

**Q. 9.** Define nominal flow.

{CBSE, Sample Paper 2017}

**Ans.** Money flow or nominal flow refers to the flow of factor payments from firms to households for their factor services and the corresponding flow of money, from households to firms, in the form of consumption expenditure on the purchase of goods and services produced by the firms.

**Q. 10.** Name the two sectors in which real flow takes place in a simple economy.

**Ans.** (i) Household Sector, (ii) Firm Sector.

### Short Answer Type Questions (3-4 Marks each)

1. Explain the circular flow of income. {CBSE, Delhi 2009, Delhi Comptt. 2014, All India 2017 (II)}

2. What are the different phases of a circular flow of income?

3. What is meant by circular flow of income? Distinguish between Real Flow and Money Flow.

{CBSE, Delhi 2003}

4. "Households and Firms depend on each other in the circular flow of income." Justify the statement in case of a two-sector model.

5. Distinguish between stocks and flows. Give an example of each.

{CBSE, Foreign 2010, All India 2013, 2017 (III), Delhi 2018}

6. Discuss briefly, the circular flow of income in a two sector economy with the help of a suitable diagram.

{CBSE, Sample Paper 2019}

### Long Answer Type Questions (6 Marks each)

1. Briefly explain the money flow and the real flow of income.

2. Describe the circular flow of income in a two-sector economy (without financial market).

(vi) Birthday gift received from a friend.

(vii) Bonus received on Diwali.

Ans. *Factor Income: (ii), (iv), (vii); Transfer Income: (i), (iii), (v), (vi).*

**Q. 2.** Classify the following as final goods or intermediate goods.

(i) Machine purchased by a firm.

(ii) Soft drinks purchased by the school canteen.

(iii) Clothes purchased by an individual.

(iv) Coal purchased by a factory.

(v) Electricity consumption in a business.

(vi) Book purchased by a student.

(vii) Books purchased by a book seller.

(viii) Postage stamps purchased by a consumer.

(ix) Postage stamps purchased by a business unit.

(x) Exhaust fans used for making water coolers.

(xi) Seeds purchased by a farmer to produce wheat.

(xii) Seeds purchased for kitchen gardening.

(xiii) Machines purchased by a dealer of machines.

{CBSE, All India 2010}

(xiv) Car purchased by a household.

{CBSE, All India 2010}

(xv) Sewing machine purchased by a housewife.

Ans. *Final Goods: (i), (iii), (vi), (viii), (xii), (xiv), (xv); Intermediate Goods: (ii), (iv), (v), (vii), (ix), (x), (xi), (xiii).*

**Q. 3.** What is meant by factor income to abroad? State its components.

{CBSE, Delhi 2002}

Ans. *Factor income to abroad refers to the factor income paid to the normal residents of other countries (i.e. non-residents) for their factor services within the economic territory.*

*Components of factor income to abroad:*

(i) *Compensation of employees paid to the non-resident workers working within the economic territory*

(ii) *Income from property (rent, interest) and entrepreneurship (dividend) paid to the rest of the world.*

(iii) *Retained earnings of enterprises owned by non-residents within the domestic territory.*

{Note: It must be noted that components of 'Factor income to abroad' are asked and not of 'Net factor income from abroad'}

**Q. 4.** Which among the following are capital goods and which are consumer goods (or consumption goods) and why?

(a) A car used as a taxi

(b) Refrigerator in a hotel

(c) Air-conditioner in a house

{CBSE, All India 2016}

Ans. (a) *A car used as a taxi: It is a capital good because it is used for producing services for generating income.*

(b) *Refrigerator in a hotel: It is a capital good because it is used for providing services over a period of time to the production unit.*

(c) *Air-conditioner in a house: It is a consumer good because it is used for satisfaction of a want by a household.*

**Q. 5.** Which among the following are final goods and which are intermediate goods? Give reasons.

(a) Milk purchased by a tea stall.

- (b) Bus purchased by a school.  
 (c) Juice purchased by a student from the school canteen.
- Ans. (a) It is an intermediate good as milk is purchased by a tea stall for further production.  
 (b) It is a final good as bus is treated as an investment for the school.  
 (c) It is a final good as juice purchased by a student is meant for consumption purpose.

