



Q. 35

PYQ May 22

Following information, relating to an economy of country, for current year are-

Particulars	(In Crores ₹)
GDP MP	6550
Gross Investment (Including Business fixed investment, Residential construction investment, Public & Inventory investment)	1000
Government Purchases of goods and services	1500
Exports	400
Imports	350
GNP MP	6600
Indirect Taxes	200
Depreciation	200

Find out:

- (A) Private Final Consumption Expenditure
(B) Net Factor Income from Abroad
(C) NNPF_C or National Income

Ans.

(A) Private Final Consumption Expenditure:

$$GDP_{MP} = \text{Private Final Consumption expenditure} + \text{Government final consumption expenditure} + \text{Gross domestic Capital formation} + \text{Net Export}$$

$$6,550 = \text{Private Final Consumption expenditure} + 1,500 + 1,000 + 50$$

$$\text{Private Final Consumption expenditure} = 6,550 - 2,550 = ₹ 4,000 \text{ crores}$$
(B) Net Factor Income from Abroad:

$$= GNP_{MP} - GDP_{MP}$$

$$= 6,600 - 6,550$$

$$= ₹ 50 \text{ crores}$$
(C) NNPF_C or National Income:

$$= GDP_{MP} - \text{depreciation} + \text{NFIA} - \text{NIT}$$

$$= 6,550 - 200 + 50 - 200$$

$$= ₹ 6,200 \text{ crores}$$

Q. 36

ICAI SM

Given the following data, determine the National Income of a country using expenditure method and income method

Particulars	Rs. in Lakhs
Private Final Consumption Expenditure	1,000
Government Final Consumption Expenditure	550
Compensation of Employees	600
Net Exports	-15



	Net Indirect Taxes	60	
	Net Domestic Fixed Investment	385	
	Consumption of Fixed Capital Formation	65	
	Net Factor Income from Abroad	-10	
	Interest	310	
	Rent	200	
	Mixed Income of Self-Employed	350	
	Profit	400	
Ans.	Particulars		Rs. (In Lakhs)
		Private Final Consumption Expenditure	1,000
	+	Net Domestic Fixed Investment	385
	+	Government final consumption expenditure	550
	+	Net Exports (Exports - Imports)	- 15
		NDPMP	1,920
	+	Net Factor Income from Abroad	- 10
		NNPMP	1,910
	-	Net Indirect Taxes	60
		NNPFC	1,850
		Consumption of Fixed Capital	65
	Particulars		Rs. (In Lakhs)
	Compensation of Employees	600	
+	Interest	310	
+	Rent	200	
+	Mixed Income of Self-Employed	350	
+	Profit	400	
	NDPFC	1,860	
+	Net Factor Income from Abroad	- 10	
	NNPFC	1,850	



Q. 37

ICAI SM

Calculate Gross Domestic Product at market Prices (GDPMP) and derive national income from the following data (in Crores of Rs.)

Particulars	Amount
Inventory Investment	100
Exports	200
Indirect taxes	100
Net factor income from abroad	- 50
Personal consumption expenditure	3,500
Gross residential construction investment	300
Depreciation	50
Imports	100
Government purchases of goods and services	1000
Gross public investment	200
Gross business fixed investment	300

Ans.

Particulars	Rs. (In Crores)
Personal consumption expenditure	3500
+ <u>Gross Investment</u> which include- <ul style="list-style-type: none"> ➤ Gross Business fixed investment 300 ➤ Gross residential construction investment 300 ➤ Gross public investment 200 ➤ Inventory investment 100 	900
+ Government purchases of goods and services	1000
+ <u>Net exports</u> which include- <ul style="list-style-type: none"> ➤ Exports 200 ➤ Imports (100) 	100
GDP_{MP}	5500
+ Net Factor Income from Abroad	-50
GNP_{MP}	5450

Particulars

Rs. (In Crores)



	GNP _{MP}	5450
-	Indirect Taxes	100
	GNP _{FC}	5350
-	Depreciation	50
	NNP _{FC} (National Income)	5300

Q. 38

ICAI SM

Find GDP_{MP} and GNP_{MP} from the following data (in Crores of Rs.) using income method. Show that it is the same as that obtained by expenditure method.

