

1. What does GDP stand for?
- a) Gross Domestic Product
 - b) Gross National Product
 - c) General Domestic Production
 - d) Government Domestic Product

2. Which of the following is included in GDP?
- a) Purchase of a used car
 - b) A homemaker's unpaid services
 - c) Government welfare payments
 - d) A newly constructed house

cc

- a) Total consumption expenditure
 - b) Total investment expenditure
 - c) Total value of goods and services produced within a country
 - d) Total government expenditure
4. Why is the student's stipend not counted into National Income?
- c

5. Which component is part of the expenditure approach to GDP?
- a) Wages
 - b) Consumption
 - c) Corporate profits
 - d) Value-added

6. If $C = \$500$, $I = \$150$, $G = \$200$, $X = \$50$, and $M = \$30$, what is GDP?*
- a) \$870
 - b) \$770
 - c) \$850
 - d) \$930

7. GDP vs. GNP: GNP includes
- a) Value of all final goods produced domestically
 - b) Net factor income from abroad
 - c) Indirect taxes
 - d) Depreciation

8. Net National Product (NNP) is equal to:
- a) $GDP + \text{Net foreign income}$
 - b) $GDP - \text{Depreciation}$

c

9. National Income includes:

- a) Indirect taxes
- b) Depreciation
- c) Wages, rent, interest, and profit
- d) Transfer payments

10. Which is NOT a method to calculate GDP?*

- a) Expenditure approach
- b) Income approach
- c) Savings-investment approach
- d) Value-added approach

11. Intermediate goods are excluded from GDP to avoid:

- a) Double-counting
- b) Inflation
- c) Depreciation
- d) Taxation

12. Real GDP is measured using:

- a) Current market prices
- b) Base-year prices
- c) Future prices
- d) Wholesale prices

13. If Nominal GDP = \$1,200 and Real GDP = \$1,000, the GDP deflator is:

- a) 83.3
- b) 100
- c) 120
- d) 20

14. The sale of a second-hand car is:

- a) Included in GDP as consumption
- b) Excluded to avoid double-counting
- c) Included in investment
- d) Included in net exports

15. Government transfer payments (e.g., pensions) are:

- a) Part of government spending in GDP
- b) Included in personal income but not GDP

- c) Added to welfare expenditure
- d) Treated as investment

16. An increase in business inventories is counted as:

- a) Consumption
- b) Investment
- c) Government spending
- d) Net exports

17. Personal Income equals National Income:

- a) Plus transfer payments and minus corporate taxes/retained earnings
- b) Minus depreciation
- c) Plus net exports
- d) Minus indirect taxes

18. Disposable Income is:

- a) Personal Income - Personal Taxes
- b) GDP - Depreciation
- c) National Income + Transfers
- d) Consumption + Savings

19. Which is part of the income approach to GDP?

- a) Rent
- b) Exports
- c) Government spending
- d) Consumption

20. An example of an indirect tax is:

- a) Sales tax
- b) Income tax
- c) Corporate tax
- d) Property tax

21. GNP of the USA includes:

- a) A Japanese company's profit in the U.S.
- b) A U.S. company's profit in Germany
- c) Only domestic production
- d) Depreciation

22. In national income terms, "investment" includes:

- a) Buying stocks and bonds
- b) Purchase of new machinery by a firm

- c) Household savings
- d) Government bonds