<b>TRUE</b>	<b>AND FALSE</b>
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Are the following statements true or false? Give reasons.

- Intermediate goods have a derived demand, while final goods have direct demand.  
*True. Intermediate goods have a derived demand as their demand depends on demand for final goods. On the other hand, final goods have a direct demand as they satisfy the wants directly.*
- Bread is always a consumer good. {CBSE, Sample Paper 2010}  
*False. It depends on the end use of bread. When it is purchased by a household, it is a consumer good. If it is purchased by restaurant, it is a producer (intermediate) good.*
- Gross investment can be equal to net investment.  
*True. It is possible when depreciation is zero.*
- Market price is always more than factor cost.  
*False. Market price can be less than factor cost if net indirect taxes (NIT) are negative. Market price can also be equal to factor cost if NIT is zero.*
- A good can be an intermediary good in one case and a final good in another case.  
*True. A good can be an intermediate good as well as a final good, depending upon its nature of use. For example, a car purchased by a household is a final good, whereas, it will be an intermediate good if it is purchased by a car dealer.*
- The concept of normal resident applies to individuals only.  
*False. The concept applies to institutions also, in addition to individuals.*
- In final goods, no value is to be added.  
*True. Because final goods have crossed the production boundary.*
- Butter is only a final product. {CBSE, Delhi Comptt. 2012}  
*False. It depends on the end use of butter. If butter is purchased by a household, then it is a final good. However, if it is purchased by a bakery shop for making cakes, then it is an intermediate good.*
- End-use of the goods categorise the goods as intermediate goods and final goods.  
*True. If the end-use of the good is for further production or resale, then the good is an intermediate good. However, if the end-use of the good is consumption or investment, then the good is a final good.*
- Final goods include only those goods which are consumed by the households.  
*False. Final goods include those goods which are either consumed by the households or purchased by the producers for investment purposes.*
- Both 'Expected Obsolescence' and 'Unexpected Obsolescence' are considered for determining the amount of depreciation.  
*False. Only 'Expected Obsolescence' is considered for determining the amount of depreciation.*
- National Income is always more than the Domestic Income.  
*False. National Income can also be less than domestic income when net factor income from abroad is negative. National Income is always more than the Domestic Income only when net factor income from abroad is positive.*

### Short Answer Type Questions (3-4 Marks each)

1. Distinguish between factor income and transfer receipt. {CBSE, Delhi 2003}

2. Distinguish between intermediate products and final products. Give examples.  
{CBSE, Delhi 2009, Delhi Comptt. 2015, Delhi 2017}

OR

Explain the basis of classifying goods into intermediate and final goods. Give suitable examples.  
{CBSE, Delhi 2010 (I, III), All India 2017 (I)}

3. 'Machine' purchased is always a final good.' Do you agree? Give reasons for your answer.  
{CBSE, Sample Paper 2012}

4. Which of the following expenditures incurred are on intermediate products and which are on final products? You must state reason for your answer: {CBSE, Delhi 2001}

(i) Purchase of ticket for train journey by an individual.

(ii) Purchase of eatables by a firm.

(iii) Purchase of a car by an employer for office use by his employees.

*Hint: Intermediate Products: (ii); Final Products: (i), (iii).*

5. Discuss the meaning of consumption goods and capital goods.

6. Distinguish between consumer goods and capital goods. Which of these are final goods?  
{CBSE, Delhi 2010 (II)}

7. What is meant by net factor income from abroad? Briefly discuss its various components.

8. Define intermediate goods and final goods. Can milk be an intermediate good? Give reasons for your answer.  
{CBSE, All India Comptt. 2015 (III)}

*Hint for 2<sup>nd</sup> Part: Milk purchased by a restaurant is intermediate good because it is purchased for reselling.*

9. Distinguish between: (a) Final good and intermediate good; (b) Consumption good and capital good.  
{CBSE, All India Comptt. 2016}

10. What are capital goods? How are they different from consumption goods? {CBSE, Delhi 2018}

Ans. Depreciation refers to a fall in the value of fixed assets due to normal wear and tear, passage of time or expected obsolescence (change in technology).

