# Foundational Economic Statistics

# Module 3

# Concepts and definitions of the System of National Accounts

**END-MODULE EXERCISE**

1. State whether the following statements are true [T] or false [F].
   1. Mushrooms growing naturally on moist hillsides are included in production.
   2. Sum of GVAs of all domestic enterprises is the GDP of the economy.
   3. The volume of production is measured by GVO.
   4. Salary drawn by a CEO of a company is not included in compensation to employees.
   5. Operating surplus include rent, interest, wages and profits.
   6. Taxes less subsidies do not form a part of operating surplus.
   7. The concept of CFC in SNA and depreciation in business accounting are different.
   8. In an open economy, NDP = NNI = Expenditure on purchase of goods and services.
   9. The money that enterprises earn from production of goods and services is the same as the money that firms spend as factor payments to households and production taxes to the government.
   10. In an open economy having external transactions, income generated is always equal to value of production
   11. The goods & services produced in an economy is used as final consumption expenditures by households, Government and NPISHs, domestic capital formation and exports to RoW
   12. All production taxes less subsidies are eventually paid by households
   13. Private final consumption expenditure includes household final consumption expenditures and that of NPISH.
   14. The concept of notional resident unit is applied to land and buildings owned by non-residents
   15. For a non-financial corporation, its site office in a different country is a resident institution of the host country
   16. For Government services, output is valued at cost
   17. A street vendor is included in household sector
   18. A hospital charging fees at market rates is an example of NPISH.
   19. Government controlled NPIs are included in NPISH
   20. PFCE includes consumption expenditures of households and NPISHs.
   21. A cooperative can be a quasi-corporation if it maintains complete accounts.
   22. For economically significant prices, producers have the incentive to adjust supply of goods and services.
   23. Economically significant prices imply that the sales normally cover majority of the production cost.
   24. NPISH provide goods and services at economically significant prices.
   25. Registered partnerships owned by households are often treated as quasi corporations.
   26. General Government provides only non-market services.
   27. Unincorporated enterprises are never treated as quasi corporations.
   28. Natural resources also provide the needed environment for living and wellbeing of the people.
   29. An undiscovered stock of sub-subterranean oil such as petroleum is an economic asset.
   30. River water is an economic asset.
   31. Livestock are produced capital resources.
   32. Stocks of various goods, finished or in process, are produced economic assets.
   33. Unfinished products in a production process are not economic assets.
   34. The widespread destruction of properties in a war is an example of economic flows by volume change.
   35. Discovery of a mineral deposit is an economic flow by change in volume.
   36. Sub-soil deposits of minerals are produced assets.
   37. CFC is a non-monetary transaction within an unit.
   38. Imputed values are assigned to all non-monetary transactions.
   39. Transportation provided free of cost to employees is a kind of non-monetary transaction.
   40. Purchase of a truck for transportation of output is current transaction.
   41. Annual rentals paid for renting a warehouse is of capital nature.
2. Following are the income and expenditures of a bread producing company (currency units ignored)

Bread produced worth 75,000

using raw materials – flour 30,000

paid salary of employees 15,000

paid for fuel and incidentals 10,000

paid interest and rent 5,000

Assuming CFC is 500, calculate GVA, GOS, GP &NP.

1. During an accounting period, a bread producing company

produced bread worth 15,000 Rials

using flour of 10,000 Rials

paid salary to employees 1,000 Rials

spent on electricity, fuel, incidentals 2,000 Rials

paid rent 500 Rials

interest paid 250 Rials

CFC 50 Rials

Find out the GVA, NVA, Net operating surplus and Net profit of the company.

1. An unincorporated firm using its owned resources produced in an accounting year-

soaps worth 50,000

using raw materials 13,000

spending on electricity & incidentals 7,500

paying salary to employees 6,000

paying (production) taxes – subsidies 15

CFC 25

What is the GVA, NVA, Mixed income of the firm?

1. 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. Asian Steel Pvt. Ltd. |  |
|  |  |
| 1. The Monojima Central Bank |  |
|  |  |
| 1. Monojima Red Cross Society |  |
|  |  |
| 1. Municipality of Burdwan (an Indian town) |  |
|  |  |
| 1. A mason |  |
|  |  |
| 1. Primary Agricultural Cooperative Credit Society |  |
|  |  |
| 1. J.J. Cooperative Stores |  |
|  |  |
| 1. A street vendor |  |
|  |  |
| 1. Dune’s Global Garage Company |  |
|  |  |
| 1. Continental Insurance |  |

