2

CHAPTER

NATIONAL INCOME ACCOUNTING AND RELATED CONCEPTS

A QUICK REVIEW

2.1	**Introduction**
	◆ National Income is a concept of **Macro-Economics**. ◆ It is always expressed in terms of **money**. ◆ In common parlance, national income means the **total value of goods and services produced annually** in a country. ◆ In other words, the **total amount of income accruing to a country** from economic activities in a year's time is known as national income. It includes payments made to all resources in the form of wages, interest, rent and profits. ◆ National Income is calculated as **NNP at FC**. ◆ The National Income **includes Net Factor Income Earned from Abroad** also.
2.2	**Methods of Measuring National Income**
	◆ The following are the methods of measuring the national income of a country. (1) The Product Method or Value-Added Method. (2) The Income Method. (3) The Expenditure Method ◆ The three methods give the same value of national income.
2.3	**Value added Method Or Product Method**
	Concept of Value-Added Method ◆ The Product method measures the **contribution of each producing enterprise** in the domestic territory of the country.

- Every individual enterprise adds certain value to the products, which it purchases from some other firm as intermediate goods. The national income is the **summation of value addition by each and every individual firm**.
- **Value Added** = Value of Output – Intermediate Consumption
- This approach involves adding up the value of all the **final goods and services** produced in the country during the year. The main sectors whose production value is added up are:
  - (*i*) Agriculture
  - (*ii*) Manufacturing
  - (*iii*) Construction
  - (*iv*) Transport and communication
  - (*v*) Banking
  - (*vi*) Administration and defence and
  - (*vii*) Distribution of income.

Steps in Value Added Method

(1) Identification and classification of production units	The producing enterprises are identified and classified into individual sectors according to their activities.
(2) To estimate Gross Domestic Product at Market Price [GDP_{MP}]	GDP_{MP} = Sum total of GVA_{MP} of all sectors i.e., ΣGVA_{MP}
(3) To calculate Domestic Income i.e. NDP_{FC}	$NDP_{FC} = GDP_{MP}$ – Depreciation – Net Indirect Taxes
(4) To estimate National Income (NNP_{FC})	$NNP_{FC}=NDP_{FC}$ + Net Factor Income from Abroad (NFIA)

Precautions for Value Added Method

- **ITEMS NOT INCLUDED:** The following are *NOT included* in the national Income:
  - (*a*) Intermediate goods
  - (*b*) Sale and purchase of second-hand goods
  - (*c*) Production of goods and services for self-consumption
- **ITEMS SHOULD BE INCLUDED:** The following *should be included* in the national Income:
  - (*a*) Imputed value of owner-occupied houses
  - (*b*) Change in stock of goods (inventories)
- **PROBLEM OF DOUBLE COUNTING:** In measuring the national income, the value of only final goods and services is to be included. The problem of double counting arises when value of intermediate goods is also included along with value of final goods. There are two alternative ways to avoid double counting:
  - (*i*) Final Output method *i.e*. to include value of final goods only.
  - (*ii*) Value added method *i.e*. to include sum total of the value added by each producing unit.

2.4 Income Method

Concept of Income Method

- This method measures National Income from the perspective of **factor incomes**.
- As per this method, the National Income is the summation of **all the incomes that accrue** in the factors of production by way of wages, profits, rent, interest., etc.
- The sum total of all the **factor incomes earned** within the domestic territory of a country is known as Domestic Income [NDP_{FC}]
- The following are the **components of factor income**:
  - (*a*) Wages and salaries in cash (all monetary benefits), non-monetary benefits (like rent free accommodation, free medical, free car, etc.) and employer's contribution to social security schemes (like provident fund, gratuity, etc.).
  - (*b*) Rent and Royalty, which arises from ownership of land and building.
  - (*c*) Interest, which is received by lending funds to a production unit.
  - (*d*) Profit, which is the reward to the entrepreneur for his contribution to the production of goods and services.
  - (*e*) Mixed Income, which is generated by own-account workers and unincorporated enterprises.

