

Real And Norm - Very Short (Reason-Based)

Q.1. Nominal GDP is estimated at the base year prices.

Ans. False. Nominal GDP is estimated at prices prevailing during the year of estimation.

Q.2. Real GDP increases with increase in the price level in the economy.

Ans. False. Real GDP does not increase with increase in the price level in the economy because it is estimated at constant prices, or base year prices.

Q.3. Current year prices are the prices prevailing during the base year.

Ans. False. Current year prices are the prices prevailing during the year of estimation.

Q.4. Nominal GDP can be converted into real GDP by using the quantity index.

Ans. False. Nominal GDP can be converted into real GDP by using the price index, not the quantity index.

Q.5.

$$\text{GDP Deflator} = \frac{\text{Real GDP}}{\text{Current Price Index}} \times 100$$

Ans.

$$\text{False. GDP Deflator} = \frac{\text{Nominal GDP}}{\text{Real GDP}} \times 100.$$