

ONE-LINER

## National Income

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1. National Income Accounting is pioneered by Simon Kuznet & Richard Stone.
2. CSO department is belonged to ministry of Statistics & programme Implementation.
3. Price Index  $\Rightarrow \frac{\text{Real}}{\text{Nominal}} \times 100 \Rightarrow 120 \Rightarrow \frac{450}{\text{Nom}} \times 100 \Rightarrow \frac{120 \times 450}{100} = 540$
4. Difference between market price & factor cost is net Indirect Tax.
5. Basic Price + Product Tax  $\Rightarrow$  Market price + product subsidy.
6. GDP Deflator  $\Rightarrow \frac{\text{Nominal}}{\text{Real}} \times 100 \Rightarrow \frac{3000}{4700} \times 100 \Rightarrow 63.829\%$
7. Aggregate demand is what Economists call - Total Planned Expenditure.
8. The purpose of voluntary Export Restraint (VER) - to limit the quantity of Export.
9. Quantitative Restrictions refers to limits set by countries to curb Export & Import.
10. Personal Income represent Income earned by individual & business before taxes & other Deductions.
11. The Multiplier Effect in Keynesian Economics refers to the magnification of an initial change in spending throughout the economy.
12. The concept of animal spirits in Keynesian theory refers to psychological factors influencing Economic decisions.
13. If GDP is greater than GNP it's trade deficits.
14. Liquidity trap in Keynesian theory, a situation where interest rates are very low, & saving are hoarded.
15. A Recession is a decline in Real GDP that lasts 6 months or longer.
16. Consumer price index is calculated once a month.
17. A nation's GDP can be found by summing  $C + I + G + X_n$ .
18. Gross Investment refers to net investment after it has been inflated for changes in price level.
19. The difference between Real & Nominal GDP is - Nominal GDP uses price level of some base year.
20. Keynesian model believed that an economy attains equilibrium level of output, below the full employment level of output.
21. consumption expenditure is ~~Expend~~ determined by disposable Income.
22. Transfer payments are added to national Income while calculating personal Income.



- 23.) If net factor income from abroad is positive, then national income will be greater than domestic factor incomes.
- 24.) Mixed Income of Self Employed means combined factor payments which are not distinguishable.
- 25.)  $GNP_{MP} \Rightarrow GDP_{MP} + NFTA$
- 26.) The basic difference between market price & factor cost is net Indirect Taxes (i.e. - Indirect Taxes - Subsidies)
- 27.) GDP per Capital is measure of a country's Economic output per person & National Income divided by Individual.
- 28.) potential GDP is the level of full Employment
- 29.) 3 sector Keynesian Model is constructed assuming that government purchases are autonomous.
- 30.) The interest rate at which central bank lends money to Commercial banks is known as discount Rate.
- 31.) Investment Injection is shown as a flow financial market to the business sector
- 32.) The tax system consist of both lumpsum & Progressive. taxes
- 31.) Marginal propensity to import  $m_1$  is assumed to be constant.
- 32.) The specific form consumption function proposed by Keynes is  $C_a + b_y$ .
- 33.) The general theory of Employment Interest & Money is published by JM Keynes
- 34.) A basic concept in Economics that refers to the limited nature of Resources Scarcity.
- 35.) The consumer price index is measure of overall level of price in Economy
- 36.) The Ratio of change in income to Investment is called Investment Multiplier
- 37.) Household provides factor of production, good & Services
- 38.) Increased Import to satisfy consumer demand acts as a leakage in the Economy



- 39.) Greater the value of propensity to import will be the multiplier lower
- 40.) The Effect of Leakages in Income Stream on multiplier - multiplier decreases
- 41.) There is a Direct Relation between multiplier & MPC, & an Indirect Relationship between multiplier & MPS.
- 42.) When  $MPS \rightarrow 0$ , Multiplier will be infinity, when the value of  $MPC$  is 1.
- 43.) Higher the MPS, lower will be the value of Multiplier
- 44.) When aggregate effective demand exceeds the economy's full employment output, it results in Inflation & nominal output increases
- 45.) Autonomous consumption expenditure is the minimum expenditure to sustain life irrespective of size of income, thus it is income inelastic
- 46.) The saving function shows the level of saving at each level of disposable income
- 47.) In the two sectors, circular flow model, saving by household is equal to investment by firm.
- 48.) An economy is said to be in equilibrium when leakages & the injections match.
- 49.) Market value of all final goods & services, gross of depreciation, produced within a domestic territory of a country during given period of time known as  $GDP_{mp}$ .
- 50.) The calculation of Real GDP gives us a useful measure of Inflation known as GDP deflator
- 51.)  $NNP_{mp} \rightarrow GDP_{mp} + \text{Net indirect tax} - \text{Depreciation}$
- 52.) Subsidies are given by government to decrease market price of goods & services
- 53.) Product & production taxes together known as Indirect tax
- 54.)  $GVA_{mp} \rightarrow \text{per Capita Income} - \text{Intermediate consumption}$
- 55.) Disposable Income  $\rightarrow$  personal Income, + personal direct tax & Income Tax



- 56) Measurement at market prices constitutes - External sale price angle
- 57) Interest paid on public debt is not included in national income.
- 58) GDP covers all production activities recognized by SNA called the production boundary
- 59) Real GDP is Inflation adjusted, measures & is not affected by change in prices.
- 60) Product method is also known as - value added, Industrial origin, Net output method.
- 61) PFCE - public finance Consumption Expenditure.
- 62) Central Statistical Organisation (CSO) calculates the national income of India.

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