Q. 13. Define capital formation. {CBSE, Delhi Comptt. 2011}

OR

Define investment.

{CBSE, Delhi Comptt. 2013 (III), 2014 (III)}

Ans. Capital formation refers to addition to the capital stock of an economy. For example, construction of building, purchase of machinery, etc.

Q. 14. Define Gross Investment. {CBSE, Foreign 2016}

Ans. Gross Investment is addition to the stock of capital before making allowance for depreciation.

Q. 15. Give two examples of intermediate goods. {CBSE, All India 2013, Delhi Comptt. 2014 (III)}

Ans. (i) Milk used in dairy shop for resale; (ii) Coal used in factory for further production.

Q. 16. Define 'resident'? {CBSE, Delhi Comptt. 2013 (II)}

Ans. Resident refers to an individual or an institution who ordinarily resides in the country and whose centre of economic interest also lies in that country.

Q. 17. What are 'subsidies'? {CBSE, Sample Paper 2017}

Ans. Subsidies are the 'economic assistance' given by the government to the firms and households, with a motive of general welfare.

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OR

Explain the basis of classifying goods into intermediate and final goods. Give suitable examples.

{CBSE, Delhi 2010 (I, III), All India 2017 (I)}

3. 'Machine' purchased is always a final good.' Do you agree? Give reasons for your answer.

{CBSE, Sample Paper 2012}

4. Which of the following expenditures incurred are on intermediate products and which are on final products? You must state reason for your answer: {CBSE, Delhi 2001}

(i) Purchase of ticket for train journey by an individual.

(ii) Purchase of eatables by a firm.

(iii) Purchase of a car by an employer for office use by his employees.

Hint: Intermediate Products: (ii); Final Products: (i), (iii).

5. Discuss the meaning of consumption goods and capital goods.

6. Distinguish between consumer goods and capital goods. Which of these are final goods?

{CBSE, Delhi 2010 (II)}

7. What is meant by net factor income from abroad? Briefly discuss its various components.

8. Define intermediate goods and final goods. Can milk be an intermediate good? Give reasons for your answer. {CBSE, All India Comptt. 2015 (III)}

Hint for 2<sup>nd</sup> Part: Milk purchased by a restaurant is intermediate good because it is purchased for reselling.

9. Distinguish between: (a) Final good and intermediate good; (b) Consumption good and capital good.

{CBSE, All India Comptt. 2016}

10. What are capital goods? How are they different from consumption goods?

{CBSE, Delhi 2018}

3. Distinguish between Gross Domestic Product at Market Price and National Income.
4. Distinguish between domestic product and national product. {CBSE, Foreign 2017 (II)}
5. Is it necessary that Domestic Income is always less than National Income.

### Long Answer Type Questions (6 Marks each)

1. Distinguish between the following, giving suitable examples in support of your answer: (a) Domestic product and national product. {CBSE, Delhi 2005}
2. Discuss the concepts of: (i) NDP at MP; (ii) GNP at FC and (iii) GDP at MP.

### Unsolved Practicals

#### Practicals on Basic Aggregates of National Income

1. Calculate GNP at FC.

Particulars	₹ in crores
(i) NDP at MP	80,000
(ii) Net Factor income from abroad	-200
(iii) Depreciation	4,950
(iv) Subsidies	1,770
(v) Indirect Tax	10,600

GNP at FC = ₹ 75,920 Crores

2. Calculate the Domestic Income.

Particulars	₹ in crores
(i) Gross national product at market price	58,350
(ii) Indirect Tax	2,590
(iii) Subsidies	1,540
(iv) Depreciation	1,625
(v) Net Factor income from abroad	-240

Domestic Income = ₹ 55,915 Crores

3. Calculate National Income or NNP at FC.

Particulars	₹ in crores
(i) GDP at MP	4,800
(ii) Indirect Taxes	300
(iii) Net Factor income from abroad	80
(iv) Consumption of Fixed Capital	200
(v) Subsidies	60