Steps of Income Method

(1) Identification and classification of production units	The producing enterprises, employing various factors of production, are identified and classified into primary, secondary and tertiary sectors.
(2) To estimate the factor income paid by each sector	The factor incomes paid by each sector are classified under the following heads: (*i*) compensation of Employees (*ii*) Rent and Royalty (*iii*) Interest (*iv*) Profit (*v*) Mixed Income
(3) To calculate Domestic Income *i.e.* NDP_{FC}	NDP_{FC} = compensation of Employees + Rent and Royalty + interest + Profit + Mixed Income
(4) To estimate National Income (NNP_{FC})	NNP_{FC} = NDP_{FC} + Net Factor Income from Abroad (NFIA)

Precautions for Income Method

- **<u>ITEMS NOT INCLUDED</u>:** The following are *NOT included* in the national Income:
  - (*a*) Transfer Incomes like gifts, donation, charity, scholarship, etc.
  - (*b*) Illegal money earned through smuggling and gambling
  - (*c*) Windfall gains such as prizes won, lotteries etc.
  - (*d*) Receipts from the sale of financial assets such as shares, bonds.
  - (*e*) Income from sale of second-hand goods
  - (*f*) Payments out of past savings
- **<u>ITEMS SHOULD BE INCLUDED</u>:** The following *should be included* in the national Income:
  - (*a*) Imputed value of services provided by owners of production units.

2.5 EXPENDITURE METHOD

Concept of Expenditure Method

- This method measures national income as total spending on final goods and services produced within the nation during a year.
- National Income = Sum of all expenditures made for final goods and services at current market prices by households, firms and government during a year.

Categories of Expenditures:

The total aggregate final expenditure on final output thus is the sum of four broad categories of expenditures:

1	**Consumption expenditure (C)**	◆ It includes expenditure on all goods and services **produced and sold to the final consumer** during the year. ◆ Consumption expenditure is the **largest component** of national income.
2	**Investment expenditure (I)**	◆ This expenditure is **incurred by business firms** on (*a*) new plants (*b*) adding to the stock of inventories and (*c*) on newly constructed houses.
3	**Government expenditure (G)**	◆ It includes **all government expenditure** on currently produced goods and services **but excludes** transfer payments while computing national income. ◆ It is the **second largest component** of national income.
4	**Net exports (X - M)**	◆ Net exports = Total Exports -Total Imports.
National income (from the expenditure side): Sum of above four categories of expenditure.		

Steps of Expenditure Method

(1) Identification economic units incurring final expenditure	All the economic units incurring final expenditure are classified under four groups: ◆ Household sector ◆ Government sector ◆ Producing sector ◆ Rest of the World
(2) Classification of final expenditure [GDP_{MP}]	The final expenditure of above-mentioned units are estimated and classified under the following heads: (*i*) Private final consumption Expenditure (*ii*) Government final consumption Expenditure (*iii*) Gross Domestic capital formation (*iv*) Net Exports
(3) Calculation of Domestic Income *i.e.* NDP_{FC}	$NDP_{FC} = GDP_{MP}$ – Depreciation – Net Indirect Taxes
(4) Estimation of National Income (NNP_{FC})	$NNP_{FC} = NDP_{FC}$ + Net Factor Income from Abroad (NFIA)

Precautions for Expenditure Method

- **ITEMS NOT INCLUDED:** The following are *NOT included* in the national Income:
  - (*a*) Expenditure on intermediate goods
  - (*b*) Expenditure on Transfer Payments by government such as unemployment benefit, old age, etc.
  - (*c*) Purchase of second-hand goods
  - (*d*) Purchase of financial assets
- **ITEMS SHOULD BE INCLUDED:** The expenditure on own-account production will be included since these are productive services. For example: production for self-consumption, imputed value of owner-occupied houses, etc.

