

Q. Distinguish between net domestic product and gross domestic product.  
Why is it necessary to compile national accounts for an economy.

Importance / uses / significance of national accounts

- Used for economic analysis and forecasting.
- Used to calculate per capita income.
- Used to determine the sectoral composition of the economy, identifying leading and lagging sectors.
- Used to show the pattern of income distribution.
- Used to guide investment.
- Used to compare the economic performance of different countries.
- Used to solicit foreign aid.
- Used to show the expenditure pattern.