National Income vs Domestic Income

| National Income (NNPfc)	Domestic Income (NDPfc)
National income is the sum of factor incomes earned by normal residents with in or outside the economic territory in an accounting year.	Domestic income is the sum of factor income generated within the domestic or economic territory of a country by resident or non resident during an accounting year.
Income is generated by resident.	Income is generated within the domestic territory of an economy.
It is a broad concept.	It is a narrower concept than national income.
It includes net factor income from abroad.	It does not include net factor income from abroad.

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Basic Rule-1 : Gross v/s Net

Jan 2020 → Jan 2021

$$\boxed{₹1,00,000} \xrightarrow{\;₹30,000\;} \boxed{₹70,000}$$

Gross   Depreciation   NET
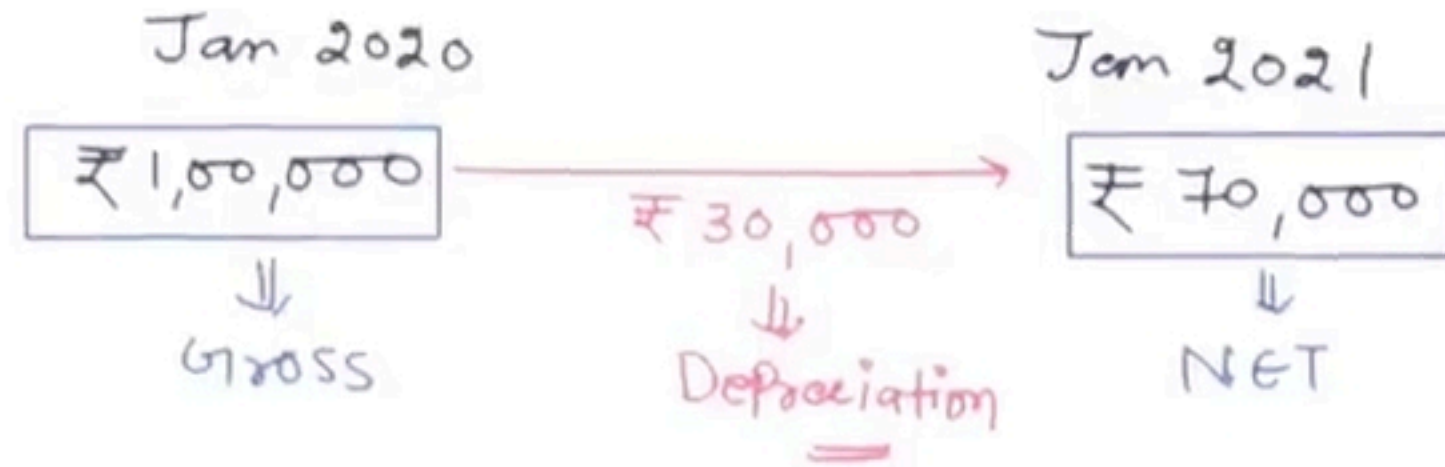
$$\text{Gross} - \text{Dep} = \boxed{\text{Net}}$$
$$1,00,000 - 30,000 = 70,000$$

$$\text{Gross} = \text{Net} + \text{Dep}$$

Gross   Dep. $-$ Net $+$
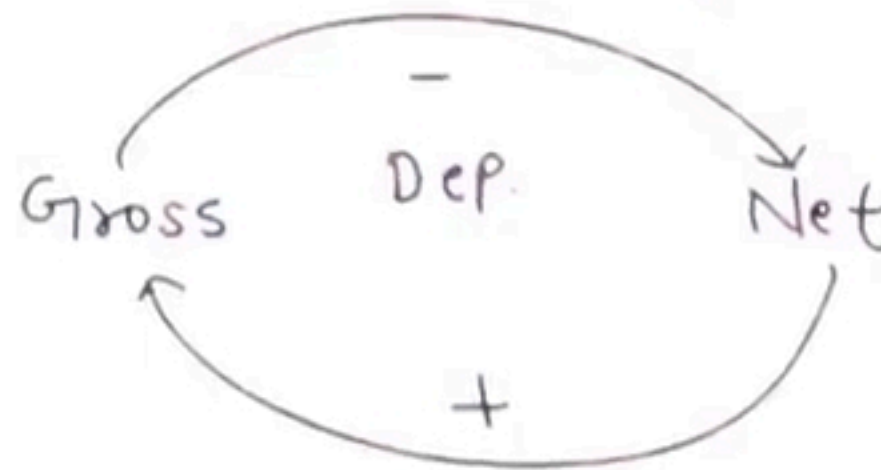
Basic Rule - 2: National v/s Domestic