2.6 Measurement of Gross Domestic Product (GDP) at Market Prices

- **GDP at Market Price:** GDP is the total value of goods and services produced within the country during a year. This is calculated at market prices and is known as GDP at market prices.
- **As per Dernberg**: GDP at market price is the market value of the output of final goods and services produced in the domestic territory of a country during an accounting year.

- **Methods:** There are three different ways to measure GDP namely Product Method, Income Method and Expenditure Method.

Product Method or value-added method	◆ The value of all goods and services produced in different industries during the year is added up. ◆ It is the sum of gross value added. ◆ In this, the following items are included in India: ■ agriculture and allied services ■ mining ■ manufacturing ■ construction ■ electricity ■ gas and water supply ■ transport ■ communication and trade ■ banking and insurance ■ real estates and ownership of dwellings and business services and ■ government services (public administration and defence and other services)
Income Method	◆ GDP by income method is the sum of all factor incomes as the people of a country who produce GDP during a year receive income from their work. ◆ GDP_{MP} = Wages and Salaries (compensation of employees) + Rent + Interest + Profit.
Expenditure Method	This method focuses on goods and services produced within the country during one year. GDP by expenditure method includes: 1. **Consumer expenditure** on services and durable and non-durable goods (C). 2. **Investment in fixed capital** such as residential and non-residential building, machinery, and inventories (I). 3. **Government expenditure** on final goods and services (G). 4. **Export of goods and services** produced by the people of the country (X). 5. **Less:** (*a*) imports (M) (*b*) That part of consumption, investment and government expenditure which is spent on imports is subtracted from GDP. (*c*) Similarly, any imported component, such as raw materials, which are used in the manufacture of export goods, is also excluded.

Thus, **GDP by expenditure method at market prices** = C+ I + G + (X – M), where (X-M) is net export which can be positive or negative.

2.7 Measurement of Gross Domestic Product (GDP) at Factor Cost

GDP at Factor Cost = GDP at Market Price – Indirect Taxes + Subsidies.

2.8 Net Domestic Product (NDP)

Net Domestic Product = GDP at Factor Cost – Depreciation.

2.9 Nominal and Real GDP

Nominal GDP	Real GDP
When GDP is measured on the basis of current price, it is called GDP at current prices or nominal GDP.	When GDP is calculated on the basis of fixed prices in some year, it is called GDP at constant prices or real GDP.

Real GDP = GDP for the Current Year x Base Year (100)/Current Year Index

2.10 GDP Deflator

- GDP deflator is an index of price changes of goods and services included in GDP.
- It is a price index which is calculated by dividing the nominal GDP in a given year by the real GDP for the same year and multiplying it by 100.
- Thus, GDP Deflator = $\frac{\text{Real (or constant Prices) GDP}}{\text{Nominal (or Current Prices) GDP}} \times 100$

2.11 MEASUREMENT OF GROSS NATIONAL PRODUCT (GNP) AT MARKET PRICES

- GNP is the total measure of the flow of goods and services at market value resulting from current production during a year in a country, including net income from abroad.
- GNP includes four types of final goods and services:
  - (*a*) Consumers' goods and services to satisfy the immediate wants of the people;
  - (*b*) Gross private domestic investment in capital goods consisting of fixed capital formation, residential construction and inventories of finished and unfinished goods;
  - (*c*) Goods and services produced by the government; and
  - (*d*) Net exports of goods and services, i.e., the difference between the value of exports and imports of goods and services, known as net income from abroad.
- **Important Factors:** In this concept of GNP, there are certain factors that have to be taken into consideration:

(1) GNP is the measure of money.

(2) To avoid double-counting, the market price of only the final products and not the intermediary goods should be taken into account.

(3) If any goods and services have been rendered free of charge, then these are not included in the GNP.

