

National Income & Related Aggregates

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Gross Domestic Product at Market Prices (GDP_{MP})

- ▶ Gross Domestic Product is the money value of all final goods and services produced by all the enterprises in the domestic territory of a country in a year.
- ▶ Both resident and non-resident producers

Gross National Product at Market Price (GNP_{MP})

- ▶ GNP_{MP} measures income earned by nationals (residents of a nation)
- ▶ $GNP_{MP} = GDP_{MP} + \text{Factor payments from abroad} - \text{Factor payments to abroad}$

OR

$$GNP_{MP} = GDP_{MP} + \text{Net Factor Income from Abroad}$$

Net Domestic Product at Market Price (NDP_{MP})

- ▶ The value of GDP includes the cost of wear and tear of fixed capital (**depreciation**)
- ▶ GDP does not tell us the net flow of goods and services in the economy.
- ▶ Therefore, the term **net product** has been included
- ▶ **Net domestic product** is obtained by deducting depreciation from the gross domestic product
- ▶ $NDP_{MP} = GDP_{MP} - Depreciation$

Net National Product at Market Price (NNP_{MP})

- ▶ Like GNP it is also a national concept.
- ▶ If we subtract depreciation of capital from Gross National Product we get NNP.
- ▶ $NNP_{MP} = GNP_{MP} - Depreciation$

Thank You