# Foundational Economic Statistics

# Module 3 – Concepts and definitions of the System of National Accounts

# Session II

**Exercise 3.2**

1. State whether the following statements are true [T] or false [F].

On *residence* *and Institutional sectors*

1. A company has a factory and a number of other production units. Each factory is an institutional unit.
2. Only Government, households and NPISHs can incur *final consumption expenditure*.
3. A non-student citizen of country ‘A’ residing for a long period (more than one year) in country ‘B’ is considered to be resident of country ‘A’ and ‘B’.
4. A permanent branch office of a company registered in country ‘A’, which is located in the economic territory of country ‘B’, is considered to be resident of country ‘B’.
5. A self-employed electrician running a proprietary business (with no separate accounts) belongs to household sector.
6. Central Bank of country belongs to general government sector.
7. The money sent home by a Mongolian citizen residing in Japan is included in GNI of Japan.
8. External transactions means transactions with the RoW
9. World Bank employees posted in a country are not residents of the country.
10. Owners of land and building residing abroad are notionally treated as residents of the economy.
11. The concept of notional resident unit is applied to land and buildings owned by non-residents.
12. Government units provide non-market goods or services either free or not at economically significant prices.

On *Economic assets and economic flows*

1. All produced resources used for productive purposes are economic assets.
2. All natural resources used for productive purposes are economic assets.
3. Stock of fish in the oceans is an economic asset.
4. Outcomes of all human acts and natural events that bring about changes in stock of economic assets are considered as economic flows.
5. Destruction of property by tsunami is not an economic flow.
6. Housing services of owner-occupied dwellings enjoyed by their owners is an economic flow.
7. Discovery of mineral deposit is an economic flow.

Flows within an institutional unit do not qualify as transactions.

Flow of funds is not included in economic flows.

Economic flows consist of two broad categories: ‘transactions’ and ‘other flows’.

Flows representing ‘volume change’ and flows caused by ‘changes in level and structure of prices’ constitute ‘other flows’.

On *Transactions*

Between-units exchanges of financial assets is not included in transactions.

Transactions involve interaction by mutual agreement for exchange of goods & services of economic value.

Payment on income tax is not a transaction.

Donations to charitable organisations are NOT transaction.

Addition to stock of finished products is transaction.

Drawing water from river for irrigating land is not a transaction.

Values of non-monetary transactions are not observable.

Earning of a gambler in a casino is a transaction.

A farmer’s household storing food grains for use as seeds in the next year is a transaction.

Receiving holding gains is a transaction.

1. Institutional sectors

Indicate the institutional sector to which the following units belong.

[In the corresponding boxes, put **NFC** for non-financial corporate sector, **FC** for financial corporate sector, **GG** for general government, **HH** for households and **NPISH** for the non-profit institutions serving households.]

|  |  |
| --- | --- |
| 1. Japanese Chamber of Commerce |  |
|  |  |
| 1. Fortune teller in Shinjuku |  |
|  |  |
| 1. Japan Airlines |  |
|  |  |
| 1. Self employed carpenter |  |
|  |  |
| 1. Thailand Red Cross |  |
|  |  |
| 1. Teachers Credit Cooperative |  |
|  |  |
| 1. ABC Lawyers and Associates (partnership) |  |
|  |  |
| 1. Kyoto Prefecture Museum |  |
|  |  |
| 1. Bank of Japan |  |
|  |  |
| 1. Neighbourhood Association of Housewives |  |

1. Residential units

Indicate which of the following are treated as resident units of Japan:

[Put a tick mark (√) on the statement numbers for those treated as residents and a cross (X) for those who are not in the corresponding boxes.]

|  |  |
| --- | --- |
| 1. Households of Indian staff of the Indian Embassy in Tokyo residing in the campus of the embassy. |  |
|  |  |
| 1. Households of the Japanese staff of the Indian Embassy in Tokyo. |  |
|  |  |
| 1. Fijian students taking 3-year graduation course in Tokyo University. |  |
|  |  |
| 1. Australian crew of a ship of a Japanese shipping company. |  |
|  |  |
| 1. Site office (in Uganda) of a Japanese road construction company. |  |
|  |  |
| 1. Korean seasonal workers working in Japanese farms. |  |
|  |  |
| 1. A consulting engineer in employment roles of Suzuki, Japan, working in the Maruti-Suzuki production unit in India. |  |
|  |  |
| 1. A visiting Indian doctor in Tokyo hospital |  |
|  |  |
| 1. Japanese crew member of a ship of a Hong Kong shipping company. |  |
|  |  |
| 1. A branch of Citi Bank (an American bank) in Tokyo. |  |

1. External Transactions

Indicate which of the following are included in the GDP / GNI / GNDI / imports (M) / exports (X) / none of Japan in the corresponding boxes.

[Note that goods and services exported should necessarily be part of the domestic gross value of output (GVO). Thus, in cases where it is identified as ‘export’, mark only ‘X’ in the corresponding boxes. ]

|  |  |
| --- | --- |
| 1. GVA of Toyota production unit located in Thailand. |  |
|  |  |
| 1. Toyota company’s share in profit of Toyota production unit in Thailand. |  |
|  |  |
| 1. Receipts of a Japanese construction company working for road construction in Uganda without a site office. |  |
|  |  |
| 1. Payments made to an Indian software company for providing consultant to Tokyo University. |  |
|  |  |
| 1. Payments made to a Samoan Tourist Resort by Japanese tourists. |  |
|  |  |
| 1. Salary earned by Japanese crew members of a ship of a Hong Kong shipping company. |  |
|  |  |
| 1. GVA of Citi Bank (American) branch located in Tokyo. |  |
|  |  |
| 1. Money sent home by non-resident Japanese worker (working for long duration) |  |
|  |  |
| 1. Insurance claims received by a Japanese household from a foreign insurance company. |  |
|  |  |
| 1. Donation form British NGO for construction of a new building of a Christian missionary school in Tokyo. |  |

1. State whether the following are exchange or transfer
2. Depositing money in a savings account of a commercial bank.
3. Picking co-passengers pocket.
4. Payment of income tax
5. Sale of smuggled goods
6. Payment made after losing a bet.