National Income = ₹ 4,440 Crores

4. Calculate GDP at MP.

Particulars	₹ in crores
(i) National Income	6,700
(ii) Consumption of Fixed Capital	180
(iii) Factor income from abroad	100

(iv) Indirect Taxes	130
(v) Subsidies	70
(vi) Factor income to abroad	150

5. Calculate Domestic Income.

Particulars	₹ in crores
(i) GNP at FC	2,700
(ii) Indirect Taxes	60
(iii) Factor income from abroad	150
(iv) Factor income to abroad	180
(v) Replacement of Fixed Capital	150

GDP at MP = ₹ 6,990 Crores

6. Calculate (a) Domestic Income; (b) National Income.

Particulars	₹ in crores
(i) GDP at MP	70,150
(ii) Indirect Taxes	5,200
(iii) Factor income from abroad	800
(iv) Consumption of Fixed Capital	3,100
(v) Factor income to abroad	300
(vi) Subsidies	4,000

Domestic Income = ₹ 2,580 Crores

7. Calculate Indirect Taxes from the following data:

Particulars	₹ in crores
(i) NDP at FC	55,915
(ii) Subsidies	1,540
(iii) Factor income from abroad	625
(iv) Consumption of Fixed Capital	1,625
(v) Factor income to abroad	865
(vi) GNP at MP	58,350

(a) ₹ 65,850 Crores; (b) ₹ 66,350 Crores

8. Calculate Factor Income to abroad:

Particulars	₹ in crores
(i) GNP at FC	4,280
(ii) Subsidies	80
(iii) Factor income from abroad	400
(iv) Depreciation	480
(v) Indirect Taxes	100
(vi) NDP at MP	3,700

Indirect Taxes = ₹ 2,580 Crores

Factor Income to abroad = ₹ 280 Crores

**HOTS | HIGHER ORDER THINKING SKILLS QUESTIONS**

Q. 1. Mention the situations in which following equations will hold true:

(CBSE, Sample Paper 2017)

- (i) Value of Output is equal to Value Added.
- (ii) National income at Current Price = National income at Constant Price
- (iii) Gross domestic capital formation = Gross domestic fixed capital formation
- (iv) Operating Surplus = Rent + Royalty + Profit

Ans. (i) When intermediate consumption is zero.  
 (ii) When Price in the base year = Price in the current year.  
 (iii) When change in stock (or inventory investment) is zero.  
 (iv) When there is no income in the form of interest.

Q. 2. Whether the following items will be included in National Income? Give reasons for your answer.

- (i) Payment of electricity bill by a factory.
- (ii) Dividend on shares.
- (iii) Increase in stock of consumer goods with households.
- (iv) Bus fare paid by a passenger.
- (v) Gains from sale of shares.
- (vi) Rent earned by Reliance from its building in USA.
- (vii) Gifts from Abroad.
- (viii) Retained earnings of resident companies from abroad.
- (ix) Expenses of foreign visitors in India.
- (x) Gifts to a trust from Japan.
- (xi) Purchase of books by a student.
- (xii) Bonus to employees.
- (xiii) Interest paid by an individual on loan taken.
- (xiv) Expenditure on repair of fixed capital asset.
- (xv) Free medical facilities by the employer.
- (xvi) Financial help to flood victims.
- (xvii) Payment of telephone bill.
- (xviii) Employers' contribution to Provident Fund.
- (xix) Rent received by an Indian from Building rented to Chinese Embassy.
- (xx) Free meals to employees.
- (xxi) Free meals to beggars.
- (xxii) Wages received by an Indian working in British Embassy.
- (xxiii) Medical facilities to government employees.
- (xxiv) Purchase of vegetables by a restaurant.
- (xxv) Government Expenditure on street light.
- (xxvi) Purchase of a second hand machine from a domestic firm.
- (xxvii) Interest received on loans taken by government.
- (xxviii) Leave travel allowance paid to employees by a company.
- (xxix) Direct purchases made by resident households.
- (xxx) Interest received on debentures by debenture-holders.
- (xxxi) Monthly allowance received by a college student from home.
- (xxxii) Expenditure incurred by a firm on sponsoring a Reality show.
- (xxxiii) Expenditure incurred by normal residents on foreign travel.



