**Basic formulae of National Income Accounting**

1. GROSS – Depreciation = NET
2. NET + Depreciation = GROSS
3. DOMESTIC PRODUCT + net factor income from abroad = NATIONAL PRODUCT.
4. NATIONAL PRODUCT - net factor income from abroad = DOMESTIC PRODUCT
5. MARKET PRICE – net indirect taxes = FACTOR COST
6. FACTOR COST + net indirect taxes = MARKET PRICE
7. COMPENSATION OF EMPLOYEE = wages and salaries in cash and in kind + employer’s contribution to social security + retirement pension
8. OPERATING SURPLUS = rent + interest + profit
9. PROFIT = dividends + corporate tax + undistributed profit
10. VALUE OF OUT PUT = sales + change in stock
11. CHANGE IN STOCK = closing stock – opening stock
12. GROSS VALUE ADDED = value of output – intermediate consumption
13. NET INDIRECT TAXES = indirect taxes – subsidies
14. NET FACTOR INCOME FROM ABROAD = factor income received from abroad – factor income paid to abroad.
15. NET EXPORTS = exports – imports
16. GROSS DOMESTIC CAPITAL FORMATION = gross domestic fixed capital formation + change in stock

**CALCULATION OF NATIONAL INCOME BY INCOME METHOD**

COMPENSATION OF EMPLOYEES

+ RENT

+ INTEREST

+ PROFIT

+ MIXED INCOME (IF GIVEN)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

= NDP @ fc

+ NET FACTOR INCOME FROM ABROAD

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

= NNP @ fc

**CALCULATION OF NATIONAL INCOME BY VALUE ADDED METHOD**

VALUE OF OUTPUT

- INTERMEDIATE CONSUMPTION

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

= GDP @ mp

- CONSUMPTION OF FIXED CAPITAL

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

= NDP @ mp

+ NET FACOR INCOME FROM ABROAD

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

= NNP @ mp

* NET INDIRECT TAXES

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

= NNP @ fc

**CALCULATION OF NATIONAL INCOME BY EXPENDITURE METHOD**

PRIVATE FINAL CONSUMPTION EXPENDITURE

+ GOVT. FINAL CONSUMPTION EXPENDITURE

+ GROSS DOMESTIC CAPITAL FORMATION

+ NET EXPORTS

= GDP @ mp **(If Domestic capital formation is NET the it comes NDP @ mp)**

- CONSUMPTION OF FIXED CAPITAL

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

= NDP @ mp

+ NET FACOR INCOME FROM ABROAD

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

= NNP @ mp

* NET INDIRECT TAXES

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= NNP @ fc

**CALCULATION OF NET NATIONAL DISPOSABLE INCOME AND GROSS NATIONAL DISPOSABLE INCOME**

NNP @ mp

+ NET CURRENT TRANSFERS FROM ABROAD

= NET NATIONAL DISPOSABLE INCOME

+ DEPRECIATION

= GROSS NATIONAL DISPOSABLE INCOME

**CALCULATION OF PRIVATE INCOME, PERSONAL INCOME NAD PERSONAL DISPOSABLE INCOME**

NATIONAL INCOME (NNP @ fc)

- INCOME FROM PROPERTY AND ENTERPRENEURSHIP OF GOVT DEPARTMENTAL ENTERPRISES

- SAVINGS OF NON DEPARTMENT ENTERPRISES

= FACTOR INCOME FROM NATIONAL PRODUCT ACCRUING TO PRIVATE SECTOR

+ NET CURRENT TRANSFERS FROM GOVT.

+ NET CURRENT TRANSFERS FROM ABROAD.

+ PUBLIC DEBT INTEREST

= PRIVATE INCOME

- CORPORATE TAX/ PROFIT TAX

- CORPORATE SAVINGS/ UNDISTRIBUTED PROFIT/RETAINED EARNINGS

= PERSONAL INCOME

- DIRECT TAXES

- MISCELLANEOUS RECEIPTS OF GOVT ADMINISTRATIVE DEPARTMENTS (If given)

PERSONAL DISPOSABLE INCOME

PERSONAL DISPOSABLE INCOME = CONSUMPTION EXPENDITURE BY HOUSEHOLDS + HOUSEHOLD SAVINGS