Particulars	Amount
Personal Consumption	7,314
Depreciation	800
Wages	6,508
Indirect Business Taxes	1,000
Interest	1,060
Domestic Investment	1,442
Government Expenditures	2,196
Rental Income	34
Corporate Profits	682
Exports	1,346
Net Factor Income from Abroad	40
Mixed Income	806
Imports	1,408

Ans.

Particulars	Rs. (In Crores)
Wages and Salaries	6,508
+ Employers' contribution towards social security schemes	-
+ Profits	682
+ Rent	34
+ Interest	1,060
+ Mixed Income	806



+	Depreciation	800
+	Net Indirect Taxes	
	➤ Indirect taxes	1,000
	➤ Less: Subsidies	-
	GDP _{MP}	10,890
+	Net Factor Income From Abroad	40
	GNP_{MP}	10,930

Expenditure Method

$$GDP_{MP} = C + I + G + (X - M)$$

$$GDP_{MP} = 7314 + 1442 + 2196 + (1346 - 1408)$$

$$GDP_{MP} = (7314 + 1442 + 2196) - 62$$

$$GDP_{MP} = 10,890 \text{ Crores}$$

$$GNP_{MP} = GDP_{MP} + NFIA = 10,890 + 40 = 10,930 \text{ Crores}$$

Q. 39

MTP April 23

From the following data, calculate National income by Income and Expenditure Method:

Sr No.	Particulars	₹ in crores
1.	Government final consumption expenditure	165
2.	Compensation of Employees	200
3.	Rent	300
4.	Private final consumption expenditure	600
5.	Gross domestic capital formation	80
6.	Mixed Income of self employed	75
7.	Net factor income paid from abroad	60
8.	Interest	40
9.	Profit	230
10.	Net exports	60

Ans.

National Income (NNPFC) by Income Method = Compensation of Employees + Rent + Interest + Profit + Mixed Income of Self Employed + Net Factor Income from abroad
= 200+300+40+230+75+60

$$= ₹905 \text{ Crore}$$

National Income (NNPFC) by Expenditure Method = Private final consumption expenditure + Government final consumption expenditure + Gross domestic capital formation + Net Exports = 600 + 165 + 80 + 60

$$= ₹ 905 \text{ crore}$$

Q. 40

RTP May 2022

Calculate National Income with the help of Expenditure Method and Income Method:

Particulars	In Crore
Compensation of employees	1600



Profit	700
Net factor Income from above abroad	40
Indirect Taxes	200
Subsidies	80
Private Final Consumption Expenditure	1800
Net domestic capital formation	900
Depreciation	150
Interest	600
Rent	400
Mixed Income of self employed	800
Export	50
Import	30
Government Final consumption expenditure	1,100
Employees contribution to social security scheme	400

Ans. Income Method

	Particulars	Amount (In Crores)
	Compensation of employees	1,600
+	Operating surplus	
	➤ Rent	400
	➤ Interest	600
	➤ Profit	700
+	Mixed Income of Self-Employed	800
+	Net Factor Income from Abroad.	40
	NNP_{FC}	4140

	Particulars	Amount (In Crores)
	Private final consumption expenditure	1,800
+	Government final Consumption expenditure	1,100
+	Gross domestic Capital formation	
	➤ Net domestic Capital formation	900
	➤ Depreciation	150



+ Net export [50-30]	20
GDP_{MP}	3,970
- depreciation	(150)
+ Net factor income from abroad	40
- Net Indirect taxes	(120)
NNP_{FC} or NI	3,740

Q. 41

PYQ Nov 19, RTP May 21, May 23, MTP Sep 22, ICAI SM

Calculate National Income by Expenditure method and Income method with the help of following data:

Particulars	In Crore
Compensation of employees	1,200
Net factor income from Abroad	20
Net indirect taxes	120
Profit	800
Private final consumption expenditure	2,000
Net domestic capital formation	770
Consumption of fixed capital	130
Rent	400
Interest	620
Mixed income of self-employed	700
Net export	30
Govt. final consumption expenditure	1,100
Operating surplus	1,820
Employer's contribution to social security scheme	300

Ans.

