
(c) tertiary sector	300
2. Value of output of	
(a) primary sector	1,000
(b) Secondary sector	900
(c) tertiary sector	700
3. Rent	10
4. Emoluments of employers	400
5. Mixed income	650
6. Operating surplus	300
7. Net factor income from abroad	(-)20
8. Interest	05
9. Consumptive of fixed capital	40
10. Net indirect tax	10

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

Items	Rs. in crores
1. Private final consumption expenditure	1000
2. Net domestic capital formation	200
3. Profit	400
4. Compensation of employers	800
5. Rent	250
6. Gov.: final consumption expenditure	500
7. Consumption of fixed capital	60
8. Interest	150
9. Net current transfer from row	(-)80
10. Net factor income from abroad	(-)10
11. Net exports	(-)20
12. Net indirect taxes	80

9. Find Net National Product at Market Price: (Rs crore)

(i) Wages and Salaries	700
(ii) Rent	100
(iii) Net current transfers to abroad	10
(iv) Net indirect tax	70
(v) Royalty	50
(vi) Profits	300
(vii) Net factor income to abroad	(-) 20
(viii) Consumption of fixed capital	120
(ix) al security contribution by employers	60
(x) Social security contribution by employees	40
(xi) Interest	400

10. Find out National income: (Rs crore)

(i) Factor income from abroad	15
(ii) Private final consumption expenditure	600
(iii) Consumption of fixed capital	50
(iv) Government final consumption expenditure	200
(v) Net current transfers to abroad	(-) 5
(vi) Net domestic fixed capital formation	110
(vii) Net factor income to abroad	10
(viii) Net imports	(-) 20
(ix) Net indirect tax	70
(x) Change in stocks	(-) 10

11. Calculate Gross National Product at Market Price from the following:

Items	Rs in Arab)
(i) Net factor income to abroad	(-) 10
(ii) Net current transfers to abroad	20
(iii) Wages and salaries	400
(iv) Corporation tax	50
(v) Profit after corporation tax	150
(vi) Social security contributions by employers	50
(vii) Rent	100
(viii) Interest	70
(ix) Mixed income of self-employed	300
(x) Net indirect tax	140
(xi)) Consumption of fixed capital	80

12. Calculate Net Domestic Product at Market Price from the following:

Items	(Rs in Arab)
(i) Income from domestic product accruing to government	120
(ii) Wages and salaries	400
(iii) National debt interest	60
(iv) Profit	200
(v) Net factor income to abroad	(-) 20
(vi) Rent	100
(vii) Current transfers from government	30
(viii) Interest	150
(ix) Social security contribution by employers	50
(x) Net indirect tax	70
(xi) Net current transfers to abroad	(-) 10

13. Calculate Net National Product at Market Price.

Items	(Rs crores)
(i) Net current transfers to abroad	10
(ii) Private final consumption expenditure	500
(iii) Current transfers from government	30
(iv) Net factor income to abroad	20
(v) Net exports	(-) 20
(vi) Net indirect tax	120
(vii) National debt interest	70
(viii) Net domestic capital formation	50
(ix) Income accruing to government	60
(x) Government final consumption expenditure	100

14. Calculate 'sales' from the following data:

	(Rs in lakhs)
(i) Net value added at factor cost	560
(ii) Depreciation	60
(iii) Change in stock	(-) 30
(iv) Intermediate cost	1000
(v) Exports	200
(vi) Indirect taxes	60

15. Calculate the (a) Gross National Product at market price:

Items	(Rs. in crores)
(i) Compensation of employees	2,500
(ii) Profit	700
(iii) Mixed income of self-employed	7,500
(iv) Government final consumption expenditure	3,000
(v) Rent	400
(vi) Interest	350
(vii) Net factor income from abroad	50
(viii) Net current transfers to abroad	100
(ix) Net indirect taxes	150
(x) Depreciation	70
(xi) Net exports	40