1. What does national income measure?

a) The total population of a country

b) The total value of goods and services produced within a country's borders

c) The total area of a country's territory

d) The total government expenditure

ANS: The total value of goods and services produced within a country's borders

2. What is the primary purpose of calculating national income?

a) To measure the size of the government budget

b) To assess the overall economic health of a country

c) To determine the unemployment rate

d) To track changes in the stock market

ANS: To assess the overall economic health of a country

3. What is the formula for calculating national income using the expenditure method?

a) National Income = Consumption + Investment + Government Spending

b) National Income = GDP - Depreciation

c) National Income = Exports - Imports

d) National Income = GDP - Taxes + Subsidies

ANS: National Income = Consumption + Investment + Government Spending

4. Which of the following is NOT included in the calculation of national income?

a) Wages and salaries

b) Profits of businesses

c) Government transfer payments

d) Stock market gains

ANS: Stock market gains

5. What is the formula for calculating National Income (NI)?

a) NI = GDP - Depreciation

b) NI = GDP + Depreciation

c) NI = GNP - Depreciation

d) NI = GNP + Depreciation

ANS: NI = GDP - Depreciation

6. Which of the following is NOT a method used to calculate national income?

a) Income approach

b) Expenditure approach

c) Production approach

d) Distribution approach

ANS: Distribution approach

7. Which of the following is a measure of national income that includes income earned by residents from abroad?

a) Gross Domestic Product (GDP)

b) Gross National Product (GNP)

c) Net National Product (NNP)

d) Net Domestic Product (NDP)

ANS: Gross National Product (GNP)

8. What does Disposable Income represent?

a) The total income earned by individuals before taxes

b) The total income earned by individuals after taxes

c) The total income earned by businesses before taxes

d) The total income earned by businesses after taxes

ANS: The total income earned by individuals after taxes

9. What does the term "nominal GDP" refer to?

a) GDP measured in current prices without adjusting for inflation.

b) GDP adjusted for inflation.

c) GDP measured in constant prices over time.

d) GDP measured in terms of goods and services produced domestically.

ANS: GDP measured in current prices without adjusting for inflation.

10. If a country's GDP increases while its population decreases, what happens to its per capita GDP?

a) Per capita GDP decreases

b) Per capita GDP remains the same

c) Per capita GDP increases

d) Per capita GDP fluctuates unpredictably

ANS: Per capita GDP increases

11. Which method of calculating national income focuses on the total income earned by factors of production?

a) Income Method

b) Expenditure Method

c) Output Method

d) Production Method

ANS: Income Method

12. Which of the following is an indirect tax?

a) Income tax

b) Sales tax

c) Corporate tax

d) Property tax

ANS: Sales tax

13. What is the difference between real GDP and nominal GDP?

a) Real GDP is adjusted for inflation, while nominal GDP is not.

b) Nominal GDP is adjusted for inflation, while real GDP is not.

c) Both real GDP and nominal GDP are adjusted for inflation, but they use different base years.

d) Both real GDP and nominal GDP are measured in current prices.

ANS: Real GDP is adjusted for inflation, while nominal GDP is not.

14. What is the difference between disposable income and personal income?

a) Disposable income is personal income minus personal taxes.

b) Personal income is disposable income minus personal taxes.

c) Disposable income is personal income plus personal taxes.

d) Personal income is the same as disposable income.

ANS: Disposable income is personal income minus personal taxes.

15. What does GDP per capita measure?

a) The total value of goods and services produced in a country

b) The average income earned by individuals in a country

c) The total population of a country

d) The total area of a country's territory

ANS: The average income earned by individuals in a country