

Gross National Product (GNP)



i-Get
ACAD
CRAFTING EXCELLENCE



Gross Domestic Product (GDP)

GDP is the total monetary value of all final goods and services produced within **the domestic territory** of a country in a given period, usually one year.

i-Get IAS
ACADEMY
CRAFTING EXCELLENCE

DREAM
BIG

Gross National Product (GNP)

GNP is the total monetary value of all final goods and services produced **by the residents (nationals) of a country** in a given time period (usually a year), **regardless of where they are located.**



Net Factor Income from Abroad (NFIA)

i NFIA = Income earned by Indians abroad – Income earned by foreigners in India

In 2023, **Indians** working or investing **abroad** earned
₹10 lakh crore

In the same year, **foreigners** working or investing **in India** earned
₹4.5 Lakh crore

NFIA = ₹10 – ₹4 = + ₹6 lakh crore

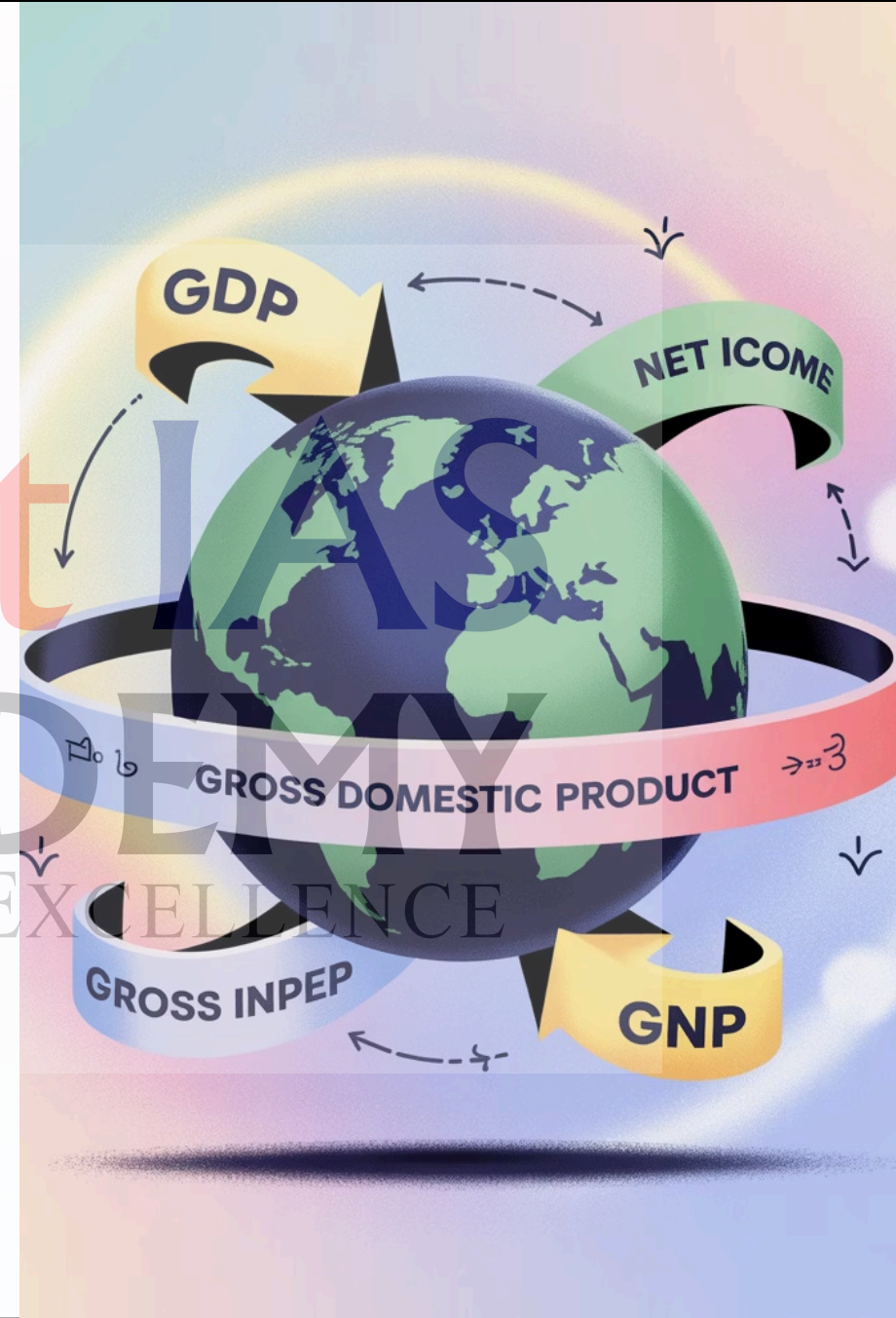
This means India's **net income from the rest of the world** is **₹6 crore**.



Gross National Product (GNP)

GNP = GDP ± Net Factor Income from Abroad (NFIA)

- **GDP** = Production within the country's borders
- **NFIA** = Income earned by residents abroad – income earned by foreigners in the country



GNP Calculation Example

Let's say, GDP of India = ₹261.2 lakh crore

- Income earned by Indians abroad = ₹10 lakh crore
- Income earned by foreigners in India = ₹4 lakh crore

Then: $GNP = ₹261.2 + (10 - 4) = ₹255.2$ lakh crore



When NFIA is Negative

For example, **Ireland** hosts many **foreign multinational companies** (like Google, Apple, Facebook), which earn huge profits **inside Ireland** — but send those profits back to their **foreign owners**.

At the same time, **Irish citizens working abroad** earn some income, but **much less** than what foreigners earn within Ireland.



Ireland: Hypothetical Data

Income earned by Irish abroad: **€20 billion**

Income earned by foreigners in Ireland: **€60 billion**





NFIA = €20B – €60B = –€40 billion

If Ireland's GDP = **€500 billion**, then:

GNP = €