(4) Only current year's transactions are considered. It means, the transactions which do not arise from the produce of current year or which do not contribute in any way to production are not included in the GNP. The sale and purchase of old goods, and of shares, bonds and assets of existing companies are not included in GNP.

(5) The recipients do not provide any service in lieu of the payments received under social security, e.g., unemployment insurance allowance, old age pension, and interest on public loans. These are also not included in GNP.

(6) The profits earned or losses incurred on account of changes in capital assets as a result of fluctuations in market prices are not included in the GNP.

(7) The income earned through illegal activities is not included in the GNP. In fact, it is not known whether these things were produced during the current year or the preceding years. Moreover, many of these goods are foreign made and smuggled and hence not included in the GNP.

- **Three Approaches to GNP:** The estimated GNP would be the same under all the methods:

Income Method	**GNP** = Wages and Salaries + Rents + Interest +Dividends + Undistributed Corporate Profits + Mixed Income + Direct Taxes + Indirect Taxes + Depreciation + Net Income from abroad.
Expenditure Method	**GNP**=Private Consumption Expenditure (C) +Gross Domestic Private Investment (I) + Net Foreign Investment (X-M) + Government Expenditure on Goods and Services (G) = C+ I + (X-M) + G.
Value Added Method	**GNP** = Gross value added + net income from abroad.

- **GNP at Market Prices= GDP at Market Prices + Net Income from Abroad.**

2.12 Measurement of Gross National Product (GNP) at Factor Cost

- GNP at factor cost is the sum of the money value of the income produced by and accruing to the various factors of production in one year in a country. It includes all items mentioned above under income method to GNP less indirect taxes.
- **GNP at Factor Cost =** GNP at Market Prices – Indirect Taxes + Subsidies**.**

2.13 Computation of Net National Product (NNP)

- NNP includes the value of the total output of consumption goods and investment goods. But the depreciation or capital consumption allowance is deducted from GNP.
- The word 'net' refers to the exclusion of that part of total output which represents depreciation.

- **NNP at Market Prices**= GNP at Market Prices - Depreciation**.**
- **NNP at Factor Cost (National Income) =** NNP at Market Prices – Indirect taxes+ Subsidies or **NNP$_{FC}$= GNP at Market Prices – Depreciation – Indirect taxes + Subsidies.**
- Usually, **NNP$_{MP}$>NNP$_{FC}$** because indirect taxes exceed government subsidies. However, when government subsidies exceed indirect taxes, **NNP$_{MP}$<NNP$_{FC.}$**

2.14 Domestic Income

- Income generated (or earned) by factors of production within the country from its own resources is called domestic income or domestic product.
- It does not include income earned from abroad.
- **Domestic Income** = National Income-Net income earned from abroad.

<table>
<tr><th colspan="2">The net national income earned from abroad may be positive or negative.</th></tr>
<tr><td>◆ If exports exceed imports, net income earned from abroad is positive.
◆ National Income > Domestic Income.</td><td>◆ When imports exceed exports, net income earned from abroad is negative.
◆ National Income < Domestic Income.</td></tr>
</table>

2.15 Types of Income- Private, Personal, Disposable, Real and Per-Capita income

Private Income	◆ Private income is income obtained by private individuals from any source, productive or otherwise, and the retained income of corporations. ◆ **Private Income =** National Income (or NNP at Factor Cost) + Transfer Payments + Interest on Public Debt — Social Security — Profits and Surpluses of Public Undertakings**.**
Personal Income	◆ Personal income is the total income received by the individuals of a country from all sources before payment of direct taxes in one year. Personal income is never equal to the national income, because the former includes the transfer payments whereas they are not included in national income. ◆ **Personal Income =** National Income – Undistributed Corporate Profits – Profit Taxes –Social Security Contribution + Transfer Payments + Interest on Public Debt.
Private vs. Personal Income	◆ Personal income differs from private income in that it is less than the latter because it excludes undistributed corporate profits.

