



Department of Education, Sabaragamuwa/weekly school

week- April 4

Subject-Economics

Grade-12

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1. Which of the following items of government expenditure are 'collective' and which are 'individual'?
  - (a) Fertilizer subsidy
  - (b) Medical research
  - (c) Police and fire brigades
  - (d) School mid-day meal
2. You have been given the following data for a hypothetical economy.

Item	Value (Rs.billion)
Compensation of employees	2500
Gross operating surplus	6000
Consumption of fixed capital	700
Other taxes less subsidies on production	50
Taxes on products	1200
Subsidies on products	250
Net primary income from the rest of the world	-400
Net current transfers from the rest of the world	1000

Calculate the following based on the above data.

- (a) Gross Value Added at basic price
  - (b) Gross Domestic Product
  - (c) Net National Income
  - (d) Gross National Disposable Income
3. Use a  $45^\circ$  line diagram to illustrate macroeconomic equilibrium. In your diagram show the aggregate expenditure function and the equilibrium level of national income. (Make sure that axes are properly labelled.)