

Economics — National Income

Concepts & Measures

- GDP, GNP, NNP at market prices and factor cost; nominal vs real; GDP deflator.
- Income, output, and expenditure approaches; circular flow model.

Adjustments & Limitations

- Depreciation (capital consumption), indirect taxes/subsidies, net factor income from abroad.
- Limitations: nonmarket activities, informal economy, quality changes, distribution issues.

Uses of National Income Data

- Economic growth tracking, policy design, international comparisons (PPP), welfare debates.

Multiplier & Income Determination (basics)

- Simple multiplier $k = 1/(1-MPC)$; role of leakages (saving, tax, imports).
- Income determination in a simple Keynesian model.