# Foundational Economic Statistics

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

# Session IV

**Exercise 3.4**

1. State whether the following statements are true [T] or false [F].
2. Receipts of transfers are treated as primary income.
3. *Balance of Primary Income* is total value of the primary incomes receivable *less* total of the primary incomes payable.
4. The sum of *balance of primary incomes* of all resident units of an economy is its Gross National Income (*GNI*).
5. *Gross National Income* (*GNI*) = *GDP* + (net) *primary income* from RoW.
6. *Disposable income* of an institutional unit is equal to its net primary income *minus* current transfers receivable *+* current transfers payable.
7. *GNDI* = *GDP* + *(net) primary income from RoW*+ *(net) current transfers from RoW*.
8. The two main components of final use are: *final consumption expenditure* and *capital formation*.
9. Corporate sector units can make ‘Final consumption’.
10. Final consumption of the households includes purchases of residential houses.
11. GDCF includes purchase of non-produced assets.
12. Acquisition of land and natural resources is included in capital formation.
13. The costs of ownership transfers on non-produced, non-financial assets, such as land, are included in GFCF.
14. Work-in-progress is accounted for in the CII.
15. The costs of ownership transfers on non-produced, non-financial assets, such as land, are included in GFCF.
16. In national accounts, imports are recorded at *cif* and exports are valued at f.o.b.
17. Purchase of dwelling unit by household is a part of *HFCE*.
18. Expenditure on goods and services provided free by Government and consumed by household are included in *HFCE*.
19. (*Gross*) *Savings* of the domestic economy is defined as *disposable income* *minus* *PFCE* minus *GFCE*.
20. The sale and purchase of non-produced assets like land among residents cancels out each other and, hence not included in *GDCF*.
21. Apple orchards are treated as fixed assets and included in *GFCF*.
22. Producer’s price of a bicycle is 220. Of which, product taxes paid is 20. The trader sells the object in the market keeping a margin of 20. Transporter charges 30. Out of their margin, the combined payment of product taxes paid by them is 10.
23. What is the Purchaser’s price of the bicycle? Also find out
24. the basic price received by the manufacturer
25. the sum of producers’ prices received by the trader and transporter
26. the sum of basic prices received by the trader and transporter
27. the sum of producers’ prices received by all the three
28. the sum of basic prices received by all the three
29. sum of product taxes paid by all three

Make your observations on the results of (a), (e), (f) and (g).

1. Which of the following is true about Gross national income (GNI)?
   1. includes income tax from the rest of the world (RoW) received by the government
   2. is the measure of production of an economy
   3. is equal to GDP plus (net) *primary income* earned (by the residents) from RoW
   4. includes money received by resident households from a non-resident relative
   5. is the measure of primary income of the residents of an economy
   6. includes receipts from consultancy services provided to the rest of the world (RoW)
   7. includes current transfers from RoW
   8. is not affected by the level of production in the domestic economy.
2. Find out the value of GNDI, given that

GDP 2,300

Net **primary income** from RoW - 200

Net **current transfers** from RoW 200

Net **capital transfers** from RoW 243

Net **Exports**  677

1. Find out the net savings of an economy whose

NNI 2,300

Final consumption 1,900

Net **current transfers** from RoW 200

Net **capital transfers** from RoW 40

Net **Imports**  70

1. Main aggregates of an economy

Table below gives estimates of some macro-economic aggregates. Calculate the missing values in the table using the given estimates.

|  |  |
| --- | --- |
| Total Gross Value Added (*GVA*) at basic prices | 4029.2 |
| Taxes less subsidies on products | 596.6 |
| ***GDP* at market prices** |  |
| primary income receivable from the RoW | 90.0 |
| primary income payable to the RoW | 115.8 |
| **Gross National Income (*GNI*)** |  |
| Consumption of Fixed Capital (*CFC*) | 753.6 |
| **Net National Income (*NNI*)** |  |
| Current transfers receivable from the Row | 94.0 |
| Current transfers payable to the Row | 81.6 |
| **Net National Disposable Income (*NNDI*)** |  |
| Final consumption expenditure | 3471.4 |
| **Net Savings** |  |

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