



# Economics Class Notes for IAS and PCS

## Chapter 2: GDP/GNP/NI/NNP/PCI

### GDP / GNP / NI / NNP / GDP Deflator / PCI

#### GDP-GROSS DOMESTIC PRODUCT

- Value of final goods/ service produced within boundary of Nation, during 1 year.
- It is quantitative, but not qualitative.

#### NDP-NET DOMESTIC PRODUCT

- Net Domestic Product (NDP) = GDP – Depreciation

#### GNP-GROSS NATIONAL PRODUCT

- Gross National Product (GNP) = GDP + Income from Abroad
- Trade balance (+ve/ -ve)
- Income from abroad from Interest of External loan and Private Remittance etc.

#### NNP-NET NATIONAL PRODUCT

- Net National Product (NNP) = GNP – Depreciation
- NI (National Income)= NNP = GDP + Income from Abroad – Depreciation
- NI = National Income is Purest form of Income of Nation
- PCI = Per Capital Income = 
$$\frac{\text{NNP}}{\text{Total Population}}$$
- If FDI increases, foreign flow more → Income from Abroad increases, means GNP > GDP
- If closed economy, GDP > GNP

#### GDP Deflator

$$\text{GDP Deflator} = \left[ \frac{\text{GDP at current price}}{\text{GDP at basic price}} \right]$$

- Depreciation Calculate:
  1. CSO in Ministry of Statistics & Program Implementation
  2. DES (Directorate of Economic & Statistics) – at state level
- NI at Factor Price = [NNP at Market Cost – Indirect tax + Subsidies]



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