		◆ **Personal Income =** Private Income – Undistributed Corporate Profits – Profit Taxes
	Disposable Income	◆ Disposable income or personal disposable income means the actual income which can be spent on consumption by individuals and families. ◆ **Disposable Income =** National Income – Business Savings – Indirect Taxes + Subsidies –Direct Taxes on Persons – Direct Taxes on Business – Social Security Payments + Transfer Payments + Net Income from abroad
	Real Income	◆ Real income is national income expressed in terms of a general level of prices of a particular year taken as a base. ◆ **Real NNP =** NNP for the Current Year × Base Year Index (=100) / Current Year Index
	Per Capita Income	◆ The **average income of the people** of a country in a particular year is called Per Capita Income for that year. This concept also refers to the measurement of income at current prices and at constant prices. ◆ **Per Capita Income** = National Income of a country is divided by the population of the country in that year. ◆ For instance, in order to find out the per capita income for 2022, at current prices: **Per Capita Income for 2022** = $\frac{\text{National Income for 2022}}{\text{Population of 2022}}$ **Real Per Capita Income for 2022** = $\frac{\text{Real National Income for 2022}}{\text{Population of 2022}}$

☞ PREVIOUS YEAR QUESTIONS ALONG WITH IMPORTANT QUESTIONS FOR EXAMINATION

2.1 INTRODUCTION

1. Which of the following is FALSE about methods of national income accounting?

(*a*) In Product method, to avoid double counting. We need to deduct the value of intermediate goods

(*b*) Expenditure method, we measure the aggregate value of factor payments

(*c*) In Income method, we measure the aggregate value of factor income

(*d*) In Product method, we measure the aggregate value of goods and services produced

[CSEET November 2020]

2. Consider the following statements

(*i*) Changes in market demand and technology lead to a need to adopt to the new environmental conditions. An entrepreneur will likely find it easy to embrace charges in employees roles and responsibilities as well as changes to systems

(*ii*) Delayed entry does not give an entrepreneur the opportunity to observe and learn from the mistakes of the first mover.

Which of the following is CORRECT?

(*a*) Both (*i*) and (*ii*) are FALSE

(*b*) (*i*) is FALSE and (*ii*) is TRUE

(*c*) Both (*i*) and (*ii*) are TRUE

(*d*) (*i*) is TRUE and (*ii*) is FALSE

[CSEET May 2022]

3. The governments adopt measures relating to its revenue and expenditure, specifically by manipulating the levels and allocations of taxes and government expenditures to have desirable effects on national income, employment and production. Such measures are collectively known as the government's -

(*a*) Fiscal policy

(*b*) Industrial policy

(*c*) Monetary policy

(*d*) EXIM policy

[CSEET May 2022]

4. Which of the following ministry is responsible in India for the computation of GDP?

(*a*) Ministry of Commerce and Industry

(*b*) Ministry of Social Affairs

(*c*) Ministry of Finance

(*d*) Ministry of Central Statistical and Program Implementation

5. Which of the following State contributes highest in income tax collection to Government?

(*a*) Maharashtra

(*b*) Gujarat

(*c*) Uttar Pradesh

(*d*) Haryana

6. Total Factor income in the form of wages, profits, rent, interest etc., earned by owners of factors of production for supplying factor services within the domestic territory of a country during an accounting year is also known as:

(*a*) Gross Domestic Product at Factor Costs

(*b*) Net Domestic Product at Factor Costs

(*c*) Gross Domestic Product at Market Prices

(*d*) Net Domestic Product at Market Prices

[CSEET Nov. 2021]

7. Which of the following sector contributes highest in India's economy?

(*a*) Small scale Industries

(*b*) Manufacturing sector

(*c*) Service sector

(*d*) Agricultural sector

8. Which of the following industries in India employs more human resources than any other industry, second only to the agriculture sector?

