NATIONAL INCOME

MARSHALL'S DEFINITION

"The laboure and capital of a country, acting on its national resources, produce annually a certain net aggregate of commodities, material and immaterial, including services of all kinds and net income on account of foreign investment must be added in. This is the true net annual income ore revenue of the country or the national dividend.

PIGOU'S DEFINITION

National income or dividend is "that past of the objective income of the community, including of course income derived from abroad, which can be measured in money"

Fisher's Definition

The national dividend or income consists solely of services as rendered by ultimate consumers, whether from their material or human environments. Thus a piano or an overcoat made for me this year is not a part of this year's income but an addition of capital. Only the service rendered to us during this year by those things are income"

Methods of Calculating NI

- A) Income Method
- B) Product Method
- C) Expenditure Method
- D) Value Added Method

Concepts of National Income

- A) Gross National Product (GNP)
  - GNP= C+I+G+(X-M)
- B) Gross Domestic Product (GDP)
  - GDP=GNP-(X-M)
- C) Net National Product (NNP)
- D) Personal Income (PI)
- E) Disposable Personal Income (DPI)
- F) Per Capita Income :
- Per Capita Income : <u>National Income</u>
  -   Population

IMPORTANCE OF NATIONAL INCOME ESTIMATES

i) Index of economic performance
ii) Knowledge about the structure of the economy
iii) Economic forecasting
iv) Measurement of inflationary and deflationary gaps
v) Formulation of Economic Policies
vi) Basis of Economic Planning
vii) Role of Govt.
viii) Importance in federal country
ix) Strategic significance in war-time
x) Importance in International field
xi) Promotion of Research

- THANK YOU