1. State whether the following are exchange or transfer
   1. Payments made to employees
   2. Payment of income tax to Government
   3. A company issuing shares to its employees
   4. Gains made by holding shares of a company
   5. Donations made to Thalassemia Society
   6. Father sending money to his child studying abroad
   7. Person receiving parcel post for online purchases made
   8. Contributions made by household for Flood Relief Fund
2. State whether the following statements are true [T] or false [F].
3. Output of production is always recorded at basic prices.
4. *GVAbp* = *GVObp* – *ICpurp*
5. IC is always measured at purchaser’ prices.
6. *GDPmp* is the sum of *GVAbp* + *product(t-s)*
7. Primary income excludes mixed income.
8. GDP measures total production in economic territory and, GNI measures total income of all resident units in the territory.
9. GNI is the sum of balance of primary income of all resident units.
10. GNI = GDP + net primary income from RoW
11. Unused raw materials are not part of CII.
12. Work-in-progress is accounted for in the CII.
13. Disposable income is equal to sum of consumption, investment and savings of an institutional unit.
14. Savings, along with capital transfers, are utilised to acquire financial and non-financial assets.
15. The costs of ownership transfers on non-produced, non-financial assets, such as land, are included in GFCF.
16. GFCF includes major repairs of produced assets.
17. GFCF does not include natural growth of cultivated assets.
18. All exports and imports involve a residential and a non-residential unit.
19. Both exports and imports are valued at f.o.b.
20. (*Gross*) *Savings* of the domestic economy is defined as *disposable income* *minus* *PFCE* minus *GFCE*.
21. Purchase of dwelling unit by household is a part of *HFCE*.
22. Expenditure on goods and services provided free by Government and consumed by household are included in *HFCE*.
23. The value of an old, obsolete plant and machinery disposed off by a unit is not considered in *GFCF*.
24. Production of capital goods for own use is not included in *GFCF*.
25. Expenditure incurred for land development is not considered in *GFCF*.
26. Fob value includes all costs of bringing the goods and services to the border or port of shipment but excludes insurance.
27. Savings + capital transfer received = GFCF + CII + Acquisition less disposal of valuables.

1. A loaf of bread is priced at 50 at a trader’s shop. Basic price of the loaf is 20. It pays a product tax of 5 to Government. What is the producer’s (Bakery’s) price?
2. Find out Basic Price.

If purchaser’s price is 250, product tax is @ 5%,

Transportation cost is 15, trader’s margin is @ 5%,

All other taxes paid by the producer is 10

1. A unit sells its output at 10000. Inputs were purchased for 4000. The unit paid to the Government product taxes less subsidies of 20.

What is the *GVAbp* and *GVApp* of the unit ?

1. Fill in the gap:

*GDPmp ≡ PFCE + GFCE + ……………………………….. + CII*

*+ acquisition less disposal of valuables + X – M*

with the one of the following:

1. Gross value of output (GVO)
2. Consumption of fixed capital (CFC)
3. Gross fixed capital formation (GFCF)
4. Savings
5. Fill in the gap:

*GDPmp ≡ PFCE + GFCE + GFCF + ……………………………….*

*+ acquisition less disposal of valuables + X – M*

with the one of the following:

1. Change in inventories (CII)
2. Savings
3. Compensation of employees
4. (net) current transfers
5. Fill in the gap:

*GDPmp ≡ PFCE + ………………………………………… + GFCF + CII*

*+ acquisition less disposal of valuables + X – M*

with the one of the following:

1. Gross national income (GNI)
2. Intermediate consumption
3. Consumption of fixed capital (CFC)
4. Government final consumption expenditure
5. Fill in the gap:

*GDPmp ≡ PFCE + GFCE + GFCF + CII*

*+ acquisition less disposal of valuables + ……………. – M*

with the one of the following:

1. Gross national income (GNI)
2. Exports (X)
3. Intermediate consumption
4. (net) current transfers
5. Fill in the gap:

*GNI ≡ GDP + ……………………………….*

with the one of the following:

1. *X* - *M*
2. (net) primary income receivable from *RoW*
3. (net) current transfer receivable from *RoW*
4. (net) capital transfer receivable from *RoW*
5. Fill in the gap:

*Gross National Disposable Income* (*GNDI*) is

*GNI* + (net) taxes on income & wealth from *RoW*+ ………………..

with the one of the following:

1. *X* - *M*
2. (net) primary income receivable from *RoW*
3. (net) current transfer receivable from *RoW*
4. (net) capital transfer receivable from *RoW*
5. Fill in the gap: **(**assuming acquisition *less* disposal of non-produced non-financial assets from *RoW* as nil)

*Gross savings* *minus* GDCF *minus* net lending *≡ ………………………*

with the one of the following:

1. *X* - *M*
2. (net) primary income receivable from *RoW*
3. (net) current transfer receivable from *RoW*
4. (net) capital transfer receivable from *RoW*
5. Fill in the gap:

The commodity balance identity is

*GVOmp ≡ PFCE + GFCE + GDCF + …………….*

with the one of the following:

1. *X* - *M*
2. (net) primary income receivable from *RoW*
3. (net) current transfer receivable from *RoW*
4. (net) capital transfer receivable from *RoW.*

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**