



Department of Education, Sabaragamuwa/weekly school

week- November 4

Subject-Economics

Grade-12

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1. State whether the following items are included or excluded in the measurement of current year's GDP in a country and explain your answer in each case.
  - (a) A housewife grows vegetables in her home garden during the current year and the entire harvest is used for home consumption.
  - (b) A retired worker receives a pension payment from the government.
  - (c) A motor vehicle dealer earns a commission for selling a second-hand car.
  - (d) A mother helps her daughter to learn a lesson in mathematics at home.
2. Assume you have been given the following data for a hypothetical economy.

Item	Value (Rs.Million)
Gross Domestic Fixed Capital Formation	800
Private Consumption Expenditure	3000
Net Primary Incomes from abroad	100
Government Purchases	900
Changes in stocks	-50
Exports	450
Imports	600
Net Taxes on production	150

Calculate the GDP at market price.

3. What are the limitations of GDP as a measure of people's living standards of an economy?
4. Explain the following terms.
  - (a) Value added
  - (b) Inventory invested
  - (c) GDP deflater
  - (d) Non-produced non-financial assets