(*a*) Heavy engineering industries

(*b*) Small scale industries

(*c*) Retail industries

(*d*) Biotechnology industries

[CSEET Jan. 2023]

9. Which of the following is NOT TRUE for National Income?

(*a*) It is the total amount of income accruing to a country from economic activities in a year's time.

(*b*) It includes payments made to all resources in the form of wages, interest, rent and profits.

(*c*) It includes Net Factor Income earned from abroad also.

(*d*) It includes intermediary products as well.

10. Which of the following is not included while calculating national income?

(*a*) Value of goods and services
(*b*) Services rendered by housewives
(*c*) Sale of old furniture for cash
(*d*) Both (*b*) and (*c*)

11. The purchase of an item that is not used now but will be used in future for profit is known as:

(*a*) dividend valuation
(*b*) Investment
(*c*) capital budgeting
(*d*) net present valuation.

[CSEET Jan. 2022]

12. What other terms are used to refer to the national income?

(*a*) Gross national product at market prices
(*b*) Net national product at factor cost
(*c*) Gross national product at factor cost
(*d*) Net national product at market prices

[CSEET Jan. 2023]

13. There are three methods to calculate national income. Which of the following is not one of the three methods?

(*a*) Product method
(*b*) Income method
(*c*) Consumption method
(*d*) Expenditure method

[CSEET January 2021]

2.2 METHODS OF MEASURING NATIONAL INCOME [VALUE ADDED METHOD]

14. Under which of the following methods of computing national income, the production value of following sectors are added up- Agriculture, Manufacturing, Construction, Transport and Communication, Banking, Administration and Defence.

(*a*) Income Method
(*b*) Expenditure Method
(*c*) Value Added Method
(*d*) Profit Method

[CSEET e-Bulletin January 2021]

15. Which of the following is one of the three commonly accepted methods for calculating a country's national Income?

(*a*) Market Realisation method
(*b*) Value Added Method
(*c*) Import Substitution
(*d*) Inflation Adjustment method

[CSEET Nov. 2021]

16. The___________ method of national income measures the contribution of each producing enterprise in the domestic territory of the country.

(*a*) Income
(*b*) Expenditure
(*c*) Product
(*d*) Turnover

[CSEET e-Bulletin October 2020]

17. Which of the following is not the method of measuring national income?

(*a*) Product Method
(*b*) Income Method
(*c*) Profit Method
(*d*) Expenditure Method

[CSEET e-Bulletin October 2020]

18. 'Estimating net value added by each producing enterprise as well as each industrial sector and adding up the net value added by all the sectors', is a step considered for calculating National Income under which of the following methods?

(*a*) Profit Method
(*b*) Income Method
(*c*) Expenditure Method
(*d*) Value Added Method

[ICSI Mock Test Paper]

19. ___________ if any, must be deducted from the value added while calculating national income as per the Product Method, as it does not result into real increase in output.

(*a*) Stock Appreciation
(*b*) Stock Depreciation

(*c*) Stock Loss due to theft
(*d*) Stock Insured

[ICSI Mock Test Paper]

20. While adding up the value of output of various sectors for calculation of National Income under Product Method, care should be exercised to avoid the problem of ___________

(*a*) Single Counting
(*b*) Triple Counting
(*c*) Quadruple Counting
(*d*) Double Counting

[ICSI Mock Test Paper]

21. The production of goods for self-consumption is valued at ___________while calculating national income through Product Method

(*a*) Historical Prices
(*b*) Prevailing Market Prices
(*c*) Prevailing Cost Prices
(*d*) None of the above

[ICSI Mock Test Paper]

22. The production value of transport and communication is taken into consideration for computation of National Income under which of the following methods?

