

STOCK AND FLOW CONCEPTS

FLOW

A flow is a quantity which is measured with reference to a period of time. Flows are defined with reference to a specific period(length of time).e.g., hours, days, weeks, months or years. It has time dimension. National income is a flow. It describes and measures flow of goods and services which become available to a country during a year.

Other examples:-**Income, investment, expenditure, savings, depreciation, interests, exports, imports, change in inventories, change in money supply, lending, borrowing, rent, profit, etc.**

STOCK

Stock is a quantity which is measured at a point of time.eg., 4 p.m, 25th January,Tuesday, 2022 etc. capital is a stock variable. A stock indicates quantity of a variable at a point of time.

Other examples of stocks are: wealth, foreign debts, loan, inventories, opening stock, (amount of money), population etc.

Intermediate Goods and Final Goods

Intermediate Goods:-

Goods which are used in the production of other goods and services are called Intermediate goods. They pass through further stages of production.

Raw materials, fuel, electricity etc. are intermediate goods.

Intermediate goods are not taken into account for national income estimation.

Final Goods:-

Goods which are ready for consumption or investment are called final goods. They do not need further processing. They are finished products.

Examples:- Consumer goods like dress, vehicles, electronic items, machinery etc.

The value of final goods are added for the estimation of National Income.