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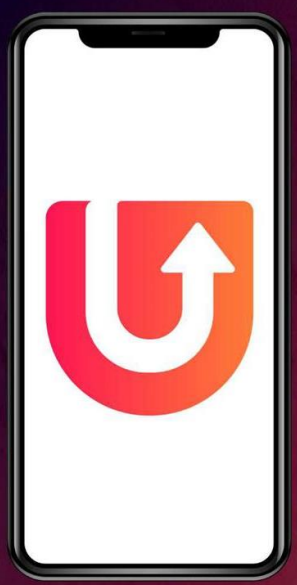

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CA Mohnish Vora (MVSIR)

- CA, CFA LEVEL 1, B.COM
- Faculty for
  - CA Foundation- Business Economics
  - CA Intermediate- Financial Mgt & Strategic Mgt
- 4+ years of teaching experience
- Passionate about teaching, started teaching at a young age
- Known for making difficult concepts easy by innovative examples, charts, summary & tricks
- Taught thousands of students on various online platforms in a short span of time
- Author of Best selling Books on Economics, BCK, FM

ULTIMATE CA

CA Foundation June 2024

Paper 4 – Business Economics

Complete Batch Details by CA Mohnish Vora (MVSIR)

Details	Option 1 (Regular Batch)	Option 2 (Exam Oreinted Batch)
Starting Date	Already started	12th Feb, 2024
End Date	15th Apr. 2024	15th Apr, 2024
Chapters that will be covered live	All Chapters (Chp 1 & 2 are already completed)	Micro Eco Chp 3, 4, Macro Eco Chp 5, 6, 7, 8, 9 & 10
FM Chapters to be covered in recorded form	Chp 1, 2 & 5 (If a student joins now, then chp 1 ,2 & 5 will have to be covered in recordings of detailed batch)	Chp 1, 2 & 5 (Students will have to cover from YouTube revision, will upload after batch ends)
Printed Books to be provided	4 Books: Micro Economics Shastra, Macro Economics Shastra, MCQ Shastra, Super Chart Book (All Chp)	3 Books: Macro Economics Shastra, MCQ Shastra, Super Chart Book (All Chp)
Schedule	Mon to Sat (6 days a week)	
Timing	1.45 PM to 3.15 PM	

- Both batches will be merged from 12 Feb.
- What will Regular Batch students get extra compared to Exam Oriented Batch Students?
  - ✓ Chp 1, 2 & 5 (new class recordings) & Micro Economics Shastra Book
- Then, why should we enroll in Exam-Oriented Batch?
  - ✓ Yes, if you want to cover all new topics in DETAIL
  - ✓ Could not clear in Dec 2023 exams- then this is THE BATCH FOR YOU.

CA Foundation
June 24 & Dec 24
Macro Economics

Chapter 6
Determination of National Income

Practical Questions from old ICAI Resources which are relevant for CA Foundation New Syllabus

CHAPTER 6 - DETERMINATION OF NATIONAL INCOME
Unit 1 - National Income Accounting

Q. 1	RTP Nov 20
	A sold a used car to B and receives Rs. 60,000. How much of the sale proceeds will be included in national income calculation?
Ans.	National income is a **flow measure of output per time period**—for example, per year—and includes only those goods and services currently produced i.e. produced during the time interval under consideration. The value of market transactions such as exchange of goods which already exist or are previously produced, do not enter into the calculation of national income. **No part of the used car sales proceeds** of Rs 60,000 will be included in national income calculation because sale of a used car represents **transfer of existing asset which was produced during some earlier year** and was accounted in the national income calculation of that year.

Q. 2	PYQ Nov 22
	How are the following transactions treated in National Income Calculation? (A) B sold a used car to C and receive ₹ 80,000. How much of the sale proceeds will be included in National Income calculation? (B) Fees paid to real estate agents and lawyers. (C) Electric power sold to a consumer household.
Ans.	(A) **Sale of used car: No part** of the used car sales proceed of Rs 80,000 will be included in national income calculation because sales of used car represent transfer of existing assets which was proceed during some earlier year and was accounted in the national Income calculation of that year **(B) Fees paid to real estate agents and lawyers:** Fees paid to real estate agents and lawyers represent current production and, therefore, are **included in national income**. **(C) Electric power sold to a consumer household:** Electric power sold to a consumer does not require any further processing and **does not undergo any further transformation** before use. Once a final goods has been sold, it **passes out of the active economic flow**. It will be **included in national income**.