FIFA - factor income from Abroad = ₹ 5000

FITA - factor income to Abroad = ₹ 3000

$$\text{NFIA} \left(\text{Net factor income from Abroad} \right) = \text{FIFA} - \text{FITA}$$

$$= ₹ 5000 - ₹ 3000$$

$$= ₹ 2000$$

NFIA (— Abroad) = ₹5000 - ₹3000

= ₹2000
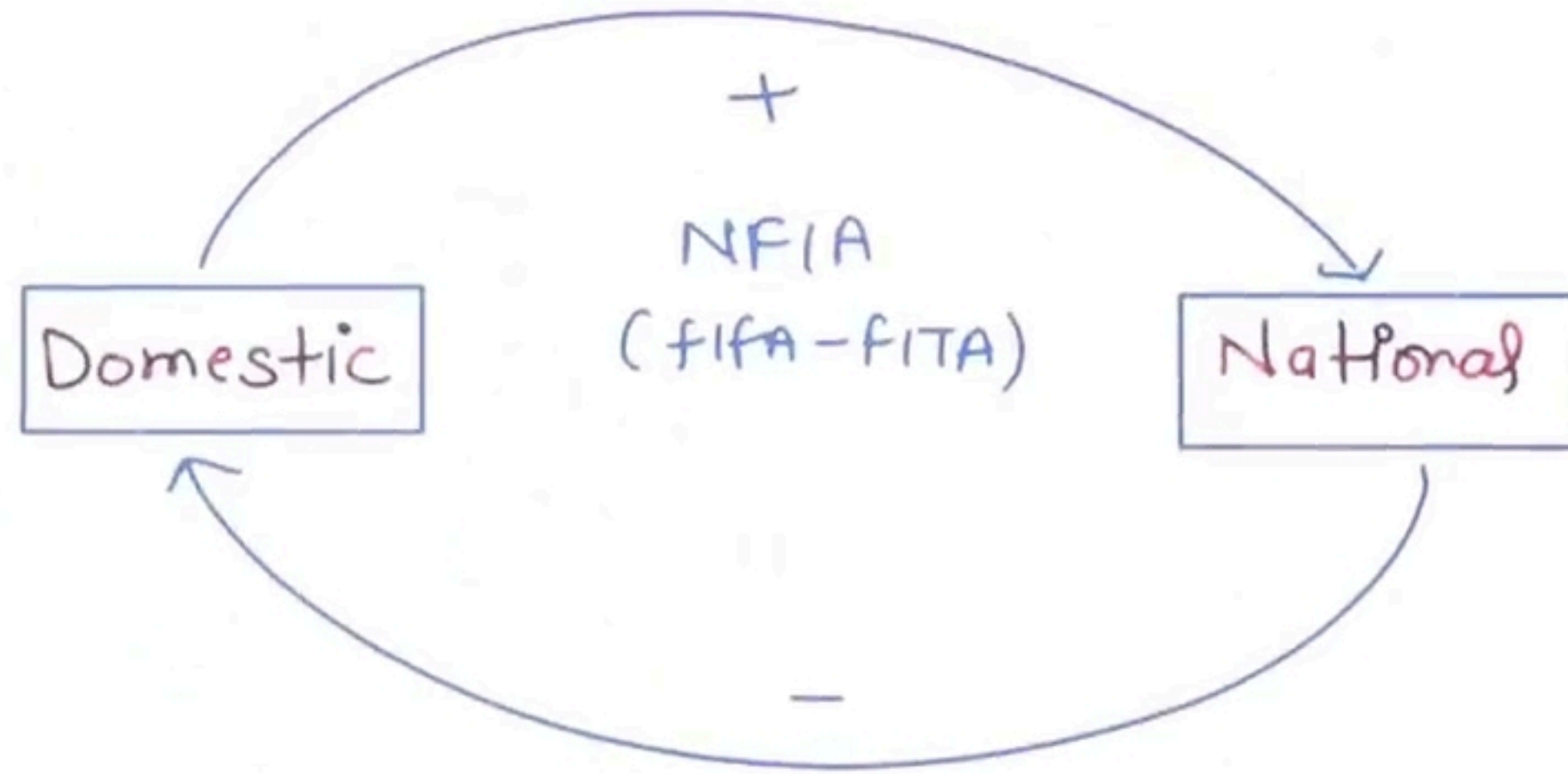
+

NFIA

(FIFA - FITA)

