

1	Value added	A	B
	Sales	100	200
Add	Change in Stock		
	Closing Stock	20	35
	Less - Opening Stock	25	45
	Change in Stock	-5	-10
	Value of Output	95	190
Less	Intermediate Con	40	60
	Value Added	55	130

3 Sales + change in stock - intermediate consumption - depreciation - Net Indirect Taxes = NVA at FC  
 $200 + 10 - 90 - 0 - (12-0) = \text{NVA at FC}$   
 108

**Note :**

- Purchase of machinery is not an intermediate consumption
- Depreciation is not given in question and hence assumed to be Nil
- Excise duty is included in indirect taxes
- Stock of raw material is included in change in stock

4 Sales + change in stock - intermediate consumption - depreciation - Net Indirect Taxes = NDP at FC

$$100+(10-20)-30-15-(5-1)$$

41

5 Value of Output - intermediate consumption - depreciation - Net Indirect Taxes = NDP at FC

$$x - 150 - 30 - (20 - 10) = 250$$

$$x = 250 + 150 + 30 + 10$$

440

6 Value of Output = Sales + Change in Stock

$$10000 + (800 - 1000)$$

9800

Now,

Value of Output - intermediate consumption = GDP at MP

$$9800 - 200$$

9600

Note : Intermediate consumption is same as purchase of raw material

7 Sales + change in stock - intermediate consumption - depreciation - Net Indirect Taxes = NDP at FC

$$x + (-70) - 450 - 40 - (0 - 40) = 800$$

$$x = 800 + 70 + 450 + 40 - 40$$

1320

7a Value of Output - intermediate consumption - depreciation - Net Indirect Taxes = NDP at FC

$$300 - x - 30 - (0 - 15) = 100$$

$$x = 300 - 30 + 15 - 100$$

185

7b Value of Output - intermediate consumption - depreciation - Net Indirect Taxes = NDP at FC

$$800 - 200 - 20 - (30 - 50) \\ 600$$

Note : Purchase of machinery is not relevant

8 sales = Output X Price per unit

$$\text{sales} = 2000 * 10$$

$$20000$$

Now,

Sales + change in stock - intermediate consumption - depreciation - Net Indirect Taxes = NDP at FC

$$20000 + (-50) - 10000 - 600 - (400 - 500)$$

$$9450$$

9 sales = Output X Price per unit

$$\text{sales} = 800 * 20$$

$$16000$$

Sales + change in stock - intermediate consumption - depreciation = NDP at MP

$$16000 + (-500) - 8000 - 1000$$

$$6500$$

10 Sales + change in stock - intermediate consumption - depreciation = NDP at MP

$$25 + (-2) - 6 - (15/5)$$

$$14$$

11 Sales + change in stock - intermediate consumption - depreciation - Net Indirect Taxes = NDP at FC

$$x + (600 - 100) - 3000 - 700 - (0 - 200) = 2000$$

$$x = 2000 - 500 + 3000 + 700 - 200$$

$$5000$$

A	B	C	Total
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12

	Sales	1500	1500	1500	
Add	Change in Stock	0	0	0	
	Value of Output	1500	1500	1500	4500
Less	Intermediate Consumption	0	1000	800	
	Value Added	1500	500	700	

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		A	B	C	D	Total
	Sales	1000	900	1200	1000	4100
Add	Change in Stock	0	0	0	200	200
	Value of Output	1000	900	1200	1200	4300
Less	Intermediate Consumption	500	400	400	400	1700
	Value Added	500	500	800	800	2600

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		A	B	C	Total
	Sales	1600	1400	500	3500
Add	Change in Stock			500	500
	Value of Output	1600	1400	1000	4000
Less	Intermediate Consumption		1000	600	1600
	Value Added	1600	400	400	2400

**Consumption Expenditure**

Private	800
---------	-----

Government 500

Total 1300

Note : Exports are not part of consumption expenditure for India

Note : Unsold stock is not part of consumption expenditure

15		A	B	C	D	Total
	Sales	20000	60000	70000	130000	
Add	Change in Stock					
	Value of Output					
Less	Intermediate Consumption		20000	30000	100000	

**Or**

D's Final output	130000
D's Value Added	30000
D's Intermediate consumption	100000
Less - D Purchase from B	30000
Balance D purchase from C	70000
Less - Intermediate consumption of C	30000
Value added by C	40000

16	Compensation of Employees	
	Wages and Salaries in Cash	500
	Payments in Kind	
	Employers contribution to social security	50
	Pension on Retirement	
	Operating Surplus	900
	Rent/Royalty	

