		individuals or household during a given period.
National Income (NI) = NNP at market prices **-** (Indirect taxes – Subsidies) **Or** National Income at Factor Cost = NNP at Market Cost – Indirect Taxes + Subsidies	**NDI** = NNP + Other Current Transfers from rest of the world (remittances, gift, donations etc.)	**Personal income (PI) =** National Income – Undistributed profits(profits utilised by manufacturers for further production) – Net interest payments made by households – Corporate tax + Transfer payments to the households from the government and firms (old-age pensions, unemployment compensation, relief payment etc.).

TYPES OF INCOMES

Personal Disposable Income (PDI)	• Refers to the income that is available to the households that they can spent as they wish. All the Personal Income is not available to individuals to spend. They have to pay taxes (e.g. – Income tax) and non-tax payment such as fines. • **PDI** = PI – Personal tax payments – Non-tax payments (such as fines etc)	
Real income	• Real income is **income of individuals or nations after adjusting for inflation**. It is calculated by dividing nominal income by the price level. • Real income is a more useful indicator of well-being since it measures the amount of goods and services that can be purchased with the income.	
Nominal Income	• It is one's income in actual currency terms **unadjusted for inflation**. Inflation is calculated as the change in the CPI year-on-year. • Nominal income is **what one is getting paid**. Real income is the amount of money one really get after factoring in inflation. Thus, **nominal income will always be more than real income.**	
Subsidies	• A subsidy or government incentive is a f**orm of financial aid or support extended to an economic sector** (business, or individual) generally with the aim of promoting economic and social policy. • Although commonly extended from government, the term subsidy can relate to any type of support – for example from NGOs or as implicit subsidies. Subsidies come in various forms including: direct (cash grants, interest-free loans) and indirect (tax breaks, insurance, low-interest loans, accelerated depreciation, rent rebates.	
	Production subsidy:	• A production subsidy encourages suppliers to increase the output of a particular product by partially offsetting the production costs or losses.
	Export subsidy:	• An export subsidy is a support from the government for products that are exported, as a means of assisting the country's balance of payments.
	Import subsidy	• An import subsidy is support from the government for products that are imported. Rarer than an export subsidy, an import subsidy further reduces the price to consumers for imported goods.

GROWTH RATE & GDP DEFLATOR

- **GROWTH RATE (%)** = [GDP (Present year – Last Year) / Last Year] x 100
  - ➢ The growth rate may be appearing high, only because of inflation in the prices and quantitatively the production may not have improved.
  - ➢ To remove the inflation impact on growth rate, a base year is selected, and the current prices are converted to constant prices.