NORTH- EX Public school ,Jain Nagar .

INTRODUCTORY MACRO ECONOMICS

NATIONAL INCOME AND RELATED AGGREGATES:

CONCEPTS COVERED

- **Macro Economics: Its meaning**
- **Consumption goods, capital goods, final goods, intermediate goods, stock and flow, gross investment and depreciation.**
- **Circular flow of income**
- **Methods of calculation of national income**
- **Value added method (product method)**
- **Expenditure method**
- **Income method**
- **Concepts and aggregates related to national income**
- **Gross national product**
- **Net National product**
- **Gross and Net domestic product at market price and at factor cost.**
- **Real and Nominal GDP**
- **GDP and welfare**

Macro Economics: - Macroeconomics is the study of aggregate economic variables of aneconomy.

Consumption goods:- Are those which are bought by consumers as final or ultimate goods to satisfy their wants.
Eg: **Durable goods** car, television, radio etc.
Non-durable goods and services like fruit, oil, milk, vegetable etc.
Semi durable goods such as crockery etc.

Capital goods – capital goods are those final goods, which are used and help in the process of production of other goods and services. E.g.: plant, machinery etc.

Final goods: Are those goods, which are used either for final consumption or for investment. It includes final consumer goods and final production goods. They are not meant for resale. So, no value is added to these goods. Their value is included in the national income.

Intermediate goods intermediate goods are those goods, which are used either for resale or for further production. Example for intermediate good is- milk used by a tea shop for selling tea.

Stock: - Quantity of an economic variable which is measured at a particular point of time. Stock has no time dimension. Stock is static concept. Eg: wealth, water in a tank.

Flow: Flow is that quantity of an economic variable, which is measured during the period of time. Flow has time dimension- like per hr, per day etc. Flow is a dynamic concept. Eg: Investment, water in a stream.

Investment: Investment is the net addition made to the existing stock of capital.

Net Investment = Gross investment – depreciation.

Depreciation: - depreciation refers to fall in the value of fixed assets due to normal wear and tear, passage of time and expected obsolescence.

Gross Domestic product at market price

It is the money value of all final goods and services produced during an accounting year with in the domestic territory of a country.

Gross National product at market price:

It is a money value of all final goods and services produced by a country during an accounting year including net factor income from abroad.

Net factor income from abroad:

Difference between the factor incomes earned by our residents from abroad and factor income earned by non-residents with in our country.

Components of Net factor income from abroad

*Net compensation of employees

*Net income from property and entrepreneurship (other than retained earnings of resident companies of abroad)

* Net retained earnings of resident companies abroad

Domestic product concept is based on the production units located within domestic (economic) territory, operated both by residents and non-residents.

National product concept based on resident and includes their contribution to production both within and outside the economic territory.

Real GDP: It is measured as the product of current year quantities and base year price

Real GDP=(Nominal GDP /Current year price index) X 100

NOMINAL GDP :It is measured as the product of current year quantities and current year price

GDP deflator = (Nominal GDP/Real GDP) X 100

Circular flow of income: It is defined as the flow of payments and receipts for goods,services and factor services between different sectors of the economy

Circular flow in a two sector economy.

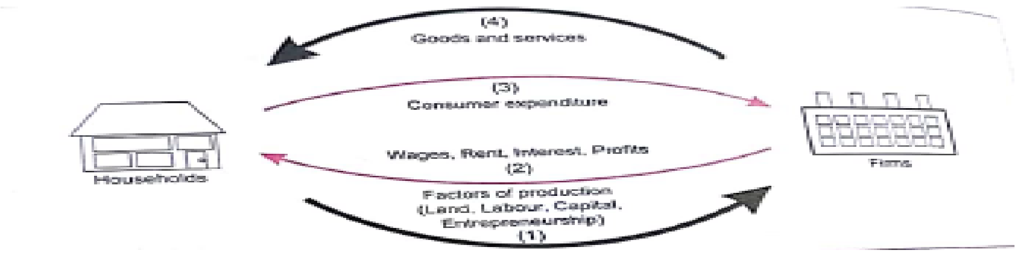
Assumptions of circular flow of income

(i) Only two sectors are interacting

(ii)Households and firms do not save any money (Consumption = Income)

Payment for Factor services (Money Flow)

Supply of goods and services (Real Flow)



Supply of Factors of Production (Real Flow)
Payment for goods and services (Money Flow)

*Producers (firms) and households are the constituents in a two sectors economy. Households give factors of production to firm and firms in turn supply goods and services to households.
*Ones expenditure is others income-The income of producer is the same amount that the buyer or consumer spends and vice versa
*Equality of real and nominal flow:goods and services flow(real flow) in one direction corresponding by equal money payments / income (nominal flow)
*Households supply factor services to the firms
*firms make payments to factor services in the form of rent, wages, interest and profits.
* expenses incurred by the firms become the income of the households. This expenditure on consumption of goods and services by households is known as consumption expenditure. Consumption expenditure flows from households to firms.
*households use this income received from firms to purchase different goods and services produced by firms for their own consumption.

