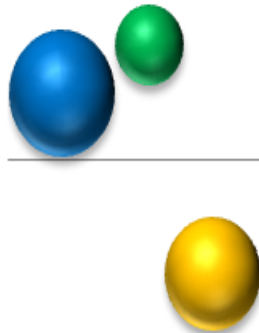




GDP by Type of Expenditure

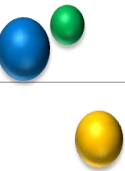
Buyung Airlangga





Why GDP by expenditure?

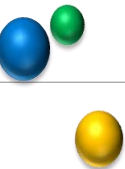
- Show demand for goods and services
- Stimulus to the economy
- Use of supply of goods and services
- Link to welfare and production capacity
- Link with the rest of the world





What are the type of expenditure?

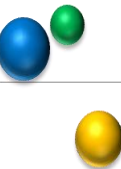
- Final consumption expenditure
 - Households
 - General government
 - Non profit institutions serving households
- Gross domestic capital formation
 - Fixed assets
 - Inventory
 - Valuables
- Net export
 - Export of goods and services
 - Import of goods and services





What are final consumption expenditure?

- Expenditure on goods and services by consumer institutions
 - General government
 - Households
 - Non profit institutions serving households
- Consumption expenditure on goods and services from supply of goods and services in the economy during the period



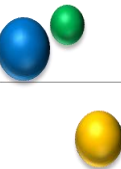


General government consumption expenditure

- Includes
 - Output of all activities of general government units(GO) less sale and receipt from services(S) plus purchases directly given to households(ST)

$$GCE = GO - S + ST$$

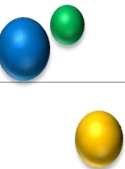
- Classified as:
 - Collective
 - Individual





General government consumption expenditure

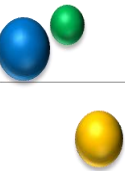
- Collective consumption expenditure
 - No rivalry in acquisition
 - Not passive delivery, no explicit agreement between recipient
 - Can be delivered simultaneously
- Individual
 - Acquisition and use by individual household or member of household
 - Agreement between recipient and providers on the provision of goods or service
 - Goods and services provided to one individual or small group precludes provision to others.





What are household consumption expenditure?

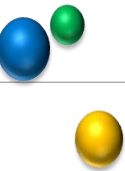
- Households final consumption expenditure
 - Goods and services acquired/use/ consumed for well being of the members
 - Food, clothing, housing, transport, education, health, personal needs, other miscellaneous expenditure
 - Purchased, own produced, barter, gifts,





What are household consumption expenditure?

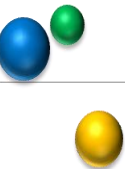
- Classified according to use of the product
- Limited only to flow of goods and service which comes from production
- household consumption expenditure is also an entry in the use of income account of the households
- It is classified according to COICOP (classification of individual consumption by purpose)





What is actual final consumption of household?

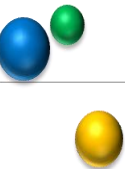
- The value of goods and services that the household consumed or use.
- This includes:
 - Household consumption expenditure
 - Social transfer in kind from general government and non profit institutions





What is social transfer in kind?

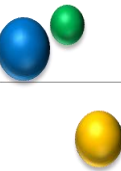
- The value of general government consumption expenditure which benefits individual household or its members
- The total value of consumption expenditure of NPISH
- This is a transfer of services or goods for which the general government and NPISH has recorded as part of their consumption expenditure





What is social transfer in kind?

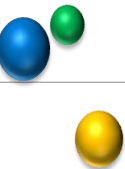
- The value of social transfer in kind is recorded in resource side of redistribution of income account of household and as use in use of adjusted disposable income of household.
- The social transfer in kind is subtracted from general government and NPISH final consumption expenditure to derive the actual final consumption of general government and NPISH





What is social transfer in kind?

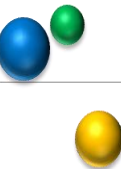
- The expenditure of government and NPISH that are classified under social transfer in kind includes:
 - health services
 - Education
 - Culture, religion, social security and welfare services
 - housing and refuse collection
 - also includes purchases of goods or services of government that is directly provided to households not included in GO of any of general government production activities





Example on how to treat social transfer in kind

- **Example:** Government spent 50 million on the state university. The record showed there was a revenue of 12 million from tuition, sale of books, and other services provided to the public. The treatment would be
 - Household consumption expenditure = 12 million
 - Government consumption expenditure = $50 - 12 = 38$ million
- Government consumption expenditure for education is social transfer in kind
 - Social transfer in kind = 38 million
 - Household adjusted income + 38 million and household actual final consumption = $12 + 38 = 50$





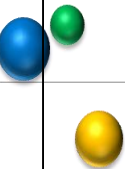
What are household consumption expenditure?

Use

- Household consumption expenditure
- Household Saving

Resources

- Disposable Income
 - Compensation
 - Property income
 - Current transfer





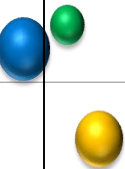
What are household actual final consumption?

Use

- Actual household consumption
 - Household consumption expenditure
 - Individual consumption expenditure of government and NPISH
(social transfer in kind)
- Household Saving

Resources

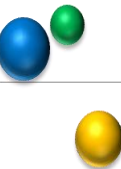
- Adjusted disposable income
 - Household disposable income
 - Government and NPISH social transfer in kind

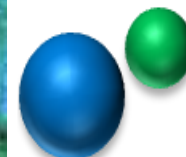




What are NPISH consumption expenditure?

- The value of services of NPISH less the sale or receipt from goods and services
- Expenditure is generally funded through donations, current transfers, property income and operating surplus of market establishment of NPISH
- All expenditure of NPISH are taken as individual consumption expenditure and is social transfer in kind to households





Thank you