(*a*) Income Method
(*b*) Profit Method
(*c*) Expenditure Method
(*d*) Product Method

[ICSI Mock Test Paper]

23. The formula to compute Net National Product at Market Prices is:

(*a*) GDP at Market Prices - Depreciation
(*b*) GNP at Market Prices + Depreciation
(*c*) GNP at Market Prices - Depreciation
(*d*) None of these

[ICSI Mock Test Paper]

24. The production value of transport and communication is taken into consideration for computation of National Income under which of the following methods?

(*a*) Income Method
(*b*) Expenditure Method
(*c*) Product Method
(*d*) Profit Method

[ICSI Mock Test Paper]

25. "Identifying the producing enterprise and classifying them into individual sectors according to their activities", is a step followed in which of the following methods of computing national income?

(*a*) Product Method
(*b*) Income Method
(*c*) Expenditure Method
(*d*) Profit Method

[ICSI Mock Test Paper]

26. The Problem of Double Counting may arise in which of the following methods of calculating national income?

(*a*) Profit Method
(*b*) Product Method
(*c*) Income Method
(*d*) Expenditure Method

[ICSI Mock Test Paper]

27. Which of the following is not a method of measurement of National Income?

(*a*) Value Added Method
(*b*) Income Method
(*c*) Intermediate Consumption Method
(*d*) Expenditure method

28. Which of the following method gives highest value of National Income?

(*a*) Value Added Method
(*b*) Expenditure Method
(*c*) Income Method
(*d*) All the three methods given the same value

29. Who is entrusted with the task of estimating national income?

(*a*) CSO
(*b*) CSIR

(*c*) MOF
(*d*) NSDC

30. Value Added Method is also known as ....

(*a*) Product Method
(*b*) Inventory Method or Net Output Method
(*c*) Industrial Origin Method
(*d*) All of the above

31. Which of the following is one of the three accepted methods to calculate a country's national income?

(*a*) Value Added Method
(*b*) Inflation Adjustment Method
(*c*) Import Substitution Method
(*d*) Nominal Expense Method

[CSEET May 2021]

32. .... refers to the addition of value to the raw material (intermediate goods) by a firm, by virtue of its productive activities.

(*a*) Value Added
(*b*) Income Added
(*c*) Inclusive Approach
(*d*) Exclusive Approach

33. Value Added is calculated as the difference between the value of output and ....

(*a*) Value of input
(*b*) Intermediate consumption
(*c*) Final consumption
(*d*) Basic consumption

34. Value added by each producing enterprise is also known as ....

(*a*) GVA at market price
(*b*) GVA at factor price
(*c*) GDP at market price
(*d*) GDP at factor price

35. From the following information calculate GDP at Market Price:

GDP at Factor Cost = INR 200 Crore

Indirect Tax = INR 200 Crore

Subsidies = INR 20 Crore

(*a*) INR 500 Crore
(*b*) INR 230 Crore
(*c*) INR 330 Crore
(*d*) INR 130 Crore

[CSEET e-Bulletin July 2020]

36. The expenditure incurred by a production unit on purchasing those goods and services from other production units, which are meant for resale or for using up completely is known as ....

(*a*) Final Consumption
(*b*) Intermediate Consumption
(*c*) Basic consumption
(*d*) None of these

37. The expenditure on goods and services which is meant for final consumption and investment is called as ....

(*a*) Final Consumption
(*b*) Intermediate Consumption
(*c*) Basic consumption
(*d*) None of these

38. If purchase of raw material from domestic firm is given at ₹158 crore and imports are ₹8 crore, what will be the amount of intermediate consumption under value added method?

(*a*) ₹8 crore
(*b*) ₹150 crore
(*c*) ₹158 crore
(*d*) ₹166 crore

39. What is the value of output on the basis of following information?

Sales	**: ₹40,000 Lakhs**
Closing Stock	**: ₹2,000 Lakhs**
Opening Stock	**: ₹500 Lakhs**

(*a*) ₹42,500 Lakhs
(*b*) ₹42,000 Lakhs
(*c*) ₹41,500 Lakhs
(*d*) ₹38,500 Lakhs