# Foundational Economic Statistics

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

# Session III

**Exercise 3.3**

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

1. Monthly payments against hire purchase of machinery are a capital transaction.
2. Rentals received from land and building leased out is a secondary income.
3. Interest paid on borrowed capital is primary income.
4. Home to workplace conveyance expenses provided by a company to its employees is a factor compensation.
5. Wages are paid to hired labours of a household from operating surplus.
6. Payment of wealth tax is a current transfer.
7. Contributions to social insurance and payments received against claims from it are included in primary income.
8. Income generated through holding of financial asset is always a capital transaction.
9. *Product taxes & subsidies* are payable / receivable by the enterprises for each unit of goods & services produced.
10. *Income and wealth tax* is treated as a factor compensation.
11. Producer price = basic price *plus* taxes on the output invoiced to the purchaser *less* subsidies receivable by the producer from the government.
12. VAT is not a product tax.
13. No taxes are included in basic price.
14. In financial lease, ownership of goods is *de facto* transferred to the user of the goods.
15. Lessor is the user of goods and lessee is the owner of goods.
16. In operational lease, maintenance and repair cost of the machinery is generally borne by the lessee.
17. Subsidies provided by Governments are sometimes meant for final consumers.
18. Households and enterprises are taxed to reduce their disposable incomes in hand and redistribute to others.
19. Product taxes include VAT, excise and sales tax.
20. Production tax other than product taxes includes income and wealth tax.
21. To get Basic price, product tax of any nature (other than ‘other production tax’) is deducted from producer’s price.
22. Purchaser’s price is obtained by adding trade margin and transport to producer’s price.
23. Income tax is levied on personal earnings from business and is a part of operating surplus.
24. Producer’s price = Basic price + taxes other than product taxes less subsidies.
25. Basic price includes a tax component.

* + 1. Which of the following (more than one) are capital transactions?

1. Payment of house rent
2. Purchase of a dwelling
3. Receipt of property income
4. Income from resale of capital goods
5. Purchase of precious stones
6. Receipt of a one-time grant from the government for construction of a school building
7. Receipt of insurance claim for damages to property
8. Damages to property caused by natural calamity
   * 1. Which of the following (more than one) are primary incomes?
   1. income tax received by the government
   2. money received by a household from a non-resident relative
   3. compensation of employees received by the households
   4. property income in form of rent on land and sub-soil assets
   5. capital taxes received by the government
   6. rental received from hiring out capital goods like machinery
   7. mixed income of the resident households
   8. receipts for providing tractors on hire
   9. investment income like interest and dividends
      1. Which of the following (more than one) are true about compensation of employees?
9. Compensation of employees is a factor compensation.
10. Compensation of employees is subtracted from gross value of output to arrive at gross value added.
11. Income tax paid by an employee is not included in compensation of employees.
12. Wages & salaries paid to the employees is included in intermediate consumption
13. Service charges received by a self-employed electrician are treated as compensation of employees.
14. Compensation of employees is a component of GDP computed by income approach.
    * 1. Which one of the following can have operating surplus?
    1. Corporate sector
    2. Non-profit institutions serving households (NPISHs)
    3. General Government sector
    4. Household sector
    5. Government school providing free education
    6. Missionary hospital providing free medical services
    7. Commercial bank
    8. Households
    9. An unincorporated business of self-employed
    10. Citi bank
        1. Find out GDP by expenditure approach, income approach and by output approach, using the income-expenditure figures for a country at current prices give below:

Final consumption expenditure = Household + General Govt. + NPISH

= 12645 + 4422 + 291

= 17358

Gross capital formation = GFCF + CII + Acq. Less disp. of valuables

= 5332 + 146 + 22

= 5500

Exports = 12775

Imports = 12504

*CE* = 11855

*OS* & *MI* = 8027

Net *(t-s)* on X&M = 3246

*GVAbp*  = 20146

*Product(t-s)* = 2983

Net primary income from RoW = 0