Section 4: High-Probability Expected Questions for Academic Session 2026–27 (With Reasons and Formulas)

Expected Question 1 (Multi-Sector Value Added & Missing Value Numerical). In a three-sector economy (Primary, Secondary, and Tertiary), Primary Sector sells output worth ₹1,200 crore to Secondary Sector and ₹400 crore directly to households, with Closing Stock of ₹150 crore and Opening Stock of ₹100 crore, and Intermediate Consumption of ₹350 crore. Secondary Sector uses all purchases from Primary Sector as intermediate input, incurs additional intermediate input of ₹250 crore, and generates Sales of ₹2,600 crore with no Change in Stock. Tertiary Sector generates Gross Value Added at Market Price of ₹1,800 crore. If Depreciation is ₹300 crore, Indirect Taxes are ₹450 crore, Subsidies are ₹100 crore, and Net Factor Income from Abroad is −₹80 crore, calculate Net National Product at Factor Cost (National Income).

- Step 1 (Primary Sector): Sales = 1,200 + 400 = ₹1,600 crore; Change in Stock = Closing Stock − Opening Stock = 150 − 100 = ₹50 crore; Value of Output = 1,600 + 50 = ₹1,650 crore; Gross Value Added at Market Price (Primary) = 1,650 − 350 = ₹1,300 crore.
- Step 2 (Secondary Sector): Intermediate Consumption = 1,200 + 250 = ₹1,450 crore; Gross Value Added at Market Price (Secondary) = 2,600 − 1,450 = ₹1,150 crore.
- Step 3 (Economy Total): Gross Domestic Product at Market Price (GDP) = Gross Value Added at Market Price (Primary + Secondary + Tertiary) = 1,300 + 1,150 + 1,800 = ₹4,250 crore.
- Step 4 (National Income): Net Indirect Taxes = Indirect Taxes − Subsidies = 450 − 100 = ₹350 crore; Net National Product at Factor Cost = Gross Domestic Product at Market Price (GDP) − Depreciation + Net Factor Income from Abroad − Net Indirect Taxes = 4,250 − 300 + (−80) − 350 = ₹3,520 crore.

Final Answer: ₹3,520 crore (Reason & Formula: Multi-stage value-added numericals test elimination of intermediate sales between sectors using Gross Value Added at Market Price = Value of Output − Intermediate Consumption).

Expected Question 2 (Missing Component Numerical — Expenditure & Income Reconciliation). From the following data, find the missing value of Government Final Consumption Expenditure if Net National Product at Factor Cost (National Income) is ₹6,000 crore: Private Final Consumption Expenditure = ₹3,800 crore, Net Domestic Fixed Capital Formation = ₹1,100 crore, Change in Stock (Closing Stock minus Opening Stock) = ₹100 crore, Consumption of Fixed Capital (Depreciation) = ₹250 crore, Net Exports = −₹150 crore, Net Factor Income from Abroad = ₹100 crore, Net Indirect Taxes = ₹400 crore.

- Formula: Net National Product at Factor Cost = Gross Domestic Product at Market Price (GDP) − Consumption of Fixed Capital (Depreciation) + Net Factor Income from Abroad − Net Indirect Taxes.
- Step 1: Gross Domestic Capital Formation = Net Domestic Fixed Capital Formation + Change in Stock + Consumption of Fixed Capital (Depreciation) = 1,100 + 100 + 250 = ₹1,450 crore.
- Step 2: Gross Domestic Product at Market Price (GDP) = 3,800 + Government Final Consumption Expenditure + 1,450 − 150 = 5,100 + Government Final Consumption Expenditure.
- Step 3: Substitute into National Income equation: 6,000 = (5,100 + Government Final Consumption Expenditure) − 250 + 100 − 400.
- Step 4: 6,000 = 4,550 + Government Final Consumption Expenditure ⇒ Government Final Consumption Expenditure = 6,000 − 4,550 = ₹1,450 crore.

Final Answer: Government Final Consumption Expenditure = ₹1,450 crore (Reason & Formula: Competency-based Board papers increasingly ask reverse/missing-figure problems using Gross Domestic Product at Market Price (GDP) = Private Final Consumption Expenditure + Government Final Consumption Expenditure + Gross Domestic Capital Formation + Net Exports).

Expected Question 3 (Real vs Nominal Gross Domestic Product (GDP) & Deflator Case Study). In an economy, Nominal Gross Domestic Product (GDP) grew from ₹10,000 crore in 2024–25 to ₹13,200 crore in 2025–26, while the Gross Domestic Product (GDP) Deflator rose from 100 to 120. Calculate (a) Real Gross Domestic

Product (GDP) in 2025–26, (b) the percentage growth rate in Real Gross Domestic Product (GDP), and (c) state with reason whether economic welfare necessarily improved by 32%.