Related aggregates
Concept of domestic (economic) territory
Domestic territory is a geographical territory administered by a government within which persons, goods and capital circulate freely. (Areas of operation generating domestic income, freedom of circulation of persons, goods and capital)
Scope identified as
*Political frontiers including territorial waters and air space.
*Embassies, consulates, military bases etc. located abroad but including those locates within the political frontiers.
*Ships, aircrafts etc., operated by the residents between two or more countries.
*Fishing vessels, oil and natural gas rigs etc. operated by the residents in the international waters or other areas over which the country enjoys the exclusive rights or jurisdiction.
Resident (normal resident):-
Normal resident is a person or an institution who ordinarily resides in that country and whose center of economic interest lies in that country.
The Centre of economic interest implies :-
(1) the resident lives or is located within the economic territory.
(2) The resident carries out the basic economic activities of earnings, spending and accumulation from that location
(3). His center of interest lies in that country.
Relation between national product and Domestic product.
National product = Domestic product + Residents contribution to production outside the

economic territory (Factor income from abroad) - Non- resident contribution
to production inside the economic territory (Factor income to abroad)

THREE GOLDEN RULES
FOR NATIONAL INCOME AGGREGATES

1.Depreciation (consumption of fixed capital)

Gross = Net + Depreciation

Net = Gross - Depreciation

2 NFIA (Net factor income from abroad)

NFIA = Factor income from abroad - Factor income to abroad

Domestic = National – NFIA

National = Domestic + NFIA

3. NIT (Net indirect taxes)

NIT = Indirect taxes – subsidies

Factor cost = Market price – NIT

Market price = Factor cost + NIT

Formulas

$NNP_{mp} = GNP_{mp}$ - depreciation

$NDP_{mp} = GDP_{mp}$ - depreciation

$NDP_{fc} = NDP_{mp}$ – Net indirect taxes (indirect tax – subsidies)

$GDP_{fc} = NDP_{fc}$ + depreciation

$NNP_{fc} = GDP_{mp}$ - depreciation + Net factor income from abroad – Net indirect taxes

NNP_{fc} is the sum total of factor income earned by normal residents of a country during the accounting year)

$NNP_{fc} = NDP_{fc}$ + Net factor income from abroad.

Methods of calculation of national income
PRODUCT METHOD (Value added method):

*Gross value added (GDP_{mp}) =Value of output - Intermediate consumption(Domestic purchase +Imports)

*value of output = Sales(Domestic sales +Exports) + change in stock

* Change in stock = closing stock – opening stock

* NNP_{fc} (N.I) = GDP_{mp} (-) consumption of fixed capital (depreciation)

(+) Net factor income from abroad

(-) Net indirect tax.

Income method

NDP_{fc} =Compensation of employees + Operating surplus.+Mixed income of self-employed.

1. Compensation of employees.
OR
Wages and salaries + Employers contribution to SSS(Social security scheme)
2. Operating surplus.
Income from property Income from Entrepreneurship
Rent & Royalty + Interest + Profit
Profits = corporate tax + dividend + undistributed profits(retained earnings)
3.Mixed income of self-employed.
*NNP_{fc} = NDP_{fc} (+) Net factor income from abroad
*GNP_{mp} = NDP_{fc} + consumption of fixed capital(Depreciation) + Net indirect tax (Indirect tax – subsidy)

Expenditure method

GDP_{mp} =Government final consumption expenditure+ Private final consumption expenditure + Gross domestic capital formation+Net Export

Gross domestic capital formation=Gross domestic Fixed capital formation + change in stock
OR
Gross domestic capital formation =Net domestic capital formation + Depreciation

NNP_{fc} = GDP_{mp} - consumption of fixed capital + NFIA- Net indirect taxes

One Mark questions.

1. When will the domestic income be greater than the national income?
Ans: When the net factor income from abroad is negative.

