

Experiential Activity

Subject	ECONOMICS
Class	XII
Topic	UNIT 1
Sub topic	Estimation of National Income using income method
Time	40 mts
Nature of Activity	Group

What will I learnt (L.O) –

Will use this knowledge to estimate national income with the help of income method.

Skill: Accuracy, interpretation, logical ability, evaluate, reasoning.

What I have to do?

Identify the components to estimate various aggregates of national income.

What do I require?

Flash cards containg names of various components to estimate national income.

What do I need to know?

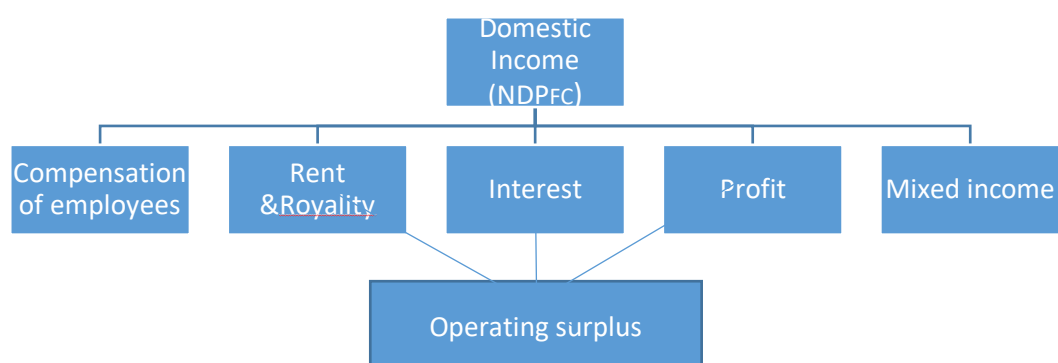
The method to estimating national income.

Precautions to be taken while estimating national income by income metod..

Teacher's Activity:

Activity 1:

- Explain the difference between factor income and transfer income
- Explain the steps to estimate domestic income and national income
- Provide flash cards containing components and aggregates
- Explain the procedure for activity



Activity 2: Teacher will provide a list of various components regarding factor income and expenditure with their values to estimate national income.

Student's Activity:

1. Students will be divided in two groups-
 - a) group A will carry flash cards of components.

- b) group B will carry flash cards of aggregates
- Students of group A will stand together with flash cards carrying the names of components like rent, interest, profit, compensation of employees .
 - The students of group B will discuss and show the aggregate of appropriate flash card NDP_{fc}

RENT	INTEREST	COMPENSATION OF EMPLOYEES	PROFIT	NDP_{fc}
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- Students of group A will come with flash card of depreciation, net indirect tax and net factor oncome from abroad one by one and leave.
- Students of group B will analyse and show the flash card of appropriate aggregate.
- This way various combinations will be created by group A and group B will tell the aggregate of the combination through flash cards.

Activity 2:

Students will identify the components of factor income only and by adding these they will estimate domestic and national Income.

What have I observed?

S. NO.	ITEMS	TREATMENT (included/excluded)	REASON
1.	Interest on loan taken by a consumer household.		
2.	Interest received on loan by an individual household from bank.		
3.	Rent free house given to an employee by an employer.		
4.	Earnings of a shareholder from the sale of shares.		

What have I learnt?

There are different methods to estimate national income which are used in different sectors according to availability of data.

What am I curious to learn?

How to estimate national income by other methods.

Let me evaluate myself.

Do the following—

Q1. How will you treat Rs 20000 earned per month by Anil against hiring out his bus to a neighbouring school?

Q2. Ziva, who is working as a computer programmer in a company, pays Rs 1000 towards premium on her full life policy with the LIC. Is this a part of compensation of employees?

Q3. Although non market economic activities like services of housewives contribute to the flow of goods and services of a country, these are not included in the estimation of national income. Why so?

Q4. Explain the precautions that are taken while estimating national income by income method.

Q5. Outline the steps involved in estimating national income by factor payment method.