Domestic

National

−

Domestic + NFIA = National

National − NFIA = Domestic

View key concept

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$$= ₹ 2000$$

Domestic

National

$$+$$

NFIA

$$(+IFA - FITA)$$

$$-$$

Domestic + NFIA = National

National − NFIA = Domestic

$$\text{shirt} \xrightarrow{\quad} \overset{(+)}{\text{Tax}} \xrightarrow{\quad} \overset{(-)}{\text{Subsidy}} \xrightarrow{\quad} \text{shirt}$$

shirt ₹1000 → Tax ₹200 → Subsidy ₹150 → shirt ₹1050

| FC | $\longrightarrow$ | MP |

+ NIT (₹50)
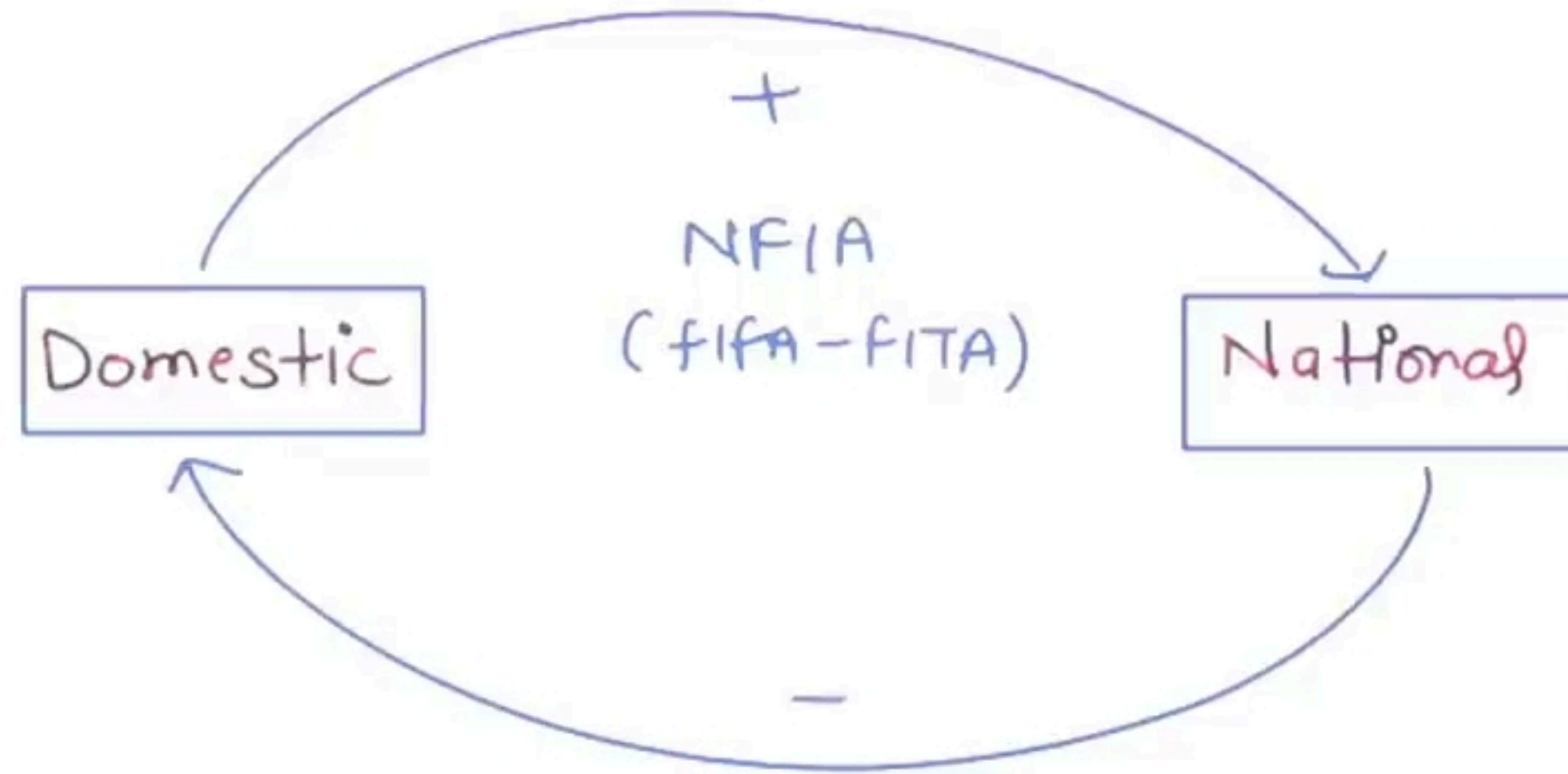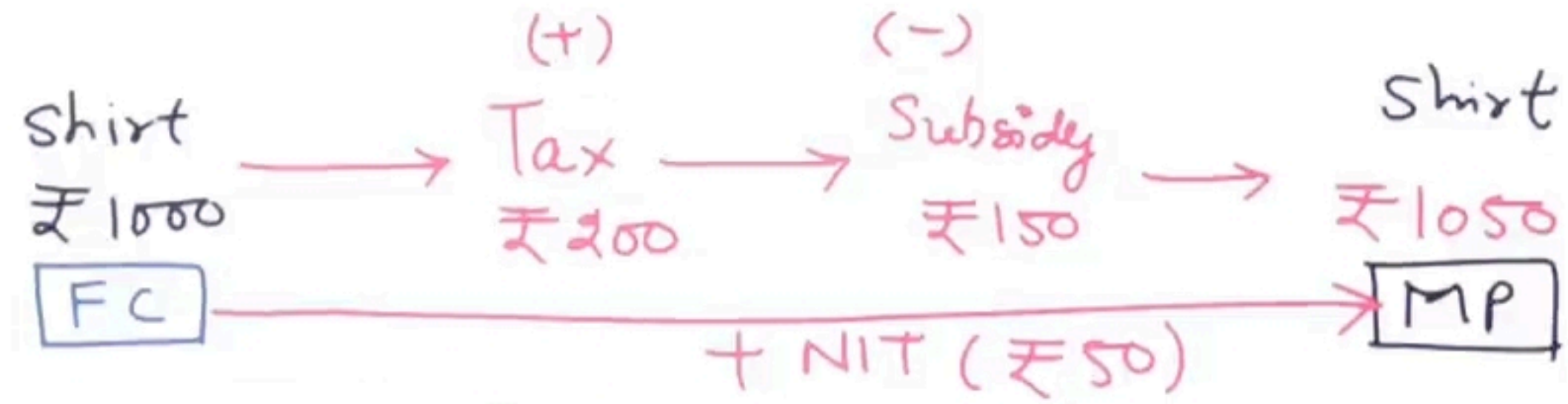
Net Indirect Tax = Indirect Tax − Subsidy

