



Department of Education, Sabaragamuwa/weekly school

week- September 2

Subject-Economics

Grade-12

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1. The following are some summarized national accounting statistics for a hypothetical economy.

Gross Domestic Product at market price	6,000
Capital depreciation	600
Net Foreign Factor Income	-200
Total consumption expenditure	3000
Net indirect taxes	100
Net exports	-400
Net foreign current transfers	300

Enumerate the values of the following.

- (a) Net Domestic Income
  - (b) Gross Domestic Expenditure
  - (c) Gross Investments
  - (d) National Savings
2. What are the limitations of national accounting?
  3. Identify the real flows and financial flows of the model of circular flow of income. What is the most significant conclusion that can be reached by them?
  4. Are all government expenses included in the gross domestic expenditure estimates of an economy? Explain.
  5. Explain the concepts of “potential output” and “output gap”?