Q. 3	RTP May 20 & MTP May 20
	How are the following transactions treated in national income calculation? What is the rationale in each case? i. Electricity sold to a steel plant ii. Electric power sold to a consumer household iii. A car manufacturer procuring parts and components from the market iv. A computer producer buys a robot produced in the same country and uses it in production of computers.

Ans.	i. Being an **intermediate good**, electricity sold to a steel plant will **not be included in national income** calculation. The underlying principle is that **only finished goods and services** which are **directly sold to consumer for final consumption** would be **included**. Value of final output, namely steel, includes the value of electricity used up in the production process. Counting electricity sold to a steel plant separately will lead to the **error of double counting** and exaggerate the value of steel production. ii. **Electric power sold to a consumer household** would be **included in the calculation of GDP** since it is a final good consumed by the end user. Electric power sold to a consumer **does not require any further processing** and **does not undergo any further transformation** before use. Once a final good has been sold, it passes out of the active economic flow. iii. Value of parts and components procured from market by a car manufacturer will **not be included in national income** calculation because these are **intermediate goods** used in car production. Value is added to parts and components through process of production and the same is resold. Value of final output, namely car, includes the value of the parts and components. **Counting parts and components separately** will lead to the **error of double counting** and exaggerate the value of car production. iv. The value of the robot bought by a computer producer for use in the production of computers would be **included in national income** calculation because the **computer producer is the "final consumer"** of the robot and the robot is not resold in the market after value addition.

Q. 4	MTP Oct 20
	How are following transactions treated in national income? What is the rationale? **1. Expenditure by government on providing free education.** **2. Capital gain on sale of a house.** **3. Mineral wealth of a nation.**
Ans.	1. Expenditure by government on providing free education is **included** while estimating national income, as it is **part of government final consumption expenditure**. Since the service provided by the government are **not sold in the market**, the only way they can be **valued in money terms** is by **adding up the money spent** by the government in the production of the service. 2. Capital gain on sale of the house is **not included** while estimating national income, as it is **already included in the year when it is built** and to **avoid double counting** which means counting value of the same commodity more than once. 3. It is a **part of national wealth** and is **not included in national income**. However, that part of mineral wealth which has been **extracted during the current year** will be **included** in national income under the product method.

Q. 5	PYQ July 21, MTP Sep 22, MTP Apr 23
	What do you mean about gross investment of a country?

	OR What is the significance of Gross Investment?
Ans.	Gross Investment is that **part of country's total expenditure** which is **not consumed but added to the nation's fixed tangible assets and stocks**. It consists of the **acquisition of fixed assets** and the **accumulation of stocks**. The stock accumulation is in the form of changes in stock of raw materials, fuels, finished goods and semi -finished goods awaiting completion. Thus, gross investment includes: ➢ final **expenditure on machinery** and equipment, ➢ **own account production of machinery** and equipment, ➢ expenditure on **construction**, ➢ expenditure on **changes in inventories**, and ➢ expenditure on the **acquisition of valuables** such as, **jewellery, works of art.**

Q. 6	ICAI SM
	Find nominal GDP if real GDP = 450 and price index = 120
Ans.	Nominal GDP = Real GDP $\times \frac{\text{Price Index}}{100}$ Nominal GDP = $450 \times \frac{120}{100} = 540$

Q. 7	ICAI SM
	Suppose nominal GNP of a country in year 2010 is given at Rs. 600 Crores and price index is given as base year 2010 is 100. Now let the nominal GDP increases to Rs. 1200 Crores in year 2018 and price index rises to 110, find out real GDP?
Ans.	Real GDP = Nominal GDP $\times \frac{100}{\text{Price Index}}$ $= 1200 \times \frac{100}{110} = 1{,}090.9$ Crores

Q. 8	RTP May 21, ICAI SM
	The nominal and real GDP of a country in a particular year are Rs. 3000 Crores and Rs. 4700 Crores respectively. Calculate GDP deflator and comment on the level of prices of the year in comparison with the base year.
Ans.	Nominal GDP = Rs. 3000 Crores Real GDP = Rs. 4700 Crores GDP Deflator $= \frac{\text{Nominal GDP}}{\text{Real GDP}} \times 100$ $= \frac{3000}{4700} \times 100$ The price level has fallen since GDP deflator is less than 100 at 63.83.