- (iii) Net factor income from abroad
- (iv) Consumption of fixed capital.

- Ans. (i) Yes, net indirect taxes will be included because market price = Factor cost + Net indirect taxes.  
 (ii) Yes, net exports (a component of expenditure method) will be included as it includes goods and services produced within the domestic territory of a country.  
 (iii) No, it will not be included as  $NDP_{MP}$  is confined to domestic product only.  
 (iv) No, it will not be included because Net Product = Gross Product – Consumption of Fixed Capital.

Q. 5. Which of the following items is part of compensation of employees? Give reasons for your answer.

- (i) Entertainment allowance to an employee to entertain business guests.
- (ii) Employers' contribution to gratuity fund of the employees.
- (iii) Employee's contribution to provident fund.
- (iv) Payment of claim of insurance claim by LIC to the injured worker.
- (v) Old age pension.
- (vi) Medical expenses of a firm on treatment of employee's family.

- Ans. (i) It is not a part of compensation of employees (COE) as it is paid for the benefit of business and not for the employee. In fact, it is intermediate consumption expenditure.  
 (ii) It is a part of compensation of employees as such contribution is for the benefit of employees and is paid for his productive services.  
 (iii) It is not a part of compensation of employees as such contribution is made by the employee from COE only.  
 (iv) It is not a part of compensation of employees as LIC is not the employer of injured worker.  
 (v) It is not a part of compensation of employees as it is paid to old people due to their old age and not because of any productive contribution. Moreover, it is paid by agency other than employer. In fact, it is a transfer payment.  
 (vi) It is a part of compensation of employees as such expenditure is incurred by the firm in return of productive services of employee.

Q. 6. How are the following treated while estimating private final consumption expenditure? Give reasons for your answer. {CBSE, All India 2002}

- (i) Exports.
- (ii) Direct purchases made abroad by resident households.
- (iii) Final consumption expenditure of non-profit institutions serving households.
- (iv) Change in stocks.

- Ans. (i) Exports will not be included in private final consumption expenditure as exports do not reflect consumption expenditure by residents.  
 (ii) It will be included in private final consumption expenditure as such purchases are meant for consumption.  
 (iii) It will be included in private final consumption expenditure as non-profit institutions serving households are a component of household sector.  
 (iv) It will not be included in private final consumption expenditure as it is a component of capital formation.

Q. 7. Ananya makes the following transactions. Discuss the impact of each transaction on the National Income of the country.

- (i) She sells her car for ₹ 80,000.
- (ii) She pays ₹ 5,000 as commission to the broker on sale of car.
- (iii) She imports an Apple i-pod for ₹ 7,000.
- (iv) She buys a new car for ₹ 9,00,000.

(vi) Goods and Services Tax	6
(vii) Stock of raw material	5

Net value added at factor cost = ₹ 108 Crores

4. Calculate  $NDP_{FC}$ :

Particulars	₹ in crores
(i) Subsidies	1
(ii) Sales	100
(iii) Closing stock	10
(iv) Indirect taxes	5
(v) Intermediate consumption	30
(vi) Opening stock	20
(vii) Consumption of fixed capital	15

$NDP_{FC}$  = ₹ 41 crores

5. Calculate 'value of output' from the following data:

Particulars	₹ in lakhs
(i) Subsidy	10
(ii) Intermediate consumption	150
(iii) Net addition to stocks	(-)13
(iv) Depreciation	30
(v) Goods and Services Tax	20
(vi) Net value added at factor cost	250

Value of output = ₹ 440 lakhs

6. Calculate value of output and gross value added at market price

Particulars	₹ in crores
(i) Opening stock	1,000
(ii) Closing stock	800
(iii) Purchase of raw materials	200
(iv) Sales	10,000
(v) Indirect taxes	250
(vi) Subsidies	50

Value of output = ₹ 9,800 crores; Gross value added at MP = ₹ 9,600 crores

(CBSE, Foreign 2008 (II))

7. Calculate 'Sales' from the following data:

Particulars	₹ in lakhs
(i) Net value added at factor cost	300
(ii) Net addition to stocks	(-)20
(iii) Goods and Services Tax (GST)*	30

(iv) Depreciation	10
(v) Intermediate consumption	100
(vi) Subsidy	5

\*Sales Tax given in the question earlier has been replaced by GST.