By Expenditure method

Particulars	Amount (In Crores)
Private final consumption expenditure	2,000
+ Government final consumption expenditure	1,100
+ Gross domestic capital formation	770



	<ul style="list-style-type: none"> • Net domestic capital formation • depreciation 	130
+	Net export	30
	GDP_{MP}	4,030
-	Depreciation	(130)
+	NFIA	20
-	NIT	(120)
	NNP_{FC} or NI	3,800

By Income method

	Particulars	Amount (In Crores)
	Compensation of Employees	1,200
+	Operating Surplus	1,820
+	Mixed Income of Self-Employed	700
+	NFIA	20
	NNP_{FC} or NI	3,740

Q. 42

PYQ July 21

Calculate national income using income & expenditure method from data given below:

Particulars	(Rs.) In Crore
Government purchase of goods and services	7,000
Indirect tax	9,000
Subsidies	1,800
Gross business fixed capital	13,000
Inventory Investment	3,000
Consumption of fixed capital	4,000
Personal consumption expenditure	51,000
Export of goods and services	4,800
Net factor income from aboard	(-) 300
Imports of goods and services	5,600
Mixed income of self employed	28,000
Rent, interest and profits	10,000



		Compensation of employees	24,000
Ans.	Expenditure Method		
		Particulars	(Rs.) In Crore
		Personal Consumption Expenditure	51,000
	+	gross business fixed capital	13,000
	+	inventory management	3,000
	+	govt purchases	7,000
	+	exports	4,800
	-	imports	(5,600)
		GDPMP	73,200
	+	Net factor Income from Abroad	(300)
		GNPMP	72,900
	-	Consumption of fixed capital	(4,000)
		NNPMP	68,900
-	Net Indirect taxes [9000-1800]	7,200	
	NNPFC	61,700	
Income Method			
	Particulars	(Rs.) In Crore	
	Compensation of employees	24000	
+	Operating Surplus	10000	
+	Mixed Income of Self - employed	28000	
+	Net Factor Income from Abroad	(300)	
	NNPFC or National Income	61,700	

Q. 43

MTP Sep 22

Calculate the National Income with the help of Income Method and Expenditure Method?

Particulars	(Rs.) In Crore
Net-factor income from abroad	50
Compensation of employees	1000
Net Indirect taxes	150



Rent	500
Profit	700
Private final consumption expenditure	1,500
Net domestic capital formation	600
Depreciation	200
Interest	500
Mixed Income of self employed	900
Export	90
Import	60
Government final Consumption expenditure	1,200
Operating surplus	1,700
Contribution to social security Scheme	250

Ans.

By Income Method

$$\begin{aligned} \text{NNP}_{FC} \text{ or National Income} &= \text{Compensation of employees} + \text{Operating surplus} + \\ &\quad \text{Mixed Income of self employed} + \text{NFIA} \\ &= 1000 + 1700 + 900 + 50 \\ &= \mathbf{3,650 \text{ Cr}} \end{aligned}$$

By Expenditure Method

$$\begin{aligned} \text{NNP}_{FC} &= \text{Private Final Consumption Expenditure} + \text{Government Final consumption exp} \\ &\quad + \text{Net domestic capital formation} + \text{Net Export} + \text{NFIA} - \text{NIT} \\ &= 1500 + 1200 + 600 + (90 - 60) + 50 - 150 \\ &= \mathbf{3,230 \text{ Cr}} \end{aligned}$$

Q. 44

MTP Aug 18, Apr 22

Estimate national Income by (a) Expenditure Method & (b) Income Method

Particulars	(Rs. In crores)
Private Final Consumption Expenditure	210
Govt. Final Consumption Expenditure	50
Net domestic capital Formation	40
Net Exports	(-) 5
Wages and Salaries	170
Employers Contribution	10
Profit	45



Interest	20
Indirect Taxes	30
Subsidies	05
Rent	10
Factor Income from abroad	03
Consumption of Fixed capital	25
Royalty	15

Ans. Expenditure Method

Particulars	Amount (In Crores)
Private final consumption expenditure	210
+ Government final consumption expenditure	50
+ Net domestic capital Formation	40
+ Net export	(5)
NDPMP	295
Factor Income from abroad	3
<u>Net Indirect Tax</u>	
- Indirect Tax	(30)
+ Subsidy	5
NNPFC	273