= 200 − ₹150

= ₹50

$$\longrightarrow \; = \; ₹50$$

$$+$$

$$\text{N.I.T}$$
$$\left(\frac{Ind.}{Tax} - Sub. \right)$$

FC ⟶ mP

$$-$$
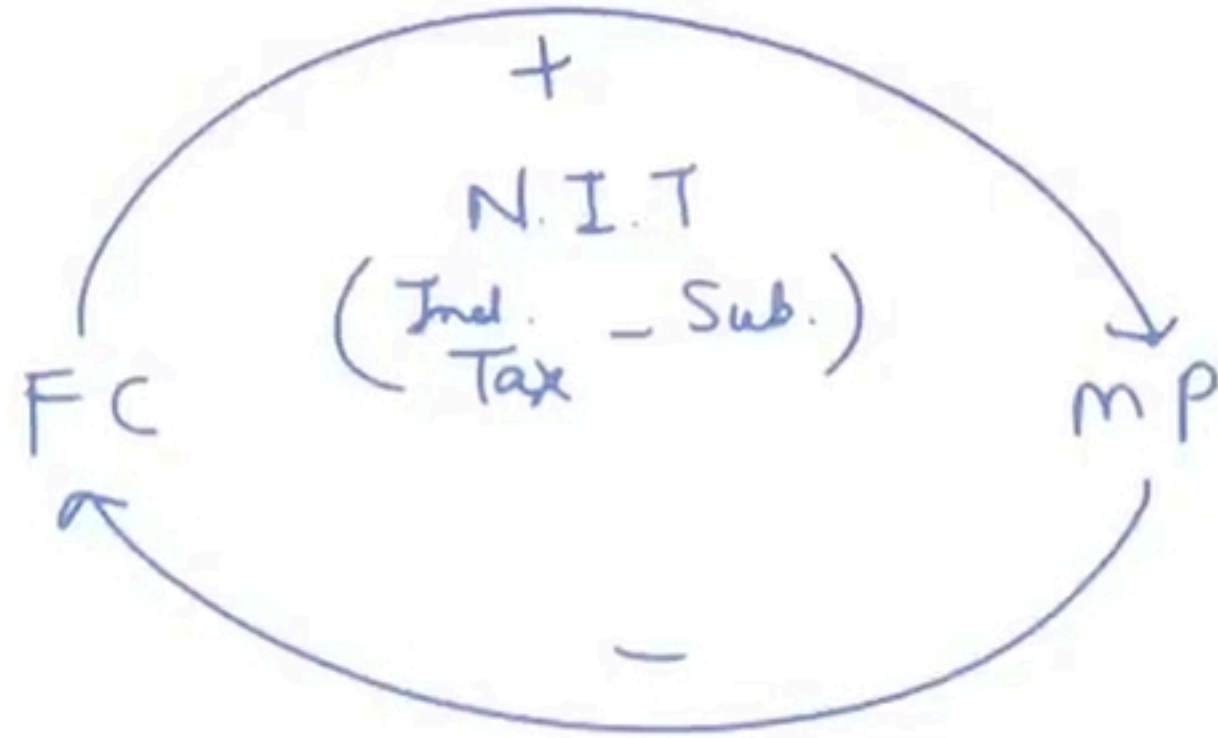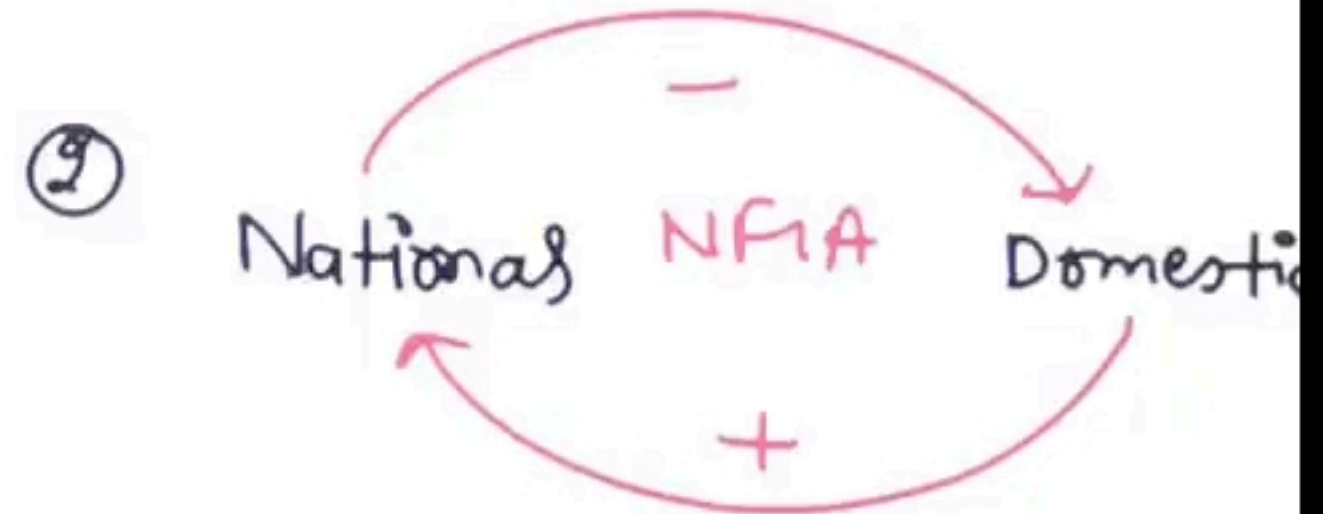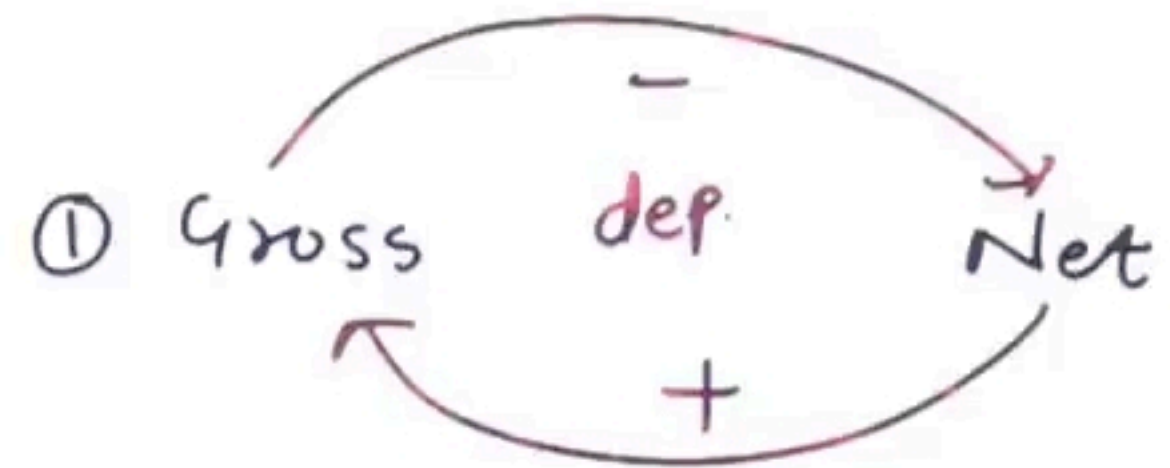
$$FC + NIT = mP$$
$$mP - NIT = FC$$