- Formula (a): Real Gross Domestic Product (GDP) = (Nominal Gross Domestic Product (GDP) / Gross Domestic Product (GDP) Deflator) × 100 = (13,200 / 120) × 100 = ₹11,000 crore.
- Formula (b): Real Growth Rate = ((Real Gross Domestic Product (GDP) in 2025–26 − Real Gross Domestic Product (GDP) in 2024–25) / Real Gross Domestic Product (GDP) in 2024–25) × 100 = ((11,000 − 10,000) / 10,000) × 100 = 10%.
- Reason (c): No, economic welfare did not improve by 32% because 20 percentage points of the nominal increase were purely due to price inflation. Real physical output increased by only 10%, and actual welfare still depends on income distribution, composition of output, and environmental externalities.

Final Answer: (a) Real Gross Domestic Product (GDP) = ₹11,000 crore; (b) Real Growth Rate = 10%; (c) No, inflation accounts for the remaining rise.

Expected Question 4 (Treatment of Specific Items in Domestic Income vs National Income). Giving valid reasons, state whether the following items will be included in or excluded from Domestic Income (Net Domestic Product at Factor Cost (NDP)) and National Income (Net National Product at Factor Cost) of India: (a) Salaries paid to Indian residents working in the Russian Embassy in New Delhi. (b) Profits earned by a branch of a foreign bank operating in Mumbai. (c) Expenditure on maintenance of an office building by a business firm. (d) Free medical facilities provided by an employer to employees.

- (a) Excluded from Domestic Income (Net Domestic Product at Factor Cost (NDP)) because the Russian Embassy is part of Russian domestic territory, not Indian domestic territory. Included in National Income because the recipients are normal residents of India (counted under Net Factor Income from Abroad).
- (b) Included in Domestic Income (Net Domestic Product at Factor Cost (NDP)) because the branch operates within the domestic territory of India. Excluded from National Income because profits belong to a foreign company (deducted via Net Factor Income from Abroad).
- (c) Excluded from both Domestic Income and National Income because routine maintenance expenditure is an intermediate consumption cost incurred to keep the asset operational.
- (d) Included in both Domestic Income and National Income because free medical facilities form part of Compensation of Employees (wages and salaries in kind).

Final Answer: Reason & Formula: Domestic Income = Factor income generated within domestic territory; National Income = Domestic Income + Net Factor Income from Abroad.

Expected Question 5 (Digital Economy & Green Accounting Application Question). Explain how (a) rapid growth of digital payment services and software exports, and (b) rising urban air pollution and groundwater depletion affect the comparison between conventional Gross Domestic Product at Market Price (GDP) and Green Gross National Product.

- (a) Software exports and digital financial services generate legitimate factor income from abroad and domestic value addition, raising both Gross Domestic Product at Market Price (GDP) and Gross National Product.
- (b) Air pollution and groundwater depletion represent negative externalities and natural capital consumption. Conventional Gross Domestic Product at Market Price (GDP) ignores these environmental costs, whereas Green Gross National Product deducts the monetary value of environmental degradation from conventional National Income.
- Formula: Green Gross National Product = Net National Product at Factor Cost − Monetary Value of Environmental Degradation and Resource Depletion.

Final Answer: Green Gross National Product will be lower than conventional National Income due to environmental depletion costs (Reason: CBSE 2026–27 sample pattern emphasizes sustainability and limitations of Gross Domestic Product (GDP) as a welfare index).

Expected Question 6 (Corporate Profit Breakdown & Operating Surplus Numerical). Calculate Net National Product at Factor Cost (National Income) from the following data: Wages and Salaries in Cash = ₹3,000 crore, Employers' Contribution to Provident Fund = ₹400 crore, Employees' Contribution to Provident Fund = ₹350 crore, Rent and Royalty = ₹600 crore, Interest = ₹500 crore, Corporate Tax = ₹300 crore, Dividend = ₹450 crore, Retained Earnings = ₹250 crore, Mixed Income of Self-Employed = ₹900 crore, Factor Income from Abroad = ₹120 crore, Factor Income to Abroad = ₹190 crore.

- Note: Employees' Contribution to Provident Fund (₹350 crore) is already paid out of Wages and Salaries in Cash, so it is ignored to avoid double counting.

• Formula 1: Compensation of Employees = Wages and Salaries in Cash + Employers' Contribution to Provident Fund = 3,000 + 400 = ₹3,400 crore.

• Formula 2: Profit = Corporate Tax + Dividend + Retained Earnings = 300 + 450 + 250 = ₹1,000 crore.

• Formula 3: Operating Surplus = Rent and Royalty + Interest + Profit = 600 + 500 + 1,000 = ₹2,100 crore.

• Formula 4: Net Domestic Product at Factor Cost (NDP) = Compensation of Employees + Operating Surplus + Mixed Income of Self-Employed = 3,400 + 2,100 + 900 = ₹6,400 crore.

• Formula 5: Net Factor Income from Abroad = Factor Income from Abroad − Factor Income to Abroad = 120 − 190 = −₹70 crore.

• Formula 6: Net National Product at Factor Cost = Net Domestic Product at Factor Cost (NDP) + Net Factor Income from Abroad = 6,400 + (−70) = ₹6,330 crore.

Final Answer: ₹6,330 crore (Reason: Classic trap question testing exclusion of Employees' Contribution to Social Security and summation of Profit components).

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