BHARAT SCHOOL OF BANKING
GDP OF INDIA

1. Gross Domestic Product (GDP)

GDP is generally calculated in **territorial** (note **Domestic)** basis, meaning **all** (note **Gross**) **finished products** within the **border** of a country is considered.
Therefore, all **domestic products** including **international** companies operating in **India** and excluding **Indian workers/companies** operating in **foreign** countries, accounts for **GDP** of **India**.

GDP = domestic products + foreign income in India - Indian income in foreign countries

2. Gross National Product (GNP)

GNP is generally calculated in **national** basis, meaning **finished products** of a **nation** is considered, whether it is **within** the country or **abroad.**
Therefore, to determine **GNP**, deduct **foreign income** in India and add **Indian income** in foreign countries with **GDP**.

GNP = GDP - foreign income in India + Indian income in foreign countries

3. Net National Income (NNP)

Value of a **product** gets **depreciated** after **consumption** due to wear and tear. **Depreciation** does not become part of anybody's **income**.
Therefore, to determine **NNP**, deduct the **depreciation** from the **GNP**.

NNP = GNP - depreciation

4. National Income (NI)

Note that all of the above variables are **evaluated** at **market prices.** It includes **indirect taxes** (imposed on **goods and services**), which need to pay to **government,** making the **market price** high. Also, there may be government **subsidies** on the prices of some **commodities** (like, LPG, etc.), making the **market price** low.
Therefore, to determine **NI**, deduct the **indirect taxes** from NNP and add the **subsidies** with the **NNP**.

NI = NNP - indirect taxes + subsidies