NATIONAL INCOME LECTURE - 27.

Concepts of National Indi Income.

(1) $GDP_{(MP)}$ ⇒ Gross Domestic Product at MP.
⇒ Value of all final goods & services produced within domestic territory of a country during an accounting year is called GDP MP.

2. FIFA → Factor Income From Abroad.
3. FITA Factor Income to Abroad.
4. NFIA Net Factor Income from Abroad.
5. NFTA Net Factor Income to Abroad.

NFIA = FIFA - FITA.
NFITA = FITA - FIFA.

[For Calculation, NFIT always convert in NFI by changing the sign

I. Domestic + NFIA = National.
National - NFIA = Domestic.

II. Gross - Dep = Net.
Net + Dep = Gross.

[Dep / Consumption of fixed Capital.
↓
Gross domestic capital for
- ~~Gross~~ Net domestic cap..

III. MP - IT + Subsidy = FC.

LECTURE - 28.

⇒
MP - IT + Subsidy = FC.
FC + IT - Subsidy = MP.
MP - NIT = FC.
FC + NIT = MP.

Doubt ⇒ ~~Diff.~~ blw. ~~NFIA~~. NFTA. & NFITA.
↓
by its. ~~o~~(-)ve s

2. $GNP_{(MP)} = GDP_{(MP)} + NFIA$.
3. $NDP_{(MP)} = GDP_{(MP)} - Dep$.
4. $NNP_{(MP)} = GNP_{(MP)} - Dep$.
5. $GDP_{(FC)} = GDP_{(MP)} - IT + Subsidy$.
6. $GNP_{(FC)} = GNP_{(MP)} - IT + Subsidy$.
7. $NDP_{(FC)} = NDP_{(MP)} - IT + Sub$.
8. $NNP_{(FC)} = NNP_{(MP)} - IT + Sub$.

Questions 1. $\Rightarrow$. $GDP_{(MP)} = 400$.
Dep = 20.
IT = 60. $NNP_{(FC)}$
Sub = 10.
NFIA = 50.

$GDP_{(MP)} - Dep + NFIA - IT + Sub. = NNP_{(FC)}$.
$400 - 20 + 50 - 60 + 10 = 380$.

Que. 2 $NNP_{(FC)} = 600$.
Dep = 40.
Sub = 20.
NFIA = 100.
IT = 80.

$NNP_{(FC)} + Dep - NFIA + IT - Subsidy = 600$.
$GDP_{(MP)}$
$GDP_{(MP)} = 600$ Ans.

Question 3. $NDP_{(MP)} = 800$.
Sub = 80.
NFITA = 100. $GNP_{(FC)}$
NIT = 120.
Dep = 200.

$NDP_{(MP)} + Dep + NFIA - \cancel{IT + Subsidy}$ +120 NIT, $= 780$.
$GNP_{(FC)}$

Methods of Measurements of National Income.

① Production / Value added method / Gross Value Added (GVA)

⇒ Value of output − Intermediate Consumption = GDP(MP)

GDP(MP) = GVA (If it is for only one firm).

Value of output = Sale (Domestic sale + Export) + Change in stock (Closing stock − opening stock)

Illustration → 9.

GDP(MP) ⇒ ~~Sales 700 + 100~~. 700 − 100 − 350 ⇒ 250.

GDP(MP) − Dep + NFIA − IT + Subsidy

NNP(FC) ⇒ 70.

Illustration → 12.

GDP(MP) ⇒ 450 + 30 − 40 − 200 = 240.

~~NDP(FC)~~ GDP(MP) − Dep − IT + Subsidy −

NDP(FC) ⇒ 180.

Income Method.

~~Consumption~~ Compensation of Employees + Operating ~~Suppl~~ Surplus + ~~Compensation~~ Mixed Income of Self Employeed = NDP(FC

Compensation ⇒ Wages + Kind + Social security Contribution of Emplo only (not of Employee

+ Retirement Pension (not of old aged)

Operating Surplus ⇒ Rent + Int + Profit + Royalty.

Distributed Profit. Undistributed profit. Corporation profit Tax.

Illustration - 5 (By Income Method)

NDP(FC) ⇒ COE + OS. + Mixed.
⇒ 1000 + 2000 + 1100.
⇒ 4100.

NDP(FC) + NFIA. [4100 + (-50)]

NNP(FC) ⇒ 4050.

Illustration 13 (By Income Method)

NDP(FC) = 1200 + 1820 + 700.
NDP(FC) ⇒ 3720 + NFIA. ⇒ 3720 + 20.
NNP(FC) ⇒ 3740.

Illustration 14

GNP(FC) - NFIA ⇒ 61,500 - [(-50) - 80]
GDP(FC) = 61630 → wrong.

NFIA doesn't contain Net Exports.

Right ⇒ COE + OS + MIX = NDP(FC)
3000 + 3000 + 0. = 6000,

NDP(FC) ⇒ 6000 + 100.

GDP(FC) ⇒ 6100.