2. Define Non- economic goods?
Ans:Goods which are free gift of nature,are unlimited in supply, and therefore do not have a price. These are also called free-goods, for eg. Air, sunshine,riverwater,etc.

3. What must be added to domestic factor income to obtain national income?
Ans. Net factor income from abroad.

4. Explain the meaning of non-market activities
Ans. Non marketing activities refer to acquiring of many final goods and services not through regular market transactions. E.g. vegetable grown in the backyard of the house.

5. Define nominal GNP
Ans. GNP measured in terms of current market prices is called nominal GNP.

6. Define Real GNP.
Ans. GNP computed at constant prices (base year price) is called real GNP.

7. Meaning of real flow.

Ans. It refers to the flow of goods and services between different sectors of the economy. Eg. Flow of factor services from household to firm and flow of goods and services from firm to household.

8. Define money flow.
It refers to the flow of money between different sectors of the economy such as firm, household etc. Eg. Flow of factor income from firm to house hold and consumption expenditure from house hold to firm.

3- 4 Mark Questions

1. Distinguish between GDP_{mp} and GNP_{fc}
Ans. The difference between both arise due to (1) Net factor income from abroad. and 2) Net indirect taxes. In GDP_{mp} Net factor income from abroad is not included but it includes net indirect taxes.
$GNP_{fc} = GDP_{mp}$ + net factor income from abroad – net indirect taxes

2. Distinguish between nominal GNP and real GNP
Ans. Nominal GNP is measured at current prices. Since this aggregate measures the value of goods and services at current year prices, GNP will change when volume of product changes or price changes or when both changes.
Real GNP is computed at the constant prices. Under real GNP, value is expressed in terms of prices prevailing in the base year. This measure takes only quantity changes. Real GNP is the indicator of real income level in the economy.

3. Explain the main steps involved in measuring national income through product method
Ans.
a) Classify the producing units into industrial sectors like primary, secondary and tertiary sectors.
b) Estimate the net value added at the factor cost.
c) Estimate value of output by sales + change in stock
d) Estimate gross value added by value of output – intermediate consumption
e) Deduct depreciation and net indirect tax from gross value added at market price to arrive at net value added at factor cost = NDP_{fc}
f) Add net factor income received from abroad to NDP_{fc} to obtain NNP_{fc} which is national income.

4. Explain the steps involved in calculation of national income through income method
a) Classify the producing enterprises into industrial sectors like primary, secondary and tertiary.
b) Estimate the following factor income paid out by the producing units in each sector i.e.

*Compensation of employees
*Operating surplus
*Mixed income of self employed
c) Take the sum of the factor income by all the industrial sectors to arrive at the NDP Fc (Which is called domestic income)

d) Add net factor income from abroad to the net domestic product at factor cost to arrive at the net national product at factor cost.

5. Explain the main steps involved in measuring national income through expenditure method.

a) Classify the economic units incurring final expenditure into distant groups like households, government, firms etc.

b) .Estimate the following expenditure on final products by all economic units

- Private final consumption expenditure
- Government final consumption expenditure
- Gross domestic capital formation
- Net export

(Sum total of above gives GDP_{mp})

c) Deduct depreciation, net indirect taxes to get NDP_{fc}

d) Add net factor income from abroad to NDP_{fc} to arrive at NNP_{fc}.

6. What are the precautions to be taken while calculating national income through product method (value added method)

a) Avoid double counting of production, take only value added by each production unit.

b) The output produced for self-consumption to be included

c) The sale & purchase of second hand goods should not be included.

d) Value of intermediate consumption should not be included

e) The value of services rendered in sales must be included.

7. Precautions to be taken while calculating national income through income method.

a) Income from owner occupied house to be included.

b) Wages & salaries in cash and kind both to be included.

c) Transfer income should not be included

d) Interest on loans taken for production only to be included. Interest on loan taken for consumption expenditure is non-factor income and so not included.

8. Precautions to be taken while calculations N.I under expenditure method.

a) Avoid double counting of expenditure by not including expenditure on intermediate product

b) Transfer expenditure not to be included

c) Expenditure on purchase of second hand goods not to be included.

9. Why are exports included in the estimation of domestic product by the expenditure method? Can the gross domestic product be greater than the gross national product? Explain

Expenditure method estimates expenditure on domestic product i.e., expenditure on final goods and services produced within the economic territory of the country. It includes expenditure by residents and non-residents both. Exports though purchased by non residents are produced within the economic territory and therefore a part of domestic product.