	Interest	
	Profit	
	Dividends	
	Corporate Tax	
	Undistributed profits (Retained Earnings)	
	Mixed Income of self employed	200
	Net Domestic Product at Factor Cost	1650
Add	Net Factor Income from abroad	-10
	NNP at FC or National Income	1640

Note :

Old age pension is transfer income

Profits, Dividends already included in operating surplus

Consumption of fixed capital and Net indirect taxes are not relevant

17	Compensation of Employees	
	Wages and Salaries in Cash	600
	Payments in Kind	
	Employers contribution to social security	
	Pension on Retirement	
	Operating Surplus	
	Rent/Royalty	160
	Interest	
	Profit	
	Dividends	20
	Corporate Tax	40
	Undistributed profits (Retained Earnings)	60

Mixed Income of self employed	280
Net Domestic Product at Factor Cost	1160
Net Factor Income from abroad	-20
NNP at FC or National Income	1140

**Note :**

Net current transferees from rest of the world is not relevant  
Consumption of fixed capital and Net indirect taxes are not relevant

18	Compensation of Employees	600
	Wages and Salaries in Cash	
	Payments in Kind	
	Employers contribution to social security	
	Pension on Retirement	
	Operating Surplus	
	Rent/Royalty	350
	Interest	
	Profit	200
	Dividends	
	Corporate Tax	
	Undistributed profits (Retained Earnings)	
	Mixed Income of self employed	850
	Net Domestic Product at Factor Cost	2000
Add	Net Factor Income from abroad	-100
Add	Consumption of Fixed Capital	200
Add	Net Indirect Taxes	120 (160-40)

GNP at MP 2220

**Note :**

Net current transfes form rest of the world is not relevant

19	Compensation of Employees	500
	Wages and Salaries in Cash	
	Payments in Kind	
	Employers contribution to social security	
	Pension on Retirement	
	Operating Surplus	
	Rent/Royalty	250
	Interest	100
	Profit	
	Dividends	220
	Corporate Tax	400
	Undistributed profits (Retained Earni	200
	Mixed Income of self employed	120
	Net Domestic Product at Factor Cost	1790
Add	Net Factor Income from abroad	70 (320-250)
Add	Consumption of Fixed Capital	100
Add	Net Indirect Taxes	0 (200-200)
	GNP at MP	1960

**Note :**

Net current transfes form rest of the world is not relevant

Savings of provate corporate sector is undistributed profits



20	Compensation of Employees	2000
	Wages and Salaries in Cash	
	Payments in Kind	
	Employers contribution to social security	
	Pension on Retirement	
	Operating Surplus	
	Rent/Royalty	700
	Interest	500
	Profit	800
	Dividends	
	Corporate Tax	
	Undistributed profits (Retained Earnings)	
	Mixed Income of self employed	1500
	Net Domestic Product at Factor Cost	5500
Add	Net Factor Income from abroad	-150
Add	Consumption of Fixed Capital	100
Add	Net Indirect Taxes	250
	GNP at MP	5700

**Note :**

Employers contribution already included in compensation of employees

Dividends already included in profits

Net Exports not relevant

21	Sales	1200
Add	Change In Stock	200 (400-200)
	Value of Output	1400

Less	Intermediate consumption	300
	NVA at MP	1100
Less	Net Indirect Taxes	100 (150-50)
Less	Depreciation	200
	<b>NVA at FC</b>	<b>800</b>

Now,

	Compensation of Employees	350
	Wages and Salaries in Cash	
	Payments in Kind	
	Employers contribution to social security	
	Pension on Retirement	
	Operating Surplus	
	Rent/Royalty	150
	Interest	100
	Profit	
	Dividends	50
	Corporate Tax	100
	Undistributed profits (Retained Earnings)	50
	Mixed Income of self employed	
	Net Domestic Product at Factor Cost	800

22	Sales	10000
Add	Change In Stock	1000
	Value of Output	11000
Less	Intermediate consumption	2500
	NVA at MP	8500
Less	Net Indirect Taxes	800
Less	Depreciation	500

**NVA at FC** **7200**

Now,

Compensation of Employees 3500

Wages and Salaries in Cash

Payments in Kind

Employers contribution to social security

Pension on Retirement

Operating Surplus

Rent/Royalty 700

Interest 1000

Profit

Dividends 1500

Corporate Tax 300

Undistributed profits 200

Mixed Income of self employed

Net Domestic Product at Factor Cost 7200

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Operating Surplus

Rent/Royalty 120 (80+40)

