



EXAM-DAY · 90-MIN REVISION CARD

National Income Accounting

Print this · Fold it · Carry to the exam-hall gate · Revise once · Then walk in.

FORMULAS & KEY RESULTS

GDP at MP = sum of GVA at MP across all production units (Value-Added Method)

GDP at MP = $C + I + G + (X - M)$
(Expenditure Method, domestic component)

NDP at MP = GDP at MP – Depreciation (Gross → Net)

GDP at FC = GDP at MP – NIT
(Market Price → Factor Cost)

GNP at MP = GDP at MP + NFIA
(Domestic → National)

National Income (NI) = NNP at FC = NDP at FC + NFIA

NIT = Indirect Taxes – Subsidies
(NEVER just indirect taxes)

GDP Deflator = $(\text{Nominal GDP} / \text{Real GDP}) \times 100$

Per Capita Income = NI / Population

Income Method: NI = Compensation of Employees + Operating Surplus + Mixed Income + NFIA

TOP 5 PYQ PATTERNS**1 Calculate NI by Expenditure Method***6 marks · 90% of years*

$C + I + G + (X - M) + \text{NFIA} - \text{Depreciation} - \text{NIT}$. Always memorise this order.

2 Define / differentiate GDP MP vs GDP FC*3 marks · 95% of years*

MP includes NIT, FC excludes. Bridge: $\text{GDP FC} = \text{GDP MP} - \text{NIT}$.

3 Differentiate GDP vs GNP*3 marks · 70% of years*

$\text{GNP} = \text{GDP} + \text{NFIA}$. Cite India's typical negative NFIA.

4 Include or not include – items list*3 marks · 85% of years*

Factor incomes IN; transfers, second-hand sales, capital gains OUT.

5 Real vs Nominal + GDP Deflator*3 marks · 60% of years*

Nominal uses current prices; Real uses base-year prices; Deflator = $\text{ratio} \times 100$.

90-MIN REVISION FLOW**0–15 min**

Memorise the 8 aggregates (GDP/NDP/ GNP/NNP at MP/FC) and the three conversion identities

15–30 min

Drill the Expenditure Method formula $C + I + G + (X - M) + \text{NFIA} - \text{Dep} - \text{NIT}$ until automatic

30–50 min

Solve 3 numerical problems (one per method: Value-Added, Income, Expenditure) timed at 6 minutes each

50–65 min

Practise 10 'include or not include' items – transfer payment, capital gain, second-hand car, etc.

65–80 min

Real vs Nominal GDP calculation + GDP Deflator computation

80–90 min

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