① $GNP_{mp} = 1000$, Calculate NDP_{mp}

$$NDP_{mp} = GNP_{mp} - NFIA - dep.$$

$$= 1000 - 200 - 100$$

$$NDP_{mp} = 700$$

② $NDP_{FC} = 2000$, $GNP_{mp} = ??$

$$GNP_{mp} = NDP_{FC} + NIT + NFIA$$
$$+ dep.$$

① Gross — dep. → Net
   Gross ← + — Net

② National — NFIA → Domestic
   National ← + — Domestic

③ F.C — +N.I.T → M.P
   F.C ← − — M.P

National Income & Related Aggregates

National Concept

a) **NNPfc** : Net National Product at Factor Cost (or National Income)

b) **GNPfc** : Gross National Product at Factor Cost

c) **NNPmp** : Net National Product at Market Price

d) **GNPmp** : Gross National Product at Market Price

Domestic Concept

a) **NDPfc** : Net Domestic Product at Factor Cost (or Domestic Product)

b) **GDPfc** : Gross Domestic Product at Factor Cost

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National Income & Related Aggregates

National Concept

a) NNPfc : Net National Product at Factor Cost (or National Income)

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⎱ Normal Resident

Domestic Concept

a) NDPfc : Net Domestic Product at Factor Cost (or Domestic Product)

b) GDPfc : Gross Domestic Product at Factor Cost

NDPmp : Net Domestic Product at Market Price

GDPmp : Gross Domestic Product at Market Price

⎱ within domestic terr.

National Concept

a) NNPfc : Net National Product at Factor Cost (or National Income)

It is defined as the Net value of goods and service produced at factor cost by the Normal Resident of a Country during a year.

b) NNPmp : Net National Product at Market Price

It is defined as the Net value of goods and service produced at market price by the Normal Resident of a Country during a year.

c) GNPfc : Gross National Product at Factor Cost

It is defined as the Gross value of goods and service produced at factor cost by the Normal Resident of a Country during a year.

d) GNPmp : Gross National Product at Market Price

It is defined as the Gross value of goods and service produced at Market price by the Normal Resident of a Country during a year.

Domestic

a) NDPfc : Net Domestic Product at Factor Cost (or Domestic Income)

It is defined as the Net value of goods and service produced at factor cost by the all the Resident in the domestic territory of a country during a year.

b) NDPmp : Net Domestic Product at Market Price

It is defined as the Net value of goods and service produced at market price the all the Resident in the domestic territory of a country during a year.

c) GDPfc : Gross Domestic Product at Factor Cost

It is defined as the Gross value of goods and service produced at factor cost by the all the Resident in the domestic territory of a country during a year.

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