Interest 130

Profit 100

Dividends

Corporate Tax

Undistributed profits

**Total Operating Surplus** **350**

Note :

Bonus to employees and employers contribution not relevant

Mixed Income not relevant

Dividend and corporate tax already included in profits

23a	Operating Surplus	
	Rent/Royalty	80 (5+75)
	Interest	30
	Profit	45
	Dividends	
	Corporate Tax	
	Undistributed profits	
	<b>Total Operating Surplus</b>	<b>155</b>

Note :

NDP at FC is not relevant

Dividends is already part of profits

23b	Compensation of Employees	
	Wages and Salaries in Cash	60000
	Payments in Kind	30000
	Employers contribution to social security	7500
	Pension on Retirement	
	Total Compensation	97500

**Note :**

Old age pension is transfer income

Payment of Life insurance premium by employees is already included in wages and salaries  
 Employee contribution to social security is already included in wages and salaries

24	Value of Output	800
	Less Intermediate consumption	200
	GDP at MP	600
	Less Depreciation	20
	Less Net Indirect Taxes	-20 (30-50)
	NDP at FC	600
	Less Compensation of Employees	200
	Less Mixed Income	100
	Operating Surplus	300

Note : First we find NDP at FC through value added method and then operating surplus through income method

25	GDP at FC	650
	Less Depreciation	100
	NDP at FC	550
	Less Compensation of Employees	300
	Less Mixed Income	0
	Operating Surplus	250
26	Operating Surplus	
	Rent/Royalty	120
	Interest	50

	Profit	200	
	Dividends		
	Corporate Tax		
	Undistributed profits		
	<b>Total Operating Surplus</b>	<b>370</b>	
	Now,		
	GDP at MP	1800	
Less	Depreciation	200	
Less	Net Indirect Taxes	200 (250-50)	
	NDP at FC	1400	
Less	Operating Surplus	370	
Less	Mixed Income	0	
	Compensation of Employees	1030	
27	Private Final consumption expenditure	27500	
	Government Final Consumption expenditure	3000	
	Gross domestic capital formation (Investment)		
	Gross domestic fixed capital formation	2500	
	Change in stock	-300	
	Closing Stock		
	Less - Opening Stock		
	Net Exports		
	Exports	450	
	Less - Imports	500	-50

	GDP at MP	32650
Add	Net Factor Income from abroad	-250

GNP at MP 32400

**Note :**

Subsidy not relevant

Depreciation not relevant

Net Indirect Taxes not relevant

28	Private Final consumption expenditure	400
	Government Final Consumption expenditure	100
	Gross domestic capital formation (Investment)	100
	Gross domestic fixed capital formation	
	Change in stock	
	Closing Stock	
	Less - Opening Stock	
	Net Exports	-20
	Exports	
	Less - Imports	0

	GDP at MP	580
Less	Depreciation	20
Less	Net Indirect Taxes	60

NDP at FC 500

**Note :**

Change in stock already included in Gross Domestic Capital Formation

Net Factor income from abroad is not relevant

29	Private Final consumption expenditure	2000
	Government Final Consumption expenditure	700
	Gross domestic capital formation (Investment)	200
	Gross domestic fixed capital formation	
	Change in stock	
	Closing Stock	
	Less - Opening Stock	
	Net Exports	300
	Exports	
	Less - Imports	0
	 GDP at MP	 3200
Less	Depreciation	200
Less	Net Indirect Taxes	50
Add	Net Factor Income from abroad	400
	 NNP at FC	 3350

Note :

Change in stock already included in Gross Domestic Capital Formation

Net Factor income from abroad is not relevant

30	Private Final consumption expenditure	900
	Government Final Consumption expenditure	400
	Gross domestic capital formation (Investment)	250
	Gross domestic fixed capital formation	
	Change in stock	
	Closing Stock	
	Less - Opening Stock	



	Net Exports	-30
	Exports	
	Less - Imports	0
	GDP at MP	1520
Less	Depreciation	20
Less	Net Indirect Taxes	100
Add	Net Factor Income from abroad	-40
	NNP at FC	1360

Note :  
Profit is not relevant

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**Income Method**

	Compensation of Employees	1200
	Wages and Salaries in Cash	
	Payments in Kind	
	Employers contribution to social security	
	Pension on Retirement	
	Operating Surplus	
	Rent/Royalty	400
	Interest	620
	Profit	800
	Dividends	
	Corporate Tax	
	Undistributed profits (Retained Earnings)	
	Mixed Income of self employed	700
	Net Domestic Product at Factor Cost	3720