Q. 9	MTP Mar 23
	The nominal and real GDP respectively of a country in a particular year are 5000 Crores and 6000 Crores respectively. Calculate GDP deflator and analyze the on the level of prices of the year in comparison with the base year.
Ans.	Nominal GDP = 5000 Crores Real GDP = 6000 Crores DP Deflator = $\frac{\text{Nominal GDP}}{\text{Real GDP}} \times 100$ = 5000÷6000 × 100 = 83.33 The price level has fallen since GDP deflator is less than 100 at 83.33

Q. 10	PYQ Dec 21
	The Nominal GDP and Real GDP of a country in the financial year 2018-19 were Rs 1,500 crore and Rs 1,200 crore respectively, you are required to calculate: i. GDP deflator in the financial year 2018-19 and comment. ii. Inflation rate in the financial year 2019-20 assuming. GDP deflator rate in this year is 140 as compared to the year 2018-19.
Ans.	i. GDP Deflator = $\frac{\text{Nominal GDP}}{\text{Real GDP}} \times 100 = \frac{1,500}{1,200} \times 10 = 125$ **GDP deflator for 2018-19 = 125** Comment: A deflator above 100 is an indication of price levels being higher as compared to base year. ii. Inflation rate in year 2 = $\frac{\text{GDP deflater in year 2 - GDP deflater in year 1}}{\text{GDP deflater in year 1}} \times 100$ $= \frac{140 - 125}{125} \times 100 = \mathbf{12\%}$ **Inflation Rate = 12%** **Note:** Year 2 refers to 2019-20 and year 1 refer to 2018-19.

Q. 11	ICAI SM

From the following data, calculate NNPFC, NNPMP, GNPMP and GDPMP

Items	Rs. in Crores
Operating surplus	2,000
Mixed income of self-employed	1,100
Rent	550
Profit	800
Net indirect tax	450

Consumption of fixed capital	400
Net factor income from abroad	-50
Compensation of employees	1,000

Ans.

	Particulars	Rs. In Crores
	Compensation of employees	1,000
+	Mixed Income of Self-Employed	1,100
+	Operating Surplus (Rent+ Interest + Profit)	2,000
+	Consumption of Fixed Capital	400
+	Net Indirect Taxes	450
	GDP$_{MP}$	**4,950**
+	Net Factor income from abroad (NFIA)	-50
	GNP$_{MP}$	**4,900**
-	Consumption of Fixed Capital	400
	NNP$_{MP}$	**4,500**
-	Net Indirect Taxes (NIT)	450
	NNP$_{FC}$	**4,050**

Q. 12 RTP May 18

You are given the following data on an economy in millions

Consumer Expenditure (inclusive of indirect taxes)	110
Investment	20
Government Expenditure (inclusive of transfer payments)	70
Exports	20
Imports	50
Net Property Income from abroad	10
Transfer payments	20
Indirect taxes	30
Population	0.5

i. Calculate the Gross Domestic Product at market prices.
ii. Calculate the Gross National Income at market prices.
iii. Calculate the Gross Domestic Product at factor cost.

	iv.	Calculate the per capita Gross National Income at factor cost.
Ans.	i.	GDP_{MP} = C + I + G + (X – Z) = 110 + 20 + (70 – 20) + (20 – 50) = 150 million
	ii.	GNP_{MP} = GDP at market prices + net property income from abroad = 150 + 10 = 160 million
	iii.	GDP_{FC} = GDP market prices – indirect taxes 150 – 30 = 120 million
	iv.	Per Capita Income = $\frac{\text{GNP at Factor Cost}}{\text{Population}} = \frac{160 - 30}{0.5}$ = 260 (in millions)

Q. 13 ICAI SM

Calculate the aggregate value of depreciation when the GDP at market price of a country in a particular year was Rs. 1,100 Crores. Net Factor Income from Abroad was Rs. 100 Crores. The value of Indirect taxes – Subsidies was Rs. 150 Crores and National Income was Rs. 850 Crores.

Ans.