Domestic product can be greater than national product, if the factor income paid to the rest of the world is greater than the factor income received from the rest of the world i.e, when net factor income received from abroad is negative.

10. 'Machine purchased is always a final good' do you agree? Give reason for your answer
Whether machine is a final good or it depends on how it is being used (end use). If machine is bought by a household, then it is a final good. If machine is bought by a firm for its own use, then also it is a final good. If the machine is bought by a firm for resale then it is an intermediate good.

11. What is double counting? How can it be avoided?

Counting the value of commodities at every stage of production more than one time is called double counting.It can be avoided by a) taking value added method in the calculation of the national income. b) By taking the value of final commodity only while calculating N.I

12.Define positive externality. give few examples of its impact on welfare?

A positive externality also called external benefit or external economy is an action of a product on consumers that it was a positive effect on the third party.Examples of positive externalities include increase education of individuals can lead to broader society benefit in the form of Greater economic productivity, lower unemployment rate, greater Household mobility, and higher rates of political participation.A beekeeper keeps the Bees for their Honey, a positive externality associated with such activity is the pollination of surrounding crops by the Bees and the value generated by the pollination maybe more important than the value of the harvested honey

13.Define Negative externality. Give few examples of its impact on welfare.

A Negative externality also called external cost and external diseconomies is an action of a product on consumers that It was negative effect on a third party, it is external cost. Air pollution from motor vehicles is an example of a negative externality. The cost of the air pollution for the rest of society is not compensated for by either the producers or user of the motorized transport,
The harvesting by one fishing company in the ocean depletes the stock of available fish for the other companies and overfishing maybe result in the overall reduction in the stock of fish, It is an example of an common property resource and that in the absence of appropriate environmental governance is vulnerable to the tragedy of the commons

14. Distinguish between stock and flow?

Stock	**Flow**
Stock refers to the value of a variable at a	Flow refers to the value of a variable during a

point of time	period of time
Stock is not time dimentional .It is measured at a specific point of time	Flow is not time dimentional .It is measured per hour, per month or per year
Stock impacts the flow.Greater the stock of capital,greater is the flow of goods and services	Flow impacts the Stock .Greater the flow income,greater is the Stock wealth with people
Population of a country	Numbers of birth
Labour Force	Income
Capital	Expenditure
Quantity/Supply of money in a country	Capital formation
Bank deposits	Change in supply of money in a country
Water in overhead tank	Interest on capital
Distance between Delhi and Haridwar	Leakage of water \from overhead tank
Wealth	Speed of car going Delhi toHaridwar
Wheat stored in a godown	Sales of Rice

15.Explain difference between Intermediate goods and Final goods.

Intermediate Goods	**Final Goods**
These goods remains within the boundary line of production,and are not ready for use by final users	These goods are outside the boundary line of production ,and are ready for use by final users
These goods may be used as raw material for the production of other goods during the accounting year	These goods are not used as raw material for the production of other goods during the accounting year
These goods may be resold by the firm for profit during the accounting year	These goods are not resold by the firm for profit during the accounting year
Value is yet to be added to these goods	Value is not to be added to these goods
Expenditure on these goods is called intermediate consumption or intermediate cost	Expenditure on these goods is called final expenditure
These goods are not included in the estimation of of national product or national income	These goods are included in the estimation of of national product or national income

6 Marks questions

1. State whether following is true or false. Give reason for your answer.

a) Capital formation is a flow

True, because it is measured over a period of time.

b) Bread is always a consumer good.

False, it depends upon the end use of bread. When it is purchased by a household it is a consumer good. When purchased by restaurant for making sandwich, it is an intermediate (producer) good.

c) Nominal GDP can never be less that real GDP
False. Nominal GDP can be less than the real GDP when the prices in the base year is more than the current year.
d) Gross domestic capital formation is always greater than gross fixed capital formation.
False, gross domestic capital formation can be less than gross fixed capital formation if change in stock is negative.
2.Write down the limitations of using GDP as an index of welfare of a country
1) The national income figures give no indications of the **population, skill and resources** of the country. A country may be having high national income but it may be consumed by the increasing population, so that the level of people's wellbeing or welfare standard of living remains low.
2) High N. I may be due to greater area of the country or due to the **concentration of some resources** in out particular country.
3) National income does not consider the **level of prices** of the country. People may be having income but may not be able to enjoy high standard of living due to high prices.
4) High N. I may be due to the large **contribution made by a few industrialists**
5) Level of **unemployment** is not taken into account.
6) National income does not care to reduce **ecological degradation**. Due to excess of economic activity which leads to ecological degradation reduces the welfare o
f the people.
Hence GNP and economic welfare are not positively related. Income in GNP does not bring about increase in economic welfare.