Add	Net Factor Income from abroad	-20
	NNP at FC	3700

**Expenditure Method**

	Private Final consumption expenditure	2000
	Government Final Consumption expenditure	1100
	Net domestic capital formation (Investment)	770
	Net domestic fixed capital formation	
	Change in stock	
	Closing Stock	
	Less - Opening Stock	
	Net Exports	-30
	Exports	
	Less - Imports	0
	GDP at MP	3840
Less	Net Indirect Taxes	120
Add	Net Factor Income from abroad	-20
	NNP at FC	3700

32 **Income Method**

	Compensation of Employees	1000
	Wages and Salaries in Cash	
	Payments in Kind	
	Employers contribution to social security	
	Pension on Retirement	
	Operating Surplus	
	Rent/Royalty	250
	Interest	150

	Profit	640
	Dividends	
	Corporate Tax	
	Undistributed profits (Retained Earnings)	
	Mixed Income of self employed	
	Net Domestic Product at Factor Cost	2040
Add	Net Factor Income from abroad	-30
	NNP at FC	2010
	<b>Expenditure Method</b>	
	Private Final consumption expenditure	1200
	Government Final Consumption expenditure	600
	Net domestic capital formation (Investment)	340
	Net domestic fixed capital formation	
	Change in stock	
	Closing Stock	
	Less - Opening Stock	
	Net Exports	-40
	Exports	
	Less - Imports	0
	NDP at MP	2100
Less	Net Indirect Taxes	60
Add	Net Factor Income from abroad	-30
	NNP at FC	2010
33	<b>Income Method</b>	
	Compensation of Employees	600

	Wages and Salaries in Cash	
	Payments in Kind	
	Employers contribution to social security	
	Pension on Retirement	
	Operating Surplus	
	Rent/Royalty	200
	Interest	310
	Profit	400
	Dividends	
	Corporate Tax	
	Undistributed profits (Retained Earnings)	
	Mixed Income of self employed	350
	Net Domestic Product at Factor Cost	1860
Add	Net Factor Income from abroad	-10
	<b>NNP at FC</b>	<b>1850</b>
	<b>Expenditure Method</b>	
	Private Final consumption expenditure	1000
	Government Final Consumption expenditure	550
	Net domestic capital formation (Investment)	385
	Net domestic fixed capital formation	
	Change in stock	
	Closing Stock	
	Less - Opening Stock	
	Net Exports	-15
	Exports	
	Less - Imports	0
	NDP at MP	1920

Less	Net Indirect Taxes	60
Add	Net Factor Income from abroad	-10

**NNP at FC** **1850**

34 **Income Method**

	Compensation of Employees	370
	Wages and Salaries in Cash	
	Payments in Kind	
	Employers contribution to social security	
	Pension on Retirement	
	Operating Surplus	920
	Rent/Royalty	
	Interest	
	Profit	
	Dividends	
	Corporate Tax	
	Undistributed profits (Retained Earnings)	
	Mixed Income of self employed	60
	Net Domestic Product at Factor Cost	1350
Add	Net Factor Income from abroad	-10
	<b>NNP at FC</b>	<b>1340</b>

**Expenditure Method**

	Private Final consumption expenditure	800
	Government Final Consumption expenditure	100
	Gross domestic capital formation (Investment)	620
	Gross domestic fixed capital formation	
	Change in stock	

	Closing Stock	
	Less - Opening Stock	
	Net Exports	-10
	Exports	
	Less - Imports	
	GDP at MP	1510
Less	Net Indirect Taxes	100 (120-20)
Add	Net Factor Income from abroad	-10
Less	Consumption of Fixed Capital	60
	<b>NNP at FC</b>	<b>1340</b>

Note :

Change in stock already included in Gross capital formation

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**Income Method**

	Compensation of Employees	24420
	Wages and Salaries in Cash	
	Payments in Kind	
	Employers contribution to social security	
	Pension on Retirement	
	Operating Surplus	9637
	Rent/Royalty	
	Interest	
	Profit	
	Dividends	
	Corporate Tax	
	Undistributed profits (Retained Earnings)	
	Mixed Income of self employed	28267

	Net Domestic Product at Factor Cost	62324
Add	Net Factor Income from abroad	-255
	<b>NNP at FC</b>	<b>62069</b>