	Particulars	Rs. (In Crores)
	GDP_{MP}	1100
-	Net Indirect Taxes	150
	GDP_{FC}	**950**
+	NFIA	100
	GNP_{FC}	**1050**
-	**Depreciation (Balancing Figure)**	**200**
	NNP_{FC}	850

Q. 14 PYQ July 21

The following information is related to an economy:

Particulars	(Rs.) In Crore
Domestic Sales	3600
Opening Stock	800
Exports	1000
Depreciation	300
Closing Stock	200

Net indirect tax	400
Intermediate consumption	600
Net factor income from abroad	10

Calculate the followings:

i. Gross Value of Output (GVOMP)
ii. Gross Value Added (GVAMP)
iii. Net Value Added (NVAMP)
iv. Net Domestic Product (NDPFC)
v. Net National Product (NNPFC)

Ans.

	Particulars	(Rs.) In Crore
	Domestic Sales	3600
+	Exports	1000
+	Change in stock	(600)
	Gross Value of Output (GVOMP)	**4000**
-	Intermediate Consumption	(600)
	Gross Value Added (GVAMP)	**3400**
-	Depreciation	(300)
	Net Value Added (NVAMP)	**3100**
-	Net Indirect Taxes	(400)
	Net Domestic Product (NDPFC)	**2700**
+	Net Factor Income from Abroad (NFIA)	10
	Net National Product (NNPFC)	**2710**

Q. 15 ICAI SM, MTP Oct 19

Calculate National Income by Value Added Method with the help of following data

Particulars	Rs. in Crores
Sales	700
Opening stock	500
Intermediate Consumption	350
Closing Stock	400
Net Factor Income from Abroad	30

Depreciation	150
Excise Tax	110
Subsidies	50

Ans.

	Particulars	Rs. (In Crores)
	Sales	700
+	change in stock [400-500]	-100
-	intermediate consumption	350
	GVAMP	**250**
-	Depreciation	150
+	NFIA	30
-	Net Indirect Tax [110-50]	60
	NVAFC	**70**

Q. 16 PYQ Jan 21, MTP May 20, May 22

Calculate the GNP at market price using value added method with the help of following data –

Particulars	(Rs.) In Crore
Value of output in primary sector	1000
Net factor income from abroad	-20
Value of output in tertiary sector	700
Intermediate consumption in secondary sector	400
Value of output in secondary sector	900
Government transfer payments	600
Intermediate consumption in primary sector	500
Intermediate consumption in tertiary sector	400

Ans.

	Particulars	(Rs.) In Crore
	Value of output in primary sector	1000
-	intermediate consumption of primary sector	(500)
+	value of output in secondary sector	900
-	intermediate consumption of secondary sector	(400)

+	value of output in tertiary sector	700
-	intermediate consumption of tertiary sector	(400)
	GDPMP	**1300**
+	NFIA	(20)
	GNPMP	**1280**

Q. 17 ICAI SM

Calculate national income by value added method

Particulars	Rs. in Crores
Value of output in primary sector	2000
Intermediate consumption of primary sector	200
Value of output of secondary sector	2800
Intermediate consumption of secondary sector	800
Value of output of tertiary sector	1600
Intermediate consumption of tertiary sector	600
Net factor income from abroad	-30
Net indirect taxes	300
Depreciation	470

Ans.

	Particulars	Rs. (In Crores)
	Value of output in primary sector	2000
-	Intermediate consumption of primary sector	200
+	Value of output in secondary sector	2800
-	Intermediate consumption in secondary sector	800
+	Value of output in tertiary sector	1600
-	Intermediate consumption of tertiary sector	600
	GDPMP	**4800**
+	NFIA	-30
-	NIT	300
-	Depreciation	470
	NNPFC	**4000**

Q. 18 MTP Mar 23

Calculate value of output from the following data:

Sr No.	Particulars	In lakhs
1.	Net value added at factor cost	800
2.	Intermediate consumption	500
3.	Excise duty	400
4.	Subsidy	60
5.	Depreciation	80

Ans.

NVA at FC = Value of Output – Intermediate Consumption – Depreciation – (Excise Duty – Subsidy)

Thus, Value of output = Net value added at factor cost + Intermediate consumption + Depreciation + (Excise duty-Subsidy)

= 800 + 500 + 80 + (400-60)

= ₹ 1720 lakhs

Q. 19 MTP Mar 23

Calculate Gross value at factor cost

Sr No.	Particulars	
1.	Units of output sold (Unit)	1000
2.	Price per unit of output (₹)	30
3.	Depreciation (₹)	1000
4.	Intermediate cost (₹)	12000
5.	Closing Stock (₹)	3000
6.	Opening Stock (₹)	2000
7.	Excise (₹)	2500
8.	Sales Tax (₹)	3500

Ans.

