**20. NATIONAL INCOME**

***The topic entails:-***

* **Meaning of national income as a measure o f money value of goods and services resulting from productive activities of a country in any one year.**
* **Explain the circular flow of factors of production to business, and flow of goods and services back to households; and payments made for them.**
* **Measurements and uses of national income. Mention the three approaches and components of each.**

1. Outline **four** reasons why an increase in per capita income may not necessarily lead to a rise

in the standard of living of the citizens

2. State **four** factors that affect the circular flow of income in an economy

3. Identify **four** factors that may be contributing to income disparity between the rich and poor

citizens in Kenya

4. Account for the difference between the gross National Income figures between Kenya

and Uganda

5. Name **three** approaches for measuring national income

6. Highlight **four** problems associated with income approach

7. Highlight **four** problems associated with the output approach in computation of National income

8. Highlight **four** uses of National Income statistics in any given country

9. Outline **four** circumstances under which per capita income would be a good indicator

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1. Explain **five** uses of national income statistics to an economy

2. The gap between the rich and the poor is so wide In Kenya. Highlight **five** factors that

contribute to this disparity in income distribution.

3. Explain **five** limitations of using per capita income as a measure of the standard of living

in a country

4. Outline **five** problems that are encountered in measuring National income in your country

5. (a) Explain **five** limitations of using per capita income to compare living standards of people

in different Countries

(b) High national income may not necessarily mean better welfare for the citizens of

that country. Explain **five** reasons to support this argument

7. a) A newly industrialized country with a population of 40 million people, had its national

income estimates during the year 2009 as follows:

**Value in Kshs (million)**

Exports 250000

Consumption expenditure 624000

Investment 300000

Government spending 416000

Imports 210000

Depreciation 10000

Net indirect taxes 50000

***Required:***

a) (i) Calculate the GNP per capital of the country

ii) Outline limitations of using GNP pr capita in measuring the standard of living of accounts

b) Discuss **five** problems that are encountered in measuring National income in your country.