8. Calculate Net Value Added at Factor Cost:

Sales = ₹ 455 lakhs

{CBSE, Delhi 2012 (II)}

Particulars	
(i) Consumption of fixed capital (₹)	600
(ii) Goods and Services Tax or GST* (₹)	400
(iii) Output sold (units)	2,000
(iv) Price per unit of output (₹)	10
(v) Net change in stocks (₹)	(-) 50
(vi) Intermediate cost (₹)	10,000
(vii) Subsidy (₹)	500

\*Import duty given in the question earlier has been replaced by GST.

9. Calculate Net Value Added at Market Price:

₹ 9,450

{CBSE, Delhi 2012 (III)}

Particulars	
(i) Output sold (units)	800
(ii) Price per unit of output (₹)	20
(iii) Goods and Services Tax or GST* (₹)	2,000
(iv) Net change in stocks (₹)	(-) 500
(v) Depreciation (₹)	1,000
(vi) Intermediate cost (₹)	8,000

\*Excise duty and Import duty given in the question earlier have been replaced by GST.

10. Find Net Value added at Market Price:

₹ 6,500

{CBSE, Delhi 2016 (III)}

Particulars	(₹ in lakhs)
(i) Fixed Capital good with a life span of 5 years	15
(ii) Raw materials	6
(iii) Sales	25
(iv) Net change in stock	(-) 2
(v) Taxes on production	1

11. Calculate 'Sales' from the following data:

₹ 14 lakhs

{CBSE, All India 2013}

Particulars	(₹ in lakhs)
(i) Subsidies	200
(ii) Opening stock	100

25. Calculate the operating surplus.

Particulars	₹ in crores
(i) Compensation of employees	200
(ii) Indirect taxes	200
(iii) Consumption of fixed capital	100
(iv) Subsidies	50
(v) Gross domestic product at MP	600

Operating Surplus = ₹ 150 crores

26. Calculate operating surplus and compensation of employees.

Particulars	₹ in crores
(i) Indirect taxes	250
(ii) Depreciation	200
(iii) Royalty	20
(iv) Profit	200
(v) Subsidies	50
(vi) Gross domestic product at MP	1,800
(vii) Interest	50
(viii) Rent	100
(ix) Net factor income from abroad	(-) 40

Operating Surplus = ₹ 370 crores; Compensation of employees = ₹ 1,030 crores

### Practicals on Expenditure Method

27. Calculate GNP at MP.

Particulars	₹ in crores
(i) Personal consumption expenditure	27,500
(ii) Government consumption expenditure	3,000
(iii) Gross domestic fixed capital formation	2,500
(iv) Import of goods and services	500
(v) Net factor income from abroad	- 250
(vi) Subsidy	250
(vii) Fall in stock	300
(viii) Export of goods and services	450
(ix) Depreciation	1,000
(x) Net indirect taxes	1,000

GNP at MP = ₹ 32,400 crores

28. Calculate NDP at FC.

Particulars	₹ in crores
(i) Private final consumption expenditure	400
(ii) Gross domestic capital formation	100

(iii) Consumption of fixed capital	100
(iv) Rent	400
(v) Interest	600
(vi) Mixed income of self employed	700
(vii) Net exports	(-) 30
(viii) Government final consumption expenditure	1,100

National Income = ₹ 2,700 crore

Q. From the following data, calculate 'national income' by (a) income method and (b) expenditure method. (CCE Ad India 2009)

Particulars	₹ in crore
(i) Interest	150
(ii) Rent	250
(iii) Government final consumption expenditure	600
(iv) Private final consumption expenditure	1200
(v) Profits	640
(vi) Compensation of employees	1000
(vii) Net factor income to abroad	30
(viii) Net indirect taxes	60
(ix) Net exports	(-140)
(x) Consumption of fixed capital	50
(xi) Net domestic capital formation	340