Gross value at factor cost = Total Sales + Change in Stock - Intermediate Consumption – Net Indirect Tax

= (1000 x 30) + (3000 - 2000) – 12000 - (2500 + 3500) = **₹ 13000**

Q. 20 ICAI SM

Calculate Net Value Added by Factor Cost from the following data

Particulars	Rs. in Crores
Purchase of materials	85
Sales	450
Depreciation	30
Opening stock	40
Closing stock	30
Excise tax	45

	Intermediate consumption	200
	Subsidies	15

Ans.

	Particulars	Rs. (In Crores)
	Sales	450
+	Change in stock (30-40)	10
-	Intermediate consumption	200
	GVAMP	**240**
-	Depreciation	30
	NVAMP	**210**
-	Indirect Tax	45
+	Subsidies	15
	NVAFC	**180**

Q. 21 RTP May 19

Using the information given in the following table calculate,

Particulars	Amount
Sales by firm B to general government	300
Sales by firm A	1500
Sales by firm B to households	1350
Change in stock of firm A	200
Closing stock of firm B	140
Opening stock of firm B	130
Purchases by firm A	270
Indirect taxes paid by both the firms	375
Consumption of fixed capital	720
Sales by firm A to B	300

i. Value added by firm A and firm B
ii. Gross Domestic Product at Market Price
iii. Net Domestic Product at Factor Cost.

Ans.

i. Value added by Firm A and Firm B, **Gross Value Added (GVAMP) of Firm A Gross Value Added (GVAMP) of Firm B**

	Particulars	Amount (in Cr.)

	Sales by firm A	1500
+	Change in stock of firm A	200
-	Purchases by firm A	(270)
	Gross Value Added (GVAMP) of Firm A	**1430**

	Particulars	Amount (in Cr.)
	Sales by firm B to general government	300
+	Sales by firm B to households	1350
+	Closing stock of firm B	140
-	Opening stock of firm B	(130)
-	Purchases by firm B	(300)
	Gross Value Added (GVAMP) of Firm B	**1360**

ii. **Gross Domestic product at Market Price:**

	Particulars	Amount (in Cr.)
	Value added by firm A	1430
+	Value added by firm B	1360
	Gross Domestic Product at Market Price (GDPMP)	**2790**

iii. **Net Domestic Price at Factor Cost:**

	Particulars	Amount (in Cr.)
	Gross Domestic product at market price	2790
-	Consumption of fixed capital	720
-	Indirect taxes paid by both the firms [375 – 0]	375
	NDPFC	**1695**

Q. 22	PYQ Nov 19
	Compute the amount of subsidy from the following data: **GDP at market price = Rs. 7,79,567 crores** **Indirect Taxes = Rs. 4,54,367 crores** **GDP at factor cost = Rs. 3,60,815 crores**
Ans.	Gross Domestic Product at Market Price (GDPMP) = Gross Domestic Product at Factor Cost (GDPFC) + (Indirect Taxes – Subsidies) ∴ Subsidy = GDPFC + Indirect tax – GDPMP = 3,60,815 + 4,54,367 – 7,79,567 = **Rs. 35,615 Crores**

Q. 23 PYQ Nov 20, RTP May 23

Compute the amount of depreciation from the following data

Particulars	(Rs. In crores)
GDP at Market Price (GDP_{MP})	8,76,532
Net factor income from abroad	(-) 232
Aggregate amount of Indirect Taxes	564
Subsidies	30
National Income (NNP_{FC})	8,46,576

Ans.

	Particulars	(Rs. In crores)
	NNP_{FC}	8,46,576
-	NFIA	232
+	NIT [564-30]	534
+	**Depreciation [Balancing Figure]**	**29,190**
	GDP_{MP}	**8,76,532**

Q. 24 ICAI SM

Calculate 'Sales' from the following data:

Particulars	Rs. in Lakhs
Subsidies	200
Opening stock	100
Closing stock	600
Intermediate consumption	3,000
Consumption of fixed capital	700
Profit	750
Net value added at factor cost	2,000

Ans.

