



ST. LAWRENCE HIGH SCHOOL

A Jesuit Christian Minority Institution



Answerkey 49

Sub: Economics

Class: XII

Chapter 14: National Income

F.M.: 15

Topic: Circular Flow of Income

Date: 09/11/2020

Multiple choice questions

1x15 = 15

1. _____ flow of income can be seen between household and firm.

- a. Circular,
- b. Oval,
- c. Rectangular,
- d. Square.

Ans: a. Circular.

2. In factor market _____ are sellers of factors.

- a. Firm,
- b. Household,
- c. Government,
- d. Foreign sectors.

Ans: b. Household.

3. In factor market _____ are buyers of factors.

- a. Household,
- b. Government,
- c. Firm,
- d. Foreign sectors.

Ans: c. Firm.

4. _____ are the sellers in goods market.

- a. Household,
- b. Government,
- c. Foreign sector,
- d. Firm.

Ans: d. Firm.

5. _____ will be considered in national income as injection.

- a. Export earning,
- b. Import payment,
- c. Investment,
- d. Consumption.

Ans: a. Export earning.

6. _____ will considered in national income as withdrawal.

- a. Export earning,
- b. Import payment,
- c. Investment,
- d. Savings.

Ans: b. Import payment.

7. _____ payment should not be included in national income.

- a. Factor,
- b. Goods,
- c. Transfer,
- d. Tax.

Ans: c. Transfer.

8. There may arise _____ problem in value added method.

- a. Production,
- b. Sell,
- c. Tax,
- d. Double counting.

Ans: d. Double counting.

9. If we deduct _____ from GDP we will get NDP.

- a. Depreciation,
- b. Tax,
- c. Transfer payment,
- d. Savings.

Ans: a. Depreciation

10. That part of income which is not consumed is known as _____.

- a. Investment,
- b. Saving,
- c. Tax,
- d. Revenue.

Ans: b. Saving

11. If _____ increases the size of the circular flow increases.

- a. Tax,
- b. Investment,
- c. Injection,
- d. Consumption.

Ans: c. Injection.

12. For a closed economy GNP and GDP are _____.

- a. Different,

- b. Zero,
- c. Negative,
- d. Equal.

Ans: d. Equal.

13. Lack of sufficient _____ is one of the difficulty for measuring national income.

- a. Data,
- b. Production,
- c. Tax,
- d. Savings.

Ans: a. data.

14. If we deduct depreciation from GNP we will get _____.

- a. GDP,
- b. NNP,
- c. NDP,
- d. RGDP.

Ans: b. NNP.

15. Planned saving and planned investment may not always _____.

- a. Zero,
- b. Positive,
- c. Equal,
- d. Negative.

Ans: c. Equal.

Debaleena Ganguly.

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