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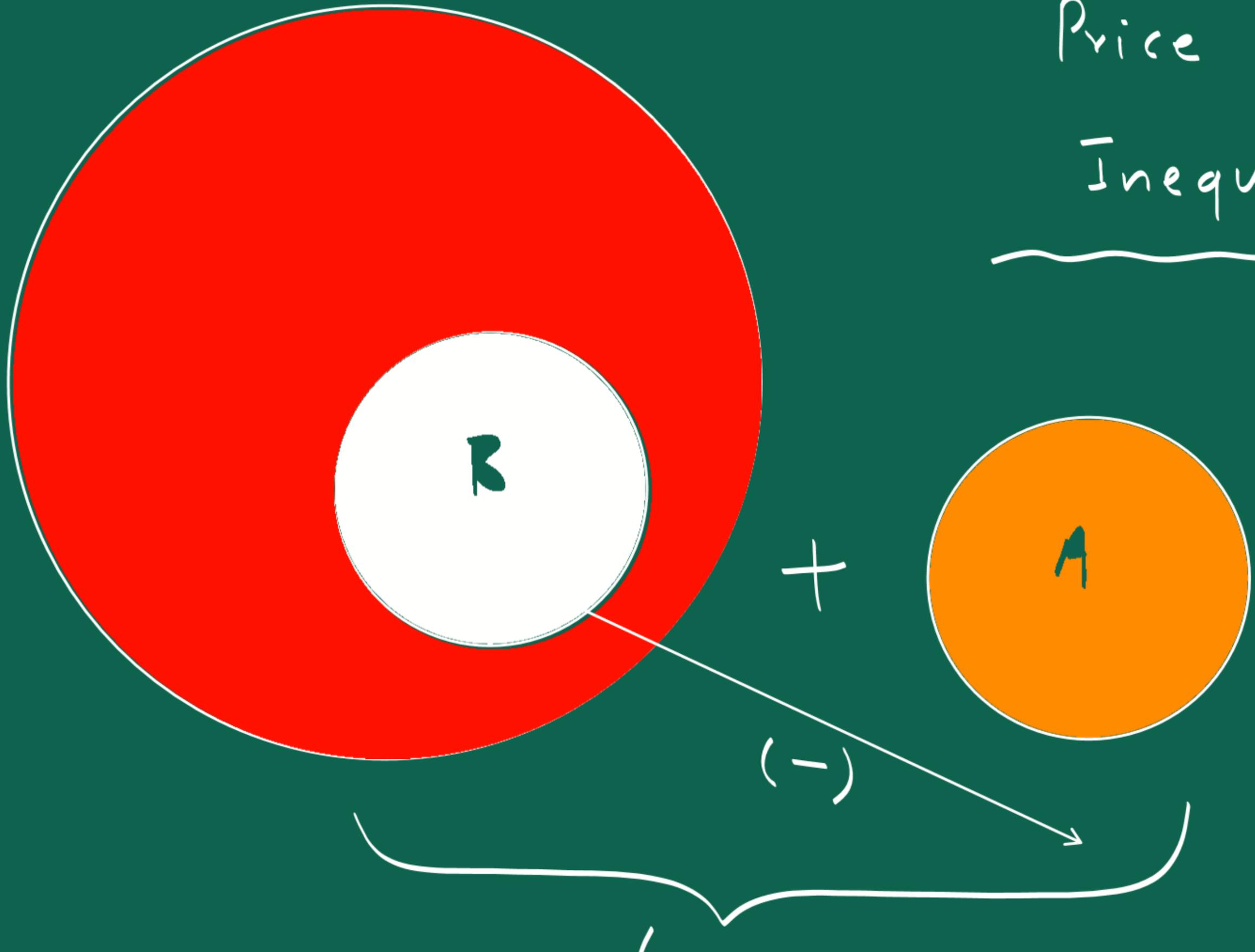
Factor Income earned in India by foreigners (B)

Thus -

$$GNP = GDP + (A - B)$$

Diagram -

Price of  
Inequality



✓ 2. GNP

✓ 3. NNP = Net National Product

GNP  $\downarrow$   
- Depreciation

OR  
Consumption of  
Capital

$\downarrow$   
An estimated value

$$\text{NNP}_{MP} - \text{Indirect Taxes + Subsidies}$$

$$\text{NNP}_{MP} - \text{Net Indirect Taxes}$$

(Indirect Taxes - Subsidy)

EVs

Factor Cost → FX → ME  
Perspective of producers

Factor Income → Perspective of factors  
→ FX

3. Building  $\rightarrow$  Rent  $\rightarrow$  ₹ 1  
4. Raw Mat.  $\rightarrow$  Cost  $\rightarrow$  ₹ 3  
5. Risk  $\rightarrow$  Profit  $\rightarrow$  ₹ 3
- 

Total Factor Cost - ₹ 10

Subsidy @ 50% - ₹ 5

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₹ 5

## Three conclusions -

(i)  $MP = FC$ , if there is no tax/subsidy

(ii)  $MP > FC$ , if there is an indirect tax

(iii)  $MP < FC$ , if there is a subsidy on prices

Note -

The  $NNP_{FC}$  is also called as the  $NNI$  (Net National Income)

Sometimes, it is simply called as the  $NI$  (National Income).

Income Tax

a Tax on  
income

Factor cost

cost on factors

$$\text{GNP} = \text{GDP} + (A - B)$$

or

$$\text{GDP} + A - B$$

or

$$\text{GDP} - B + A$$

$$\text{GNP} = \text{GDP} + \overline{(A - B)}$$



$y$

derived

$f(x)$