#### **Expenditure Method**

	Private Final consumption expenditure	51177
	Government Final Consumption expenditure	7351
	Gross domestic capital formation (Investment)	16418
	Gross domestic fixed capital formation	13248
	Change in stock	3170
	Closing Stock	
	Less - Opening Stock	
	Net Exports	-862
	Exports	4812
	Less - Imports	5674

	GDP at MP	74084
Less	Net Indirect Taxes	7714 (8834-1120)
Add	Net Factor Income from abroad	-255
Less	Consumption of Fixed Capital	4046
	<b>NNP at FC</b>	<b>62069</b>

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#### **Income Method**

	Compensation of Employees	
	Wages and Salaries in Cash	25000
	Payments in Kind	
	Employers contribution to social security	
	Pension on Retirement	

	Operating Surplus	
	Rent/Royalty	1700 (1500+200)
	Interest	6400
	Profit	4200 (4000+200)
	Dividends	
	Corporate Tax	
	Undistributed profits (Retained Earnings)	
	Mixed Income of self employed	
	Net Domestic Product at Factor Cost	37300
Add	Net Factor Income from abroad	50
	<b>NNP at FC</b>	<b>37350</b>
	<b>Expenditure Method</b>	
	Private Final consumption expenditure	26300 (26000+300)
	Government Final Consumption expenditure	11200
	Net domestic capital formation (Investment)	700
	Net domestic fixed capital formation	600
	Change in stock	100
	Closing Stock	
	Less - Opening Stock	
	Net Exports	-200
	Exports	
	Less - Imports	
	NDP at MP	38000
Less	Net Indirect Taxes	700 (1000-300)
Add	Net Factor Income from abroad	50
	<b>NNP at FC</b>	<b>37350</b>



37	<b>Income Method</b>	
	Compensation of Employees	200
	Wages and Salaries in Cash	
	Payments in Kind	
	Employers contribution to social security	
	Pension on Retirement	
	Operating Surplus	
	Rent/Royalty	150
	Interest	80
	Profit	70
	Dividends	
	Corporate Tax	
	Undistributed profits (Retained Earnings)	
	Mixed Income of self employed	50
	Net Domestic Product at Factor Cost	550
Add	Net Factor Income from abroad	20
	<b>NNP at FC</b>	<b>570</b>
	<b>Expenditure Method</b>	
	Private Final consumption expenditure	480
	Government Final Consumption expenditure	50
	Gross domestic capital formation (Investment)	
	Gross domestic fixed capital formation	90
	Change in stock	15
	Closing Stock	35
	Less - Opening Stock	20
	Net Exports	-5
	Exports	
	Less - Imports	

	GDP at MP	630
Less	Net Indirect Taxes	60
Add	Net Factor Income from abroad	20
Less	Depreciation	20
	<b>NNP at FC</b>	<b>570</b>

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**Income Method**

	Compensation of Employees	300
	Wages and Salaries in Cash	
	Payments in Kind	
	Employers contribution to social security	
	Pension on Retirement	
	Operating Surplus	
	Rent/Royalty	70
	Interest	500
	Profit	60
	Dividends	
	Corporate Tax	
	Undistributed profits (Retained Earnings)	
	Mixed Income of self employed	100

	Net Domestic Product at Factor Cost	1030
Add	Net Factor Income from abroad	-5
	<b>NNP at FC</b>	<b>1025</b>

**Expenditure Method**

	Private Final consumption expenditure	460
	Government Final Consumption expenditure	100
	Net domestic capital formation (Investment)	500

	Net domestic fixed capital formation	
	Change in stock	0
	Closing Stock	
	Less - Opening Stock	
	Net Exports	-10
	Exports	
	Less - Imports	
	NDP at MP	1050
Less	Net Indirect Taxes	20
Add	Net Factor Income from abroad	-5
	<b>NNP at FC</b>	<b>1025</b>

Note :

Opening Stock and Closing Stock to be ignored as already included in Net Capital Formation

39	<b>Income Method</b>	
	Compensation of Employees	400
	Wages and Salaries in Cash	
	Payments in Kind	
	Employers contribution to social security	
	Pension on Retirement	
	Operating Surplus	
	Rent/Royalty	60
	Interest	200
	Profit	340
	Dividends	
	Corporate Tax	
	Undistributed profits (Retained Earnings)	
	Mixed Income of self employed	100

	Net Domestic Product at Factor Cost	1100
Add	Net Factor Income from abroad	50
	<b>NNP at FC</b>	<b>1150</b>

