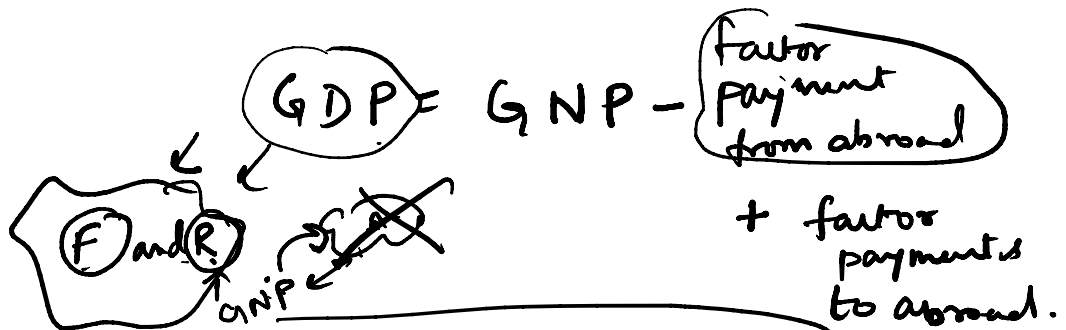


# National Income

National Income → income earned by participating in some productive work  
 (salary, wages, rent, profit etc).

Whereas income which are received and not earned are not included as a part of National Income.  
 ex: Transfer Payments like Pension, unemployment benefits, social insurance and Capital Gains.

GDP and GNP  
 ↑ within National boundary



- ①  $GDP = GNP \pm NFIA$   
MKT
- ②  $NDP = GDP - \text{dep cost}$   
MKT
- ③  $NDP_{\text{factor}} = GDP - \text{indirect}$   
indirect tax - Subsidy & indirect

indirect tax  
- Subsidy  
↓  
Net indirect tax

③  $NDP_{\text{fact-wt}} = NDP_{\text{Mkt-pric}} - \text{indirect tax} + \text{Subsidy}$

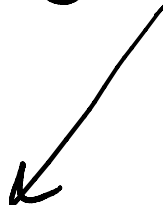
④  $NNP_{\text{Mkt P}} = GNP - \text{dep cost}$

⑤  $NNP_{\text{Factor P}} = NNP_{\text{Mkt P}} - \text{indirect tax} + \text{Subsidy}$

↙ NI at-factor-prices

⑥  $PI = NI + \text{dividends} + \text{net interest earnings}$

+ Transfer payment from govt



⑦  $DPI = PI - \text{Direct taxes}$   
 $= C + S$   
 $= Y - T + \text{TR}$

- corporate profits
- net interest payments
- social security contributions.