



IMPROVING PERFORMANCE AT THE NEXUS OF THE COMMERCIAL AND SOCIAL SECTORS

ABSTRACT

GDP CALCULATIONS (MARCH 2018)

Gross Domestic Product (GDP) is a monetary measure of the market value of all final goods and services produced in a period of time. GDP can be determined in three ways, all of which should, in theory, give the same result. The most direct of the three is the production approach, which sums the outputs of every class of enterprise to arrive at the total. The expenditure approach of GDP calculation sums up the final uses of goods and services (all uses except intermediate consumption) measured in purchasers' price. Income approach calculates GDP by adding incomes that firms pay households for factors of production they hire - wages for labor, interest for capital, rent for land and profits for entrepreneurship. An IMF 2018 study on the status of GDP compilation in 189 countries discovered that the production approach is more developed than the expenditure approach in many developing economies. The income approach is less developed than the other two approaches except for in advanced economies and the commonwealth of independent states.