(a) ₹ 2,010 crore, (b) ₹ 2,010 crore

Q. Calculate National Income by Income and Expenditure method.

Particulars	₹ in crore
(i) Compensation of employees	600
(ii) Government final consumption expenditure	550
(iii) Net factor income from abroad	(-) 10
(iv) Net exports	(-) 15
(v) Profit	400
(vi) Net indirect tax	60
(vii) Mixed income of self employed	350
(viii) Rent	200
(ix) Interest	310
(x) Private final consumption expenditure	1,000
(xi) Net domestic capital formation	385
(xii) Consumption of fixed capital	60

National Income = ₹ 1,400 crore

45. Calculate GDP at MP by Income method and National Income by Expenditure method.

Particulars	₹ in crores
(i) Compensation of employees	490
(ii) Private final consumption expenditure	1,120
(iii) Net factor income from the rest of the world	(-) 10
(iv) Net fixed capital formation	180
(v) Consumption of fixed capital	80
(vi) Indirect taxes	180
(vii) Current transfers from government to households	20
(viii) Change in stock	60
(ix) Mixed income of the self employed	560
(x) Government final consumption expenditure	150
(xi) Subsidies	20
(xii) Exports	100
(xiii) Imports	110
(xiv) Rent, interest and profit	290

$GDP_{MP}$  by Income Method = ₹ 1,580 crores; and National Income by Expenditure Method = ₹ 1,330 crores

46. Calculate GDP at Factor cost by Income and Expenditure method.

Particulars	₹ in crores
(i) Personal consumption expenditure	730
(ii) Wages and Salaries	700
(iii) Employers' contribution to social security schemes	100
(iv) Gross business fixed investment	60
(v) Profit	100
(vi) Gross residential construction investment	60
(vii) Government purchases of goods and services	200
(viii) Gross public investment	40
(ix) Rent	50
(x) Inventory investment	20
(xi) Exports	40
(xii) Interest	50
(xiii) Imports	(-) 10
(xiv) Net factor income from abroad	100
(xv) Mixed income	20
(xvi) Depreciation	10
(xvii) Subsidies	20
(xviii) Indirect taxes	

**Note:** Gross Domestic Capital Formation is calculated as: Gross business fixed investment + Gross residential construction investment + Gross public investment + Inventory investment

GDP at FC = ₹ 1,120 crores

66. Calculate Net Domestic Product at Market Price:

(CBSE, All India 2015 (III))

Particulars	₹ in crores
(i) Private Final Consumption Expenditure	400
(ii) Opening stock	10
(iii) Consumption of Fixed Capital	25
(iv) Imports	15
(v) Government Final Consumption Expenditure	90
(vi) Net factor income to abroad	(-) 5
(vii) Gross Domestic Fixed Capital Formation	80
(viii) Closing stock	20
(ix) Exports	10

Net Domestic Product at Market Price = ₹ 550 Crore

(CBSE, Foreign 2015 (III))

67. Calculate Net National Product at Market Price.

Particulars	₹ in crores
(i) Net Factor income to abroad	(-) 10
(ii) Social security contributions by employees	11
(iii) Consumption of fixed capital	40
(iv) Compensation of employees	700
(v) Corporate tax	30
(vi) Undistributed profits	10
(vii) Interest	90
(viii) Rent	100
(ix) Dividends	20
(x) Net Indirect tax	110

Net National Product at Market Price = ₹ 1,070 Crore

(CBSE, Delhi Comptt. 2015)

68. From the following data, calculate net value added at factor cost.

Particulars	₹ in crores
(i) Sales	300
(ii) Opening stock	40
(iii) Depreciation	30
(iv) Intermediate consumption	120
(v) Exports	50
(vi) Change in stock	20
(vii) Net indirect taxes	15
(viii) Factor income to abroad	10

Net Value Added at Factor Cost = ₹ 155 Crore

(CBSE, Delhi Comptt. 2015 (I))

69. Calculate National Income.

Particulars	₹ in crores
(i) Private final consumption expenditure	500
(ii) Net domestic fixed capital formation	100