## Product (Value Added) Method

Product Method or Value added method is also called Industrial Origin Method or Net Output Method. Product Method is defined as that method, which measures the national income by estimating the contribution of each producing enterprise to production in the domestic territory of the country in an accounting year.

## Step -1: Identification and classification of Producing enterprise

All the producing enterprises of an economy can be classified under three section:

- a) Primary sector or Agriculture related sector
- b) Secondary sector or Manufacturing sector
- c) Tertiary sector or Service sector



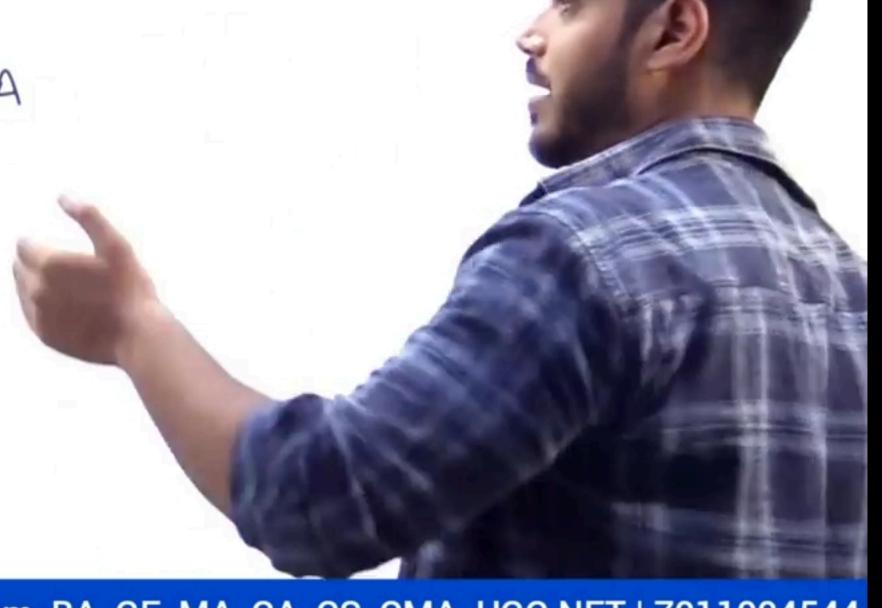
Step D classification and Identification of Broduing units

