

More on National Income

Value of output = Sales + Changes in stock

Value added = Value of output - Intermediate consumption

Net value added = Value added - Depreciation

$GDP_{MP} = \sum \text{Value added}$

$NDP_{MP} = \sum \text{Net value added}$

$NDP_{MP} = GDP_{MP} - \text{Depreciation}$

Gross Domestic Investment = Gross Domestic Fixed Investment + Change in stock

Net Domestic Investment = Gross Domestic Investment - Depreciation

Investment is also called capital formation

Depreciation is consumption of fixed capital

CONVERSIONS

NET	$ \begin{array}{c} \xrightarrow{(+)\text{Depreciation}} \\ \xleftarrow{(-)\text{Depreciation}} \end{array} $	Gross
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Domestic	$ \begin{array}{c} \xrightarrow{(+)\text{ Net Factor Income from Abroad}} \\ \xleftarrow{(-)\text{ Net Factor Income from Abroad}} \end{array} $	National
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