(SOLUTION) MOCK TEST 4

27 Correct Answer : D

Answer Justification :

Justification: Net foreign factor income (NFFI) is the difference between the aggregate amount that a country's citizens and companies earn abroad, and the aggregate amount that foreign citizens and overseas companies earn in that country. In mathematical terms, NFFI = GNP - GDP.

S1: NFIA has to do with income and not the number of people working necessarily.

S2: A nation might have scarce but highly valuable factors employed abroad. The same goes for the other nations as well. S2 is incorrect.

GDP refers to all economic output that occurs domestically or within a nation's boundaries, regardless of whether production is owned by a local company or foreign entity. GNP, on the other hand, measures output from the citizens and companies of a particular nation, regardless of whether they are located within its boundaries or overseas. For example, if a Japanese company has a production facility in the U.S., its output will count toward U.S. GDP, but Japan's GNP.

Learning: The net foreign factor income level is generally not substantial in most nations, since factor payments earned by their citizens and those paid to foreigners more or less offset each other.

However, the NFFI's impact may be significant in smaller nations with substantial foreign investment in relation to their economy and few assets overseas, since their GDP will be quite high compared to GNP.

Q Source: Chapter 2: 12th NCERT: Macroeconomics

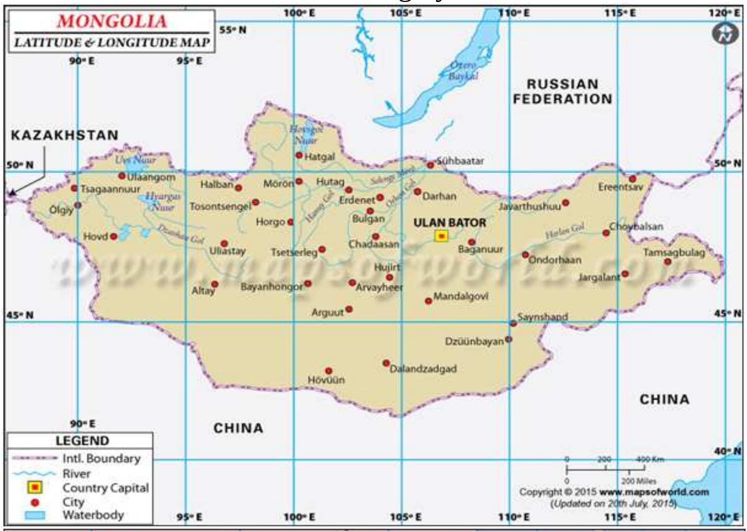
28 Correct Answer : D

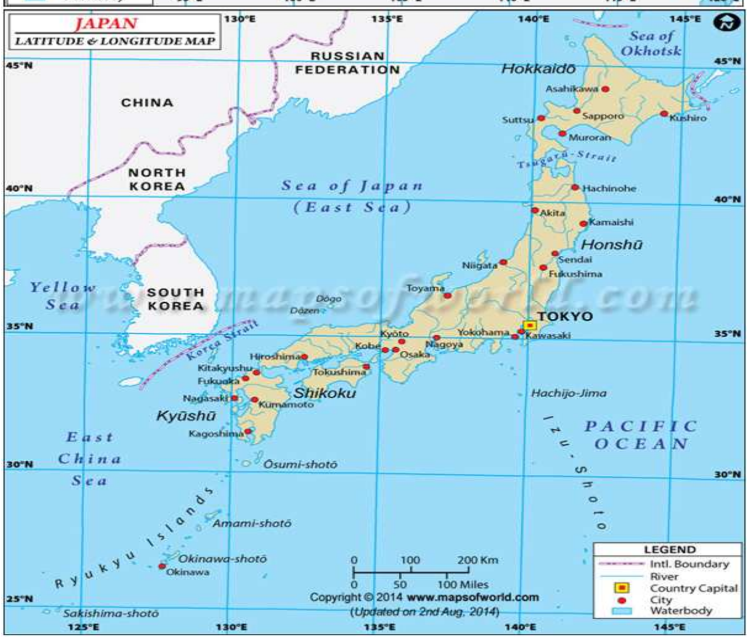
Answer Justification :

Justification: <u>Statement 1</u>: Japan has roughly from 30N to 45N.

<u>Statement 2</u>: Mongolia roughly from 40 to 50N.

<u>Statement 3</u>: Korea combined roughly from 35N to 45N.





Q Source: Japan map