

PRACTICE WORKBOOK

CLASS 12

Economics

Six selected units with original explanations, worked examples and graded practice. Supports board-oriented subject practice; not a complete syllabus or a full examination paper.



6 practice units
36 tasks with answer guidance

Name / नाम: _____

Original selected-topic practice. Use alongside school lessons and the prescribed textbook. The contents define this book's scope.

UNIT 01 / 06 · LEARN & TRY

Measuring production and national income

Name: _____ Date: _____

Goal: Calculate selected domestic/national aggregates, real GDP and value added and evaluate GDP-based welfare claims.

Learn

National income accounting measures production within a defined economy and period while avoiding double counting. Value added is output value minus intermediate consumption. Gross domestic product concerns production within domestic territory; gross national measures adjust for net factor income from abroad. Net measures subtract depreciation, the estimated consumption of fixed capital. Valuation also matters: market-price and factor-cost measures differ because of net indirect taxes in the simplified school framework. Expenditure on final output can be organised as consumption, investment, government final expenditure and exports minus imports. Imports are subtracted because they may already appear in spending but are not domestic production. Nominal GDP uses current prices, while real GDP uses a constant-price basis to distinguish quantity change from price change. GDP per person is an average and does not reveal distribution, unpaid work or all environmental costs. In each calculation, state the measure, valuation basis and adjustments instead of using GDP and national income interchangeably.

Worked example

If GDP at market prices is ₹1,000 crore, depreciation ₹100 crore, net indirect taxes ₹80 crore and net factor income from abroad ₹20 crore, NNP at factor cost is $1,000 - 100 - 80 + 20 = ₹840$ crore. Each adjustment changes a distinct aspect: gross/net, valuation and domestic/national.

UNIT 01 · APPLY & EXPLAIN

Measuring production and national income

4. GDP at market prices is ₹1,000 crore, depreciation ₹100 crore, net indirect taxes ₹80 crore and NFIA ₹20 crore. Calculate NNP at factor cost. [4 marks]

5. Nominal GDP is ₹1,200 crore and GDP deflator 120, base 100. Calculate real GDP and explain why nominal growth alone is insufficient. [4 marks]

6. Evaluate GDP per capita as a measure of well-being using three developed limitations. [6 marks]

Show your thinking with a drawing, diagram or explanation.

Pause & reflect

What can I explain now? What will I try again?

☐ I tried ☐ I explained ☐ I checked



UNIT 01 · ANSWER GUIDANCE

Measuring production and national income

1. Flour bought by a bakery enters further production and is intermediate in that use. Bread bought by a household for consumption is final. Classification depends on use.
2. Value added = output – intermediate consumption = $500 - 200 = ₹300$ lakh.
3. $GDP = C + I + G + X - M = 600 + 200 + 150 + 100 - 80 = ₹970$ crore. Imports exclude foreign production already included in spending.
4. $NNP \text{ at factor cost} = 1,000 - 100 - 80 + 20 = ₹840$ crore. Subtract depreciation and net indirect taxes; add NFIA.
5. $\text{Real GDP} = 1,200 / 120 \times 100 = ₹1,000$ crore. Nominal change combines output and price changes; constant-price comparison helps distinguish output change.
6. Averages conceal unequal distribution; unpaid non-market work can be omitted; environmental losses may not be deducted. Explain how each weakens the connection to well-being. Accept developed alternatives concerning health, leisure or output composition.

Teaching note

Write domestic/national, gross/net and the valuation basis before calculating.

Curriculum reference: https://cbseacademic.nic.in/web_material/CurriculumMain27/SecPart2/Economics_SecP2_2026-27.pdf
Selected units; outcomes are publisher-defined. Practical, project and prescribed literature requirements must also be studied through school.