#### **Expenditure Method**

	Private Final consumption expenditure	900
	Government Final Consumption expenditure	150
	Gross domestic capital formation (Investment)	
	Gross domestic fixed capital formation	300
	Change in stock	50
	Closing Stock	
	Less - Opening Stock	
	Net Exports	-50
	Exports	
	Less - Imports	

	GDP at MP	1350
Less	Net Indirect Taxes	200 (250-50)
Add	Net Factor Income from abroad	50
Less	Depreciation	50
	<b>NNP at FC</b>	<b>1150</b>

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#### **Income Method**

	Compensation of Employees	
	Wages and Salaries in Cash	520
	Payments in Kind	
	Employers contribution to social security	100
	Pension on Retirement	

	Operating Surplus	190
	Rent/Royalty	
	Interest	
	Profit	
	Dividends	
	Corporate Tax	
	Undistributed profits (Retained Earnings)	
	Mixed Income of self employed	
	Net Domestic Product at Factor Cost	810
Add	Net Factor Income from abroad	-5
Add	Depreciation	30
Add	Net Indirect taxes	105
	<b>GNP at MP</b>	<b>940</b>
	<b>Expenditure Method</b>	
	Private Final consumption expenditure	600
	Government Final Consumption expenditure	200
	Net domestic capital formation (Investment)	100
	Net domestic fixed capital formation	
	Change in stock	
	Closing Stock	
	Less - Opening Stock	
	Net Exports	15
	Exports	
	Less - Imports	
	NDP at MP	915
Add	Net Factor Income from abroad	-5
Add	Depreciation	30

**GNP at MP** **940**

Note :

Rent already included in Operating surplus

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**Income Method**

Compensation of Employees

Wages and Salaries in Cash 900

Payments in Kind

Employers contribution to social security 50

Pension on Retirement

Operating Surplus 360

Rent/Royalty

Interest

Profit

Dividends

Corporate Tax

Undistributed profits (Retained Earnings)

Mixed Income of self employed

Net Domestic Product at Factor Cost 1310

Add Net Factor Income from abroad -10

Add Depreciation 50

Add Net Indirect taxes 200

**GNP at MP** **1550**

**Expenditure Method**

Private Final consumption expenditure 1000

Government Final Consumption expenditure 300

Net domestic capital formation (Investment) 200

	Net domestic fixed capital formation	
	Change in stock	
	Closing Stock	
	Less - Opening Stock	
	Net Exports	10
	Exports	
	Less - Imports	
	NDP at MP	1510
Add	Net Factor Income from abroad	-10
Add	Depreciation	50
	<b>GNP at MP</b>	<b>1550</b>

**Note :**

Rent already included in Operating surplus

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**Income Method**

	Compensation of Employees	
	Wages and Salaries in Cash	800
	Payments in Kind	
	Employers contribution to social security	100
	Pension on Retirement	
	Operating Surplus	600
	Rent/Royalty	
	Interest	
	Profit	
	Dividends	
	Corporate Tax	
	Undistributed profits (Retained Earnings)	
	Mixed Income of self employed	160

	Net Domestic Product at Factor Cost	1660
Add	Net Factor Income from abroad	-20
Add	Depreciation	30 (330-300)
	<b>GNP at FC</b>	<b>1670</b>

#### **Expenditure Method**

	Private Final consumption expenditure	1000
	Government Final Consumption expenditure	450
	Gross domestic capital formation (Investment)	330
	Gross domestic fixed capital formation	
	Change in stock	
	Closing Stock	
	Less - Opening Stock	
	Net Exports	-30
	Exports	30
	Less - Imports	60

	GDP at MP	1750
Add	Net Factor Income from abroad	-20
Less	Net Indirect Taxes	60
	<b>GNP at FC</b>	<b>1670</b>

#### **Note :**

Undistributed Profit already included in operating surplus

Change in stock already included in gross capital formation

Compensation of employees paid by government already included in Govt final consumption expenditure

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#### **Income Method**

	Compensation of Employees	730
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	Wages and Salaries in Cash	
	Payments in Kind	
	Employers contribution to social security	
	Pension on Retirement	
	Operating Surplus	290
	Rent/Royalty	
	Interest	
	Profit	
	Dividends	
	Corporate Tax	
	Undistributed profits (Retained Earnings)	
	Mixed Income of self employed	260
	Net Domestic Product at Factor Cost	1280
Add	Depreciation	120
Add	Net Indirect Taxes	820 (850-30)
	<b>GDP at MP</b>	<b>2220</b>
	<b>Expenditure Method</b>	
	Private Final consumption expenditure	1530
	Government Final Consumption expenditure	220
	Gross domestic capital formation (Investment)	
	Gross domestic fixed capital formation	400
	Change in stock	100
	Closing Stock	
	Less - Opening Stock	
	Net Exports	-30
	Exports	140
	Less - Imports	170