3. How will you treat the following while estimating domestic product of India?

a) Rent received by resident of Indian origin from his property in Singapore.
No, it will not be included in domestic product as this income is earned outside the economic territory of India.

b) Salaries of Indians working in Japanese Embassy in India

It will not be included in domestic product of India as embassy of Japan is not a part of economic territory of India.

c) Profits earned by branch of American bank in India:

Yes, it is included as part of domestic product since the branch of American bank is located within the economic territory of India.

d) Salaries paid to Koreans working in the Indian embassy in Korea

Yes, it will be part of domestic product of India because the income is earned within the economic territory of India. Indian embassy in Korea is a part of economic territory of India.

4 How are the following treated in estimating national income from expenditure method? Give reason.

a) Purchase of new car by a household:

purchase of car is included in the national income because it is final consumption expenditure, which is part of national income.

b) Purchase of raw material by purchase unit:

purchase of raw material by purchase unit is not included in the national income because raw material is intermediate goods and intermediate goods and service are excluded from the national income. Purchase of raw material, if included in national income will result in double counting.

c) Expenditure by the government on scholarship to student:

It is not included in the national income because it is a transfer payment and no productive service is rendered by the student in exchange.

5 Are the following item included in the estimating a country's national income? Give reason.

1) Free cloth given to workers:

Free cloth given to worker is a part of wages in kind i.e. compensation to employee such compensation to employee is paid for the productive services in the economy, it is included in the national income.

2) Commission paid to dealer in old car:

Commission paid to dealer in old car is included in the estimation of national income because it is the income of the dealer for his productive services to various parties.

3) Growing vegetable in a kitchen garden of the house:

Growing vegetable in a kitchen garden of the house amount to production, though not for sale for self-consumption. It is included in the national income because it adds to the production of goods.

4) scholarship paid to student by school:

No, it is not a factor income as to included in national income.

6. Explain how non monetary exchanges are limitation in taking domestic product as an index of welfare?

Ans. Non monetary exchanges which takes place in informal sectors are not be included in the calculation of GDP since money is not being used.

For example services of a housewife,kitchen gardening ,etc.This result in under estimation of GDP. Hence,GDP calculated in the standard manner may not give us the real picture of productive activity and actual welfare of the country.

NCERT Questions

1.What are the four factors of production and what are the remunerations to each of these called?

Ans. The four factors of production are and their remuneration:

(i). Land- It denotes the natural resources like air, water, soil, etc. The payment that is paid by the firms to acquire these services is called rent.

(ii). Labour- It refers to the physical and mental effort required to do a work. For example, engineer, manager, worker, etc. The payment made to the labour in exchange of his/her services is called as wage.

(iii). Capital- It refers to the monetary investments and physical and tangible investments like machinery, buildings, technology, tools, etc, which assists in production process. The payment received in exchange of these services is called interest.

(iv). Entrepreneur- It refers to the individual who undertakes the risk to organise the production process. Entrepreneurs are the risk takers and often are the innovators of new techniques. They receive profit in exchange of their entrepreneurship.

2. Why should the aggregate final expenditure of an economy be equal to the aggregate factor payments? Explain.

Ans. In a two sector economy, consisting of households and firms, the only way in which the households can dispose their income is on the goods and services produced by the firms. The factors of production use their remuneration to purchase goods and services. Thus, the income will come back to the producers in the form of sales' revenue. So, there is no difference between the amount that firms distribute in the form of factor payments and consumption expenditure incurred by the households. The same process continues year after year. However, if there has been any leakage in the form of savings, imports or taxes, then there arises a difference between the aggregate consumption expenditure and aggregate factor payments.

3. Suppose the GDP at market price of a country in a particular year was Rs 1,100 crores. Net Factor Income from Abroad was Rs 100 crores. The value of Indirect taxes – Subsidies was Rs 150 crores and National Income was Rs 850 crores. Calculate the aggregate value of depreciation.