Income Method

Particulars	Amount (In Crores)
Wages and Salaries	170
+ Employers Contribution	10
+ Profit	45
+ Interest	20
+ Rent	10
+ Royalty	15
NDPFC	270
+ Factor Income from abroad	3
NNPFC	273



Q. 45

PYQ Nov 22

The following data is available for a company:

Particulars	Amount (in ₹ Crore)
Gross Value Added (GVAMP)	2,750
Sales	3,450
Closing Stock	750
Interest	200
Opening Stock	900
Net indirect taxes	550
Rent	310
Mixed income	380
Compensation to employees	600
Consumption of fixed capital	320

Based on the above information, compute the following:

- Amount of Intermediate Consumption.
- Net Domestic Product at Factor Cost (NDP_{FC}).
- Profit of the company

Ans.

(i) $GVAMP = \text{Sales} + \text{Change in Stock} - \text{Intermediate Consumption}$

$$2750 = 3450 + (750 - 900) - \text{Intermediate Consumption}$$

$$2750 = 3300 - \text{Intermediate Consumption}$$

$$\text{Intermediate Consumption} = 3300 - 2750$$

$$\text{Intermediate Consumption} = ₹ 550 \text{ Crores}$$

(ii) Net Domestic Product at Factor cost = NDP_M - Net indirect taxes

$$\text{NDP}_M = \text{GVAMP} - \text{Consumption of fixed capital}$$

$$= 2750 - 320 = ₹2430 \text{ Crores}$$

$$\text{NDP}_{FC} = 2430 - 550 = ₹1880 \text{ crores}$$

(iii) Operating surplus = Rent + Interest + Profit

$$\text{Profit} = \text{Operating surplus} - \text{Rent} - \text{Interest}$$

$$\text{NDP}_{FC} = \text{Compensation to employees} + \text{Operating surplus} + \text{Mixed income}$$

$$1880 = 600 + \text{Operating surplus} + 380$$

$$\text{Operating surplus} = 1880 - 600 - 380 = ₹ 900 \text{ Crores}$$

$$\text{Profit} = 900 - 310 - 200 = ₹ 390 \text{ crores}$$

Q. 46

MTP Oct 20

Calculate Gross Domestic Product at market price (GDP_M) and derive National Income from the following data (in Crores of Rupees)

Particulars	(Rs.) In Crore
Inventory investment	400
Exports	350



Indirect taxes	150
Net factor income from abroad	- 75
Personal consumption expenditure	7,500
Gross residential construction investment	700
Depreciation	100
Imports	200
Government purchases of goods and services	1,800
Gross public investment	400
Gross business fixed investment	375

Ans.

	Particulars	(Rs.) In Crore
	Personal consumption expenditure	7,500
	<u>Gross investment</u>	
+	Gross business fixed investment	375
+	Inventory Investment	400
+	Gross residential construction investment	700
+	Gross public investment	400
+	Government purchases of goods and services	1,800
	<u>Net Exports</u>	
+	Exports	350
-	Imports	(200)
	GDPMP	11,325
+	Net factor income from abroad	(75)
	GNPMP	11,250
-	Indirect Taxes	(150)
	GNPFC	11,100
-	Depreciation	(100)
	NNPFC (National Income)	11,000

Q. 47

MTP Oct 21

Calculate National Income by Expenditure Method?

Items	Rs in Crores
Private Final Consumption Expenditure	1,000



	Government Final Consumption Expenditure	800
	Net factor Income from abroad	40
	Net Indirect Taxes	60
	Net Exports	-80
	Net Domestic Capital Formation	70
	National debt Interest	50
	Net Current Transfer to abroad	20

Ans.	Particulars		(Rs.) In Crore
		Private final Consumption Expenditure	1,000
	+	Government final Consumption expenditure	800
	+	Gross domestic capital formation	70
	+	Net Export	(80)
		GDPMP	1,790
	-	Consumption of fixed Capital	-
	-	Net Indirect Taxes	(60)
		NDPFC	1,730
	+	Net factor Income from abroad	40
		NNPFC	1,770

Q. 48

MTP Oct 21

Calculate GDP and National Income from the Following data:

Items	Rs in Crores
Depreciation	400
Exports	1,200
Imports	900
Net Factor income from rest of the world	600
Change in business inventories	200
Gross private domestic fixed Investment	400
Indirect Taxes	7,000



	Subsidies	500	
	State government consumption and investment expenditure	700	
	Central government consumption and investment expenditure	800	
	Private Consumption Expenditure	5,000	
Ans.	Particulars		
	(Rs.) In Crore		
		Private final Consumption Expenditure	5000
		<u>Gross Private</u>	
	+	Gross private domestic fixed Investment	400
	+	Change in business inventories	200
		<u>Gross expenditure</u>	
	+	Central &	800
	+	State	700
	+	Net Export [1200-900]	300
		GDPMP	7400
	-	Net Indirect Taxes [7000-500]	(6500)
	-	Depreciation	(400)
	NDPfc	500	
+	Net factor Income from abroad	600	
	NNPfc	1100	

Q. 49

PYQ May 19

Compute GNP at factor cost and NDP at market price using expenditure method from the following data:

Particulars	(Rs.) In Crore
Personal Consumption expenditure	2,900
Imports	300
Gross public Investment	500
Consumption of fixed capital	60
Exports	200
Inventory Investment	170
Government purchases of goods & services	1,100



	Gross Residential construction Investment	450
	Net factor Income from abroad	(-)30
	Gross business fixed Investment	410
	Subsidies	80
Ans.		
	Particulars	(Rs.) In Crore
	Personal consumption expenditure	2,900
	+ Government purchase of goods and services	1,100
	+ gross public investment	500
	+ inventory investment	170
	+ gross residential construction investment	450
	+ Gross business fixed investment	410
	<u>Net Exports</u>	
	+ Exports	200
	- Imports	(300)
	GDP_{MP}	5,430
	+ Net factor income from abroad	(30)
	- Net Indirect Taxes	80
	GNP_{Fc}	5,480
	Particulars	(Rs.) In Crore
	GDP_{MP}	5,430
	- Consumption of fixed capital	(60)
	NDP_{MP}	5,370

Q. 50

PYQ Jan 21

Compute GDP at market price and Mixed Income of Self-Employed from the data given below

Particulars	In Crore
Compensation of Employees	810
Depreciation	26
Rent, Interest and Profit	453



NDP at factor cost	1,450
Subsidies	18
Net factor Income from Abroad	(-) 17
Indirect taxes.	57

Ans.

Particulars	Amount (In Crores)
NDPFC	1,450
+ Depreciation	26
GDPFC	1,476
+ NIT [57 - 18]	39
GDPMP	1,515

Particulars	Amount (In Crores)
NDPFC	1,450
+ Net Factor Income from Abroad	(17)
NNPFC	1,433

Particulars	Amount (In Crores)
Compensation of employees	810
+ Operating Surplus	453
+ Mixed Income of Self Employed [Balancing Figure]	187
+ Net Factor Income from Abroad	(17)
NNPFC	1,433

Q.51

ICAI SM

From the following data, estimate National Income and Personal Income

Items	Rs. in Crores
Net national product at market price	1,891
Income from property and entrepreneurship accruing to government administrative departments	45
Indirect taxes	175



	Subsidies	30
	Saving of non-departmental enterprises	10
	Interest on National debt	15
	Current transfers from government	35
	Current transfers from rest of the world	20
	Saving of private corporate sector	25
	Corporate profit tax	25
Ans.		
	Particulars	Rs. (In Crores)
	Net national product at market price	1,891
	- Indirect taxes	175
	+ Subsidies	30
	National Income	1,746
	- Income from property and entrepreneurship accruing to government administrative Departments	45
	- Saving of non-departmental enterprises	10
	+ National debt interest	15
	+ Current transfers from government	35
	+ Current transfers from rest of the world	20
	- Saving of private corporate sector	25
	- Corporate profit tax	25
	Personal Income	1,711

Q. 52

RTP Nov 19

Calculate Personal Income from the following data:

Particulars	In Crore
Undistributed profits of corporation	50
Net domestic product accruing to private sector	700
Corporation tax	65
Net factor income from abroad	10
Net current transfer from rest of the world	20