	GDP at MP	2220
Add	Net Factor Income from abroad	-10
Less	Net Indirect Taxes	820 (850-30)
Less	Depreciation	120
	<b>NNP at FC</b>	<b>1270</b>

**Note :**

Interest on national debt is transfer payment and not included in national income

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**Income Method**

	Compensation of Employees	13000
	Wages and Salaries in Cash	
	Payments in Kind	
	Employers contribution to social security	
	Pension on Retirement	
	Operating Surplus	5000
	Rent/Royalty	
	Interest	
	Profit	
	Dividends	
	Corporate Tax	
	Undistributed profits (Retained Earnings)	
	Mixed Income of self employed	16000
	Net Domestic Product at Factor Cost	34000
Add	Depreciation	2200
Add	Net Indirect Taxes	3400 (3700-300)
	<b>GDP at MP</b>	<b>39600</b>

**Expenditure Method**

	Private Final consumption expenditure	27000	
	Government Final Consumption expenditure	3600	
	Gross domestic capital formation (Investment)		
	Gross domestic fixed capital formation	8100	
	Change in stock	1000	
	Closing Stock		
	Less - Opening Stock		
	Net Exports	-100	
	Exports	1700	
	Less - Imports	1800	
	GDP at MP	39600	
Add	Net Factor Income from abroad	-250	
Less	Net Indirect Taxes	3400	(3700-300)
Less	Depreciation	2200	
	<b>NNP at FC</b>	<b>33750</b>	

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**Income Method**

	Compensation of Employees	490	
	Wages and Salaries in Cash		
	Payments in Kind		
	Employers contribution to social security		
	Pension on Retirement		
	Operating Surplus	290	
	Rent/Royalty		
	Interest		
	Profit		
	Dividends		
	Corporate Tax		

	Undistributed profits (Retained Earnings)	
	Mixed Income of self employed	560
	Net Domestic Product at Factor Cost	1340
Add	Depreciation	80
Add	Net Indirect Taxes	160 (180-20)
	<b>GDP at MP</b>	<b>1580</b>
	<b>Expenditure Method</b>	
	Private Final consumption expenditure	1120
	Government Final Consumption expenditure	150
	Net domestic capital formation (Investment)	
	Net domestic fixed capital formation	180
	Change in stock	60
	Closing Stock	
	Less - Opening Stock	
	Net Exports	-10
	Exports	100
	Less - Imports	110
	NDP at MP	1500
Add	Net Factor Income from abroad	-10
Less	Net Indirect Taxes	160 (180-20)
	<b>NNP at FC</b>	<b>1330</b>

**Note :**

Current transfers from Govt to households will not be considered

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**Income Method**

## Compensation of Employees

Wages and Salaries in Cash 700

Payments in Kind

Employers contribution to social security 100

Pension on Retirement

## Operating Surplus

Rent/Royalty 50

Interest 50

Profit 100

Dividends

Corporate Tax

Undistributed profits (Retained Earnings)

Mixed Income of self employed 100

Net Domestic Product at Factor Cost 1100

Add Depreciation 20

**GDP at FC 1120****Expenditure Method**

Private Final consumption expenditure 730

Government Final Consumption expenditure 200

## Gross domestic capital formation (Investment)

Gross domestic fixed capital formation 160 (60+60+40)

Change in stock 20

Closing Stock

Less - Opening Stock

Net Exports 20

Exports 40

Less - Imports 20

	GDP at MP	1130
Less	Net Indirect Taxes	10 (20-10)
	<b>GDP at FC</b>	<b>1120</b>

**Note :**

Gross Fixed Capital Formation = Gross Business Fixed Investment + Gross residential construction investment+  
Gross Public investment

Govt purchase of goods and services is same as Govt final consumption expenditure

Inventory Investment is same as change in stock

Net factor income from abroad is not relevant

47 **Note : Misprint in question. Rent, Rates and Interest should read as Rent, Royalty and Interest  
Income Method**

	Compensation of Employees	500
	Wages and Salaries in Cash	
	Payments in Kind	
	Employers contribution to social security	
	Pension on Retirement	
	Operating Surplus	
	Rent/Royalty	200
	Interest	
	Profit	
	Dividends	
	Corporate Tax	
	Undistributed profits (Retained Earnings)	
	Mixed Income of self employed	800
	Net Domestic Product at Factor Cost	1500
Add	NFIFA	10