	Particulars	Rs. (In Lakhs)
	Sales (Balancing Figure)	**5,000**
+	Changes in Stock	500
-	Intermediate consumption	3000
-	Depreciation	700

-	NIT	- 200
	Net Value Added at factor cost	2000

Q. 25 RTP Nov 19

Calculate Net Domestic Product at Factor Cost from the following data:

Particulars	Amount (in Rs crore)
Wages	7,142
Mixed Income	450
Rent	541
Salaries	8,912
Interest	1,013
Profit	714

Ans.

	Particulars	Amount (In Crores)
	Compensation of Employees	
+	Wages	7,142
+	Salaries	8,912
	Operating Surplus	
+	Rent	541
+	Interest	1,013
+	Profit	714
+	Mixed Income	450
	Net Domestic Product at Factor Cost	**18,772**

Q. 26 RTP Nov 20

From the following data, calculate NNP$_{FC}$, NNP$_{MP}$, GNP$_{MP}$ and GDP$_{MP}$.

Particulars	Amount (In Crore)
Operating surplus	2,000
Mixed income of self-employed	1,100
Rent	550
Profit	800
Net indirect tax	450
Consumption of fixed capital	400

Net factor income from abroad	-50
Compensation of employees	1,000

Ans.

	Particulars	Amount (In Crores)
	Compensation of employees	1,000
+	Mixed income of self-employed	1,100
+	Operating surplus	2,000
+	Depreciation	400
+	Net Indirect Taxes	450
	GDP_{MP}	**4,950**
+	NFIA	(50)
	GNP_{MP}	**4,900**
-	Consumption of Fixed Capital	400
	NNP_{MP}	**4,500**
-	NIT	450
	NNP_{FC}	**4,050**

Q. 27 MTP Oct 18, MTP Apr 19

Calculate
a) GDP_{MP} and
b) NNP_{FC} from the following data:

Particulars	(Rs.) In Crore
Net indirect tax	208
Consumption of fixed capital	42
Net factor income from abroad	-40
Rent	311
Profits	892
Interest	81
Loyalty	6
Wages and salary	489
Employer's contribution to Social Security Scheme	50

Ans.

	Particulars	Amount (In Crores)
	Wages and salary	489
+	Employer's contribution to Social Security Scheme	50
+	Rent	311
+	Profits	892
+	Interest	81
+	Loyalty	6
	NDP_{FC}	**1,829**
+	Depreciation	42
+	Net Indirect Tax	208
	GDP_{MP}	**2,079**
	NDP_{FC}	**1,829**
+	Net Factor Income from Abroad	(40)
	NNP_{FC}	**1,789**

Q. 28 PYQ May 22

Following information, relating to a particular financial year, are given as under:

	in Crores
Sales	3,500
Intermediate consumption	400
Closing Stock	300
Opening Stock	200
Net indirect tax	600
Mixed income	200
Consumption of fixed capital	400
Compensation of employees	400

Compute:

i. GVA_{MP}
ii. NDP_{MP} iii. Operating Surplus

Ans.

(i) GVA_{MP} = Sales + Change in stock - Intermediate Consumption
= 3,500 + (300 - 200) - 400
= **Rs. 3,200 Crore**

(ii) NDP_{MP} = GDP_{MP} - Consumption of Fixed capital

= 3,200 – 400 [Here $GDP_{MP} = GVA_{MP}$]
= **Rs. 2,800 Crores**

(iii) $NDP_{FC} = NDP_{MP}$ - Net indirect tax
= 2800 – 600 = Rs. 2,200 Crores

Also, NDP_{FC} = Compensation of employees + Operating surplus + Mixed Income
2,200 = 400 + Operating Surplus + 200
Thus, Operating Surplus = 2,200 - 600 = **Rs. 1600 Crores**

Q. 29 ICAI SM, RTP May 20, MTP Oct 22

Calculate the Operating Surplus with the help of following data

Particulars	Rs. in Crores
Sales	4000
Compensation of employees	800
Intermediate consumption	600
Rent	400
Interest	300
Net indirect tax	500
Consumption of Fixed Capital	200
Mixed Income	400

Ans.