- Parimary Sector

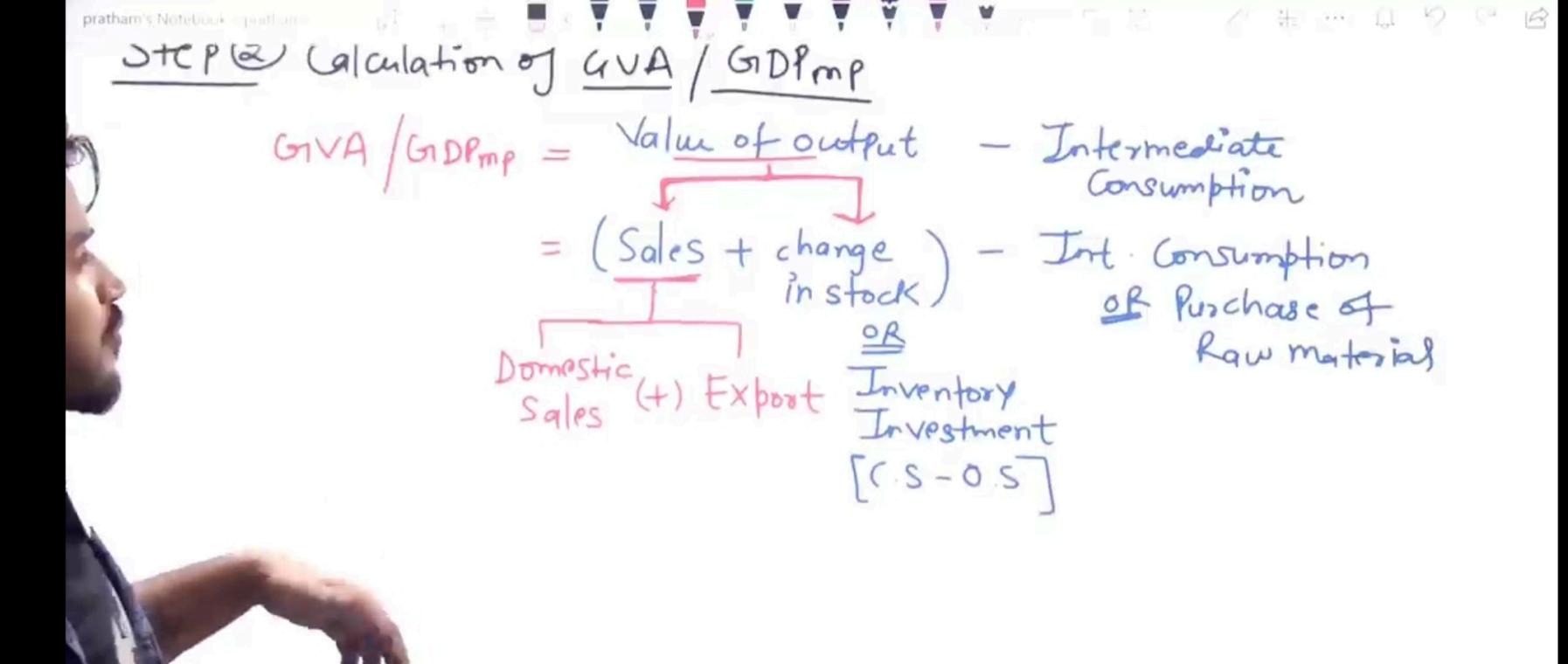
- Secondary Sector

- Tertiany Sector

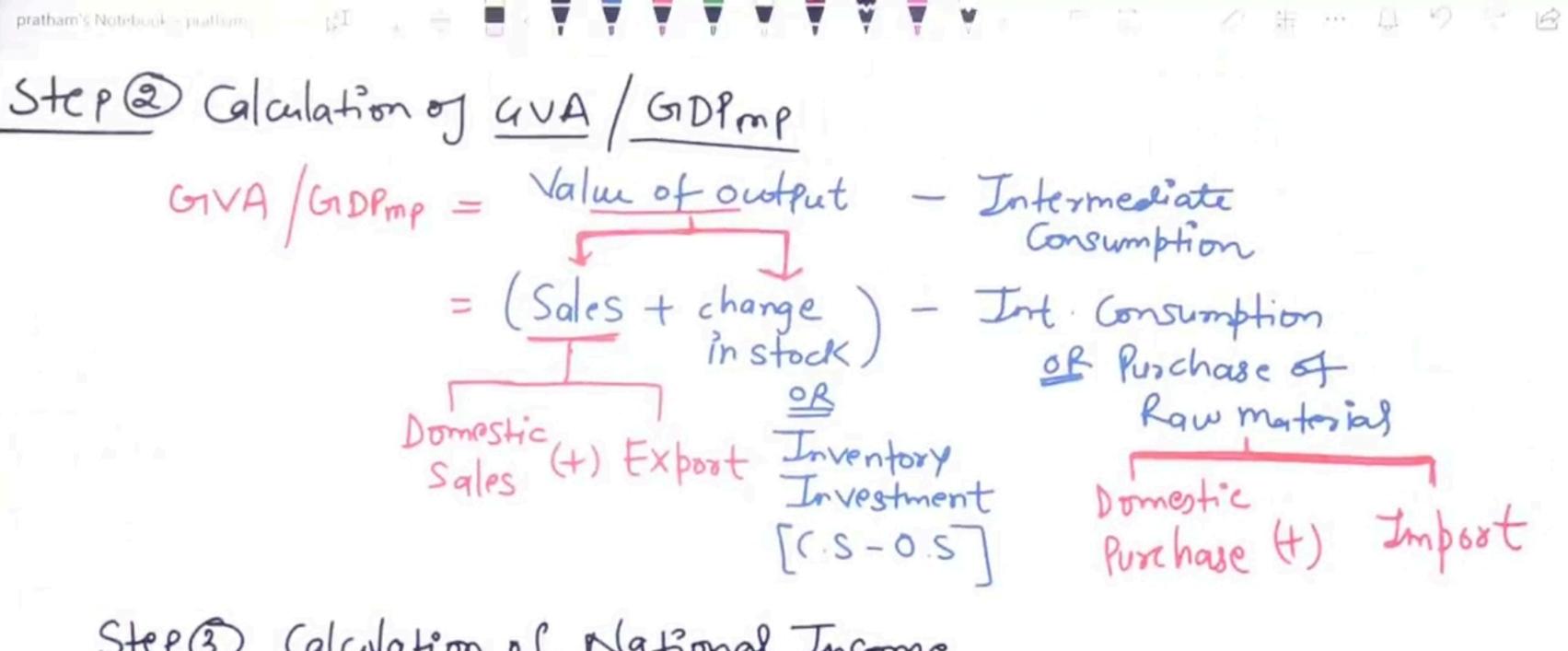
Step @ Calculation of GVA











Step 3 Calculation of National Income



There are two alternative method to avoid double counting:

- a) Value Added method
- b) Final Product Method
- 2) Intermediate goods = not included
- 3) Sale & Purchase of second hand goods. = not Included
- 4) Sale & Purchase of Shares & Bonds = not Included
- 5) Imputed value of owner self occupied house = included
- 6) Goods Produced for self consumption = Included
- 7) Services produced for self consumption = Not included
- B) Domestic Services in love & affection = Not Included

