# 2. National Income and National Product (Supplement 5)

EE 212

Read: Case & Fair, ch. 6; LCR, ch.3, 22

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- Relationship between GDP, GNP, NNP, NI, PI and DI
- GNP = GDP + Net Factor Income from Abroad
- Expenditure Approach : GDP = C+I+G+(X-M)
- Income Approach : GDP = Factor Income + Depreciation + (Indirect tax - Subsidies on production)

- NNP (Net National Income)
  NNP = GNP - Depreciation = C+Net Investment + G + (X-M)
- NI (National Income)
  NI = NNP - Depreciation - (Indirect tax - Subsidies on production)
- PI (Personal Income)
  PI = NI - Retain earning - Direct Business Tax
- DI (Disposable Income)
  DI = PI - Personal Tax