	Particulars	Rs. (In Crores)
	Gross Value Output at MP.....(Sales + change in stock)	4000
-	Intermediate consumption	600
	GVA_{MP} = GDP_{MP}	**3400**
-	consumption of fixed capital	200
	NDP_{MP}	**3200**
-	NIT	500
	NDP_{FC}	**2700**

	Particulars	Rs. (In Crores)
	Compensation of employees	800
+	**Operating surplus (Balancing Figure)**	**1500**

+	Mixed income	400
	NDPFC	**2700**

Q. 30 MTP October 21

Calculate the Operating Surplus

Particulars	(Rs.) In Crore
Compensation of employees	200
Intermediate Consumption	800
Rent	600
Interest	500
Consumption of fixed capital	300
Net Indirect Taxes	400
Mixed Income	700
Sales	2,500

Ans.

	Particulars	(Rs.) In Crore
	Sales	2,500
+	Change in stock	-
-	Intermediate Consumption	800
	GVAMP = GDPMP	**1,700**
-	Consumption of fixed Capital	(300)
	NDPMP	**1,400**
-	Net Indirect taxes	(400)
	NDPFC	**1,000**

	Particulars	(Rs.) In Crore
	Compensation of employees	200
+	**Operating Surplus [Balancing Figure]**	**100**
+	Mixed Income	700
	NDPFC	**1,000**

Q. 31 ICAI SM

From the following data calculate
a) Gross Domestic Product at Factor Cost, and
b) Gross Domestic Product at Market price

Particulars	Rs. in Crores
Gross national product at factor cost	61,500
Net exports	- 50
Compensation of employees	3000
Rent	800
Interest	900
Profit	1,300
Net indirect taxes	300
Net domestic capital formation	800
Gross domestic capital formation	900
Factor income to abroad	80

Ans.

	Particulars	Rs. (In Crores)
	Compensation of employees	3000
+	Rent	800
+	Interest	900
+	Profit	1,300
+	Gross domestic capital formation	900
-	Net domestic capital formation	800
	GDP at factor cost	**6,100**

	Particulars	Rs. (In Crores)
	GDP at factor cost	6,100
+	Net Indirect taxes	300
	Gross Domestic Product at Market Price	**6,400**

Q. 32 PYQ Nov 22, RTP Nov 22

Calculate Net National Product at Market Price

Particulars	Rs. in Crores

Compensation in employees	800
Profit	300
Rent	200
Mixed income of self employed	600
Net Factor income from abroad	25
Interest	60
Import	40
Export	15
Consumption of fixed Capital	30
Net Indirect taxes	20
Net current transfer to abroad	10

Ans.

NDP_{FC} = Compensation of employees + Mixed Income of self employed + Rent + Interest + Profit
= 800 + 600 + 200 + 60 + 300
= Rs. 1,960 Cr.

National Income (NNP_{FC}) = NDP_{FC} + NFIA (Net Factor Income from abroad)
= 1960 + 25
= Rs. 1985 Cr.

NNP_{MP} = NNP_{FC} + Net Indirect taxes
= 1985 + 20 = **Rs. 2,005 Cr**

Q. 33 ICAI SM, MTP Apr 23

Compute National income

Particulars	Amount
Consumption	750
Investment	250
Government Purchases	100
Exports	100
Imports	200

Ans.

Expenditure Method: National income equals domestic spending
$Y = C + I + G + (X - M)$
$(C + I + G = 1100)$ plus exports $(X = 100)$ less imports $(M = 200)$. $Y = 1000$

Q. 34 ICAI SM

Calculate NNPFC. By expenditure method with the help of following information

Particulars	Rs. in Crores
Private final consumption expenditure	10
Net Import	20
Public final consumption expenditure	05
Gross domestic fixed capital formation	350
Depreciation	30
Subsidy	100
Income paid to abroad	20
Change in stock	30
Net acquisition of valuables	10

Ans.

	Particulars	Rs. (In Crores)
	Government final consumption expenditure (Public final consumption expenditure)	5
+	Private final consumption expenditure	10
+	Gross domestic capital formation ➢ Gross domestic fixed capital formation ➢ change stock ➢ Net acquisition of valuables	350 30 10
+	Net export (Note: As net import is 20, hence, net export is -20)	- 20
	GDPMP	**385**

	Particulars	Rs. (In Crores)
	GDPMP	**385**
-	Depreciation	30
+	Net factor income from abroad ➢ Income from abroad	0
-	➢ Income paid to abroad	20
-	Net Indirect tax ➢ Indirect tax	0
+	➢ subsidies	100
	NNPFC	**435**