	Net current transfer from the government	25
	Interest on national debt	40
Ans.	Particulars	Amount (In Crores)
	Net domestic product accruing to private sector	700
	+ Net factor income from abroad	10
	+ Net current transfers from government	25
	+ Net current transfers from rest of the world	20
	+ interest on National debt	40
	- Corporation tax	(65)
	- Undistributed profits of corporations	(50)
	Personal Income	680

Q. 53	ICAI SM	
	On basis of following information, calculate NNP at market price and Disposable personal income	
	Items	Rs. in Crores
	NDP at factor cost	14,900
	Income from domestic product accruing to government	150
	Interest on National debt	170
	Transfer payment by government	60
	Net private donation from abroad	30
	Net factor income from abroad	80
	Indirect taxes	335
	Direct taxes	100
	Subsidies	262
	Taxes on corporate profits	222
Undistributed profits of corporations	105	
Ans.	Particulars	Rs. (In Crores)
	NDPFC	14,900
	+ NFIA	80



	NNP at factor cost	14,980
+	indirect tax	335
-	subsidies	262
	NNP at Market price	15,053

	Particulars	Rs. (In Crores)
	NI	14,980
+	Income received but not earned	
	➤ Interest on National debt	170
	➤ Transfer payment by government	60
	➤ Net private donation from abroad	30
-	Income earned but not received	
	➤ Income from domestic product accruing to government	150
	➤ Taxes on corporate profits	222
	➤ Undistributed profits of corporations	105
	PI	14,763
-	Personal income tax	100
	Disposable personal income (DI)	14,663

Q. 54

RTP Nov 21

From the following data calculate National Income & Personal disposable income?

Particulars	In Crore
Personal Income	8,000
Mixed Income of self employed	2,000
Compensation of employees	1,600
Net-factor Income from abroad	-200
Rent	1,500
Personal Income Taxes	800
Profit	1,400
Consumption of fixed capital	600
Direct taxes paid by households	900
Non-Tax Payments	1,000
Net Indirect taxes	700



	Net Exports Taxes	-180
	Interest	1,100
Ans.	Particulars	Amount (In Crores)
	Compensation of employees	1600
	+ Mixed Income of Self Employed	2000
	+ Operating Surplus	
	➤ Rent	1500
	➤ Interest	1400
	➤ Profit	1100
	+ Net factor Income from abroad	(200)
	National Income or NNP_{FC}	7400
		Particulars
	Personal Income	8000
	- Personal Income Taxes	(800)
	- Non-Tax Payments	(1000)
	Personal disposable Income	6200

Q. 55

RTP Nov 21

Calculate from the following data:

- Private Income
- Personal Income

Particulars	In Crore
National Income	5,000
Income from domestic product accruing to private sector	400
Saving of private corporate sector	250
Current Transfer from government administrative departments	600
Current Transfer from of the world	200
Corporative Tax	80
Direct personal tax	160
Net factor Income from abroad	(70)



Ans.	Particulars		Amount (In Crores)
		Factor Income from domestic product accruing to the private sector	
	+ Net factor Income from abroad		(70)
	+ Current Transfers from government		600
	+ Other net transfer from the rest of the world.		200
	Private Income		1,130

Particulars		Amount (In Crores)
	National Income	5,000
+	Current Transfer from government administrative departments	600
+	Current Transfer from of the world	200
-	Saving of private corporate sector	250
-	Corporate Tax	80
	Personal Income	5,470

Q. 56

RTP Nov 18

Calculate Gross National Disposable income from the following data (in Rs. Crores)

NDP at factor cost	6000
Net factor income to abroad	-300
Consumption of fixed capital	400
Current transfers from government	200
Net current transfers from rest of the world	500
Indirect taxes	700
Subsidies	600

Ans.

Particulars		Amount
	NDP at factor cost	6,000
+	Consumption of fixed capital	400
	GDP at factor cost	6,400



+	Net factor income to abroad	-300
	GNP at factor cost	6,100
+	indirect taxes	700
-	Subsidies	(600)
	GNP at market prices	6,200
+	Net current transfers from rest of the world	500
	Gross National Disposable income	6,700

CA Mohnish Vora (MVSIR)