**NNP at FC** **1510**

**National Income by Product Method**

Value of Output		2400
Primary Sector	1000	
Secondary Sector	800	
Tertiary Sector	600	
Less Intermediate Consumption		800
Primary Sector	400	
Secondary Sector	300	
Tertiary Sector	100	
<b>GVA at MP or GDP at MP</b>		<b>1600</b>
Less Depreciation		80
Add NFIFA		10
Less Net Indirect Taxes		20 (30-10)
<b>NNP at FC</b>		<b>1510</b>

48 **Income Method**

Compensation of Employees	150
Wages and Salaries in Cash	
Payments in Kind	
Employers contribution to social security	
Pension on Retirement	

	Operating Surplus	140
	Rent/Royalty	
	Interest	
	Profit	
	Dividends	
	Corporate Tax	
	Undistributed profits (Retained Earnings)	
	Mixed Income of self employed	50
	Net Domestic Product at Factor Cost	340
Add	NFIFA	-10
	<b>NNP at FC</b>	<b>330</b>

**Note : Rent and interest not considered as already included in operating surplus**

#### **National Income by Product Method**

	Value of Output		600
	Primary Sector	300	
	Secondary Sector	200	
	Tertiary Sector	100	
Less	Intermediate Consumption		200
	Primary Sector	100	
	Secondary Sector	50	
	Tertiary Sector	50	
	<b>GVA at MP or GDP at MP</b>		<b>400</b>
Less	Depreciation		40
Add	NFIFA		-10



Less	Net Indirect Taxes		20
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	<b>NNP at FC</b>		<b>330</b>
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49 **Income Method**

	Compensation of Employees	950	
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	Wages and Salaries in Cash		
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	Payments in Kind		
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	Employers contribution to social security		
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	Pension on Retirement		
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	Operating Surplus		
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	Rent/Royalty	10	
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	Interest	5	
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	Profit	285	
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	Dividends		
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	Corporate Tax		
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	Undistributed profits (Retained Earnings)		
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	Mixed Income of self employed	100	
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	Net Domestic Product at Factor Cost	1350	
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Add	NFIFA	-20	
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	<b>NNP at FC</b>	<b>1330</b>	
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**Note : Rent and interest not considered as already included in operating surplus**

**National Income by Product Method**

	Value of Output		2600
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	Primary Sector	1000	
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	Secondary Sector	900	
	Tertiary Sector	700	
Less	Intermediate Consumption		1200
	Primary Sector	500	
	Secondary Sector	400	
	Tertiary Sector	300	
	<b>GVA at MP or GDP at MP</b>		<b>1400</b>
Less	Depreciation		40
Add	NFIFA		-20
Less	Net Indirect Taxes		10
	<b>NNP at FC</b>		<b>1330</b>

50 Note : We cannot directly calculate GDP at MP from GNP at FC because factor income from abroad is not given. How we know that there is factor income from abroad also in the question Because question part (b) is asking for factor income from abroad so it is there but not given So only solution left to solve it is through income method first

#### Income Method

Compensation of Employees	1500
Wages and Salaries in Cash	
Payments in Kind	
Employers contribution to social security	
Pension on Retirement	
Operating Surplus	
Rent/Royalty	300
Interest	400

	Profit	500
	Dividends	
	Corporate Tax	
	Undistributed profits (Retained Earnings)	
	Mixed Income of self employed	0
	Net Domestic Product at Factor Cost	2700
Add	Depreciation	100
Add	Net Indirect Taxes	250
	<b>GDP at MP</b>	<b>3050</b>

**Working Note :**

Gross domestic capital formation = GDFCF + Change in Stock

$$\text{GDCF} = 700 + 50 = 750$$

Now

$$\text{Depreciation} = \text{GDCF} - \text{NDCF}$$

$$750 - 650 = 100$$

**(b) Find factor income from abroad**

$$\text{GNP at FC} + \text{Net Indirect Taxes} = \text{GNP at MP}$$

$$2800 + 250 = 3050$$

$$\text{NFIFA} = \text{GNP at MP} - \text{GDP at MP}$$

$$\text{NFIFA} = 3050 - 3050 = 0$$

$$\text{NFIFA} = \text{Factor income from abroad} - \text{Factor income to abroad}$$

$$0 = \text{FIFA} - 120$$

$$\text{FIFA} = 120$$