CBSE | CLASS 12 | Macroeconomics

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CHAPTER-2 | National Income Accounting

QUIZ
PART-07

1. Which of the following is not included in GDP calculation?
   A. Teacher teaching in school
   B. MNC company producing goods
   C. Teacher teaching her own child at home
   D. Housewife's work (C)

   Explanation : Unpaid work like teaching one's own child or housework is excluded since it has no market transaction .

2. Nominal GDP is defined as:
   A. GDP measured at constant prices of the base year
   B. GDP measured at current market prices
   C. GDP including only intermediate goods
   D. GDP excluding all taxes and subsidies (B)

   Explanation: Nominal GDP values output at current prices of the same year .

3. Real GDP is defined as:
   A. GDP measured at current market prices
   B. GDP measured at base year constant prices
   C. GDP including unpaid services
   D. GDP excluding depreciation (B)

   Explanation: Real GDP is calculated using prices of a chosen base year to remove the effect of inflation

4. Which formula correctly expresses GDP Deflator?
   A. (Nominal GDP ÷ Real GDP) ✕ 100
   B. (Real GDP ÷ Nominal GDP) ✕ 100
   C. (Nominal GDP ✕ Real GDP) ÷ 100
   D. (Nominal GDP − Real GDP) ✕ 100 (A)

   Explanation : GDP Deflator = (Nominal GDP ÷ Real GDP) ✕ 100, representing the average price level .

5. If Real GDP is ₹200 and Price Index (base = 100) is 110, what is Nominal GDP?
   A. ₹180
   B. ₹200
   C. ₹220
   D. ₹210 (C)

   Explanation: Nominal GDP = (Real GDP ✕ Price Index) ÷ 100 = (200 ✕ 110) ÷ 100 = 220 .

6. If Nominal GDP is ₹15,000 crores and Real GDP is ₹12,000 crores, what is the Price Index?
   A. 120   B. 125
   C. 110   D. 100 (B)

   Explanation: Price Index = (Nominal GDP ÷ Real GDP) ✕ 100 = (15,000 ÷ 12,000) ✕ 100 = 125 .

7. Which of the following is considered a limitation of GDP as a measure of welfare?
   A. Composition of GDP
   B. Non-monetary exchanges
   C. Externalities
   D. All of the above (D)

   Explanation: GDP ignores welfare factors such as distribution, non-market activities, population growth, and externalities .

8. Green GNP includes:
   A. Only financial income of firms
   B. Environmental degradation and resource depletion
   C. Only wages and salaries
   D. Black-market transactions (B)

   Explanation: Green GNP adjusts traditional GNP by accounting for environmental degradation and resource depletion .

9. Which of the following best describes GDP as a welfare index?
   A. Higher GDP always guarantees welfare
   B. GDP partially reflects welfare but ignores important aspects
   C. GDP has no relation to welfare
   D. Welfare depends only on GDP growth (B)

   Explanation: GDP indicates economic activity but does not fully reflect welfare since it misses non-monetary and distributional aspects .

10. If Real GDP = $500 and Price Index = 125, what is Nominal GDP?
    A. $400
    B. $500
    C. $625
    D. $600 (C)

    Explanation : Nominal GDP = (Real GDP ✕ Price Index) ÷ 100 = (500 ✕ 125) ÷ 100 = 625 .