Ans. NN= NN + NIT , = 850+50 , = 900 Crore

GN = GD + NFIA , = 1100 + 100 , = 1,200 Crore

Depreciation = GN - NN , = 1200 – 900 , = 200 Crore

NATIONAL INCOME – NUMERICALS

1.Calculate GVA_{mp} from the following information:

ITEMS	Amt.(₹)
Domestic sales	40,000
Exports	12,000
Change in stock	4,400
Depreciation	3,500
Intermediate consumption	22,000

2. From the following data calculate national income by income method and expenditure method.

ITEMS	₹ (Crores)
Interests	150
Rent	250
Govt. final consumption expenditure	600
Private final consumption expenditure	1200
Profit	640
Compensation of employees	1000
Net factor income from abroad	30

Net indirect taxes	60
Net exports	(-)40
Depreciation	50
Net domestic capital formation	340

3.From the following data, calculate 'gross value added at factor cost'

ITEMS	₹ (Crores)
Sales	500
Change in stock	30
Subsidies	40
Consumption of fixed capital	60
Purchases of intermediate products	350
Profit	70

4.From the following data, calculate 'Net value added at factor cost' and NNP_{mp}

ITEMS	₹ (Crores)
Domestic Sales	570
Change in stock	60
Imports	60
Consumption of fixed capital	70
Purchases of intermediate products	300
NFIA	90

5.**From the following data, calculate Gross national product at Market Price by (i) Income method. (ii) Expenditure method:**

ITEMS	₹ (Crores)
Mixed income of self-employed	400
Compensation of employees	500
Private final consumption expenditure	900
Net factor income from abroad	(-)20
Net indirect taxes	100
Consumption of fixed capital	120
Net domestic capital formation	280
Net exports	(-)30
Profits	350
Rent	100
Government final consumption expenditure	150
Interest	450

6.**Calculate (a) National Income and (b) Domestic Income from the following data**

ITEMS	₹ (Crores)
Net factor income from abroad	(-)20

Government final consumption expenditure	200
Subsidies	10
Private final consumption expenditure	800
Net current transfers from the rest of the world	30
Net domestic fixed capital formation	100
Consumption of fixed capital	40
Change in stock	(-)10
Net exports	(-)50
Indirect taxes	80

7. **From the following data calculate national income by (a) Income method and (b) Expenditure method.**

ITEMS	₹ (Crores)
Private final consumption expenditure	2000
Net capital formation	400
Change in stock	50
Compensation of employees	1900
Rent	200
Interest	150
operating surplus	720
indirect tax	400
Subsidies	100
Employers' contribution to social security schemes	500
Net exports	20
Net factor income from aboard	(-)20
Government final consumption expenditure	600
Consumption of fixed capital	100

8.**From the following data calculate National Income by (i) Income method and (ii) Expenditure method.**

ITEMS	₹ (Crores)
Compensation of employees	1200
Net factor income from abroad	(-)20
Net indirect taxes	120
Profit	800
Private final consumption expenditure	2000
Net domestic capital formation	770
Consumption of fixed capital	130
Rent	400
Interest	620
Mixed income of self- employed	700
Net exports	(-)30
Government final consumption expenditure	1100

9. Find gross national product at market price by income method and expenditure method.

ITEMS	₹ (Crores)
Mixed income of the self-employed	400
Compensation of employees	500
Private final consumption expenditure	900
Net factor income from abroad	(-)20
Net indirect taxes	100
Consumption of fixed capital	20
Net domestic capital formation	280
Net exports	(-)30
Rent	100
Interest	150
Government final consumption expenditure	450

FREQUENTLY ASKED CBSE BOARD QUESTIONS

1. Give two examples of macro economics
2. Differentiate between micro and macroeconomics
3. Distinguish between intermediate goods and final goods.
4. Distinguish between domestic product and national product.
5. What do you understand by net factor income from abroad? Explain
6. While estimating national income how will you treat the following? Give reasons for your answer

a) Imputed rent of self occupied houses.
b) Interest received on debentures
c) Financial help received by flood victims
d) Capital gains

7. Distinguish between transfer payments and factor payments. Give an example of each.
8. Are the following stock or flow?
(i) Capital formation
(ii) Labour force
(iii) Capital
(vi) Bank deposits
(v)Rice stored in a godown
(vi)Sales of rice
(vii)Wealth
(viii)National income
(ix) Number of death
(x)Expenditure of money
9. Sould the income received from the following items be included in national income or not ?give valid reason in support of your answer .
(i)income of actors, Singers and dancer
(ii) income from lotteries
(iii)income of commission agent or brokers
(iv) scholarship
(v) corporate profit
(vi) bonus
(vii) subsidies
(viii) capital loss
(ix) interest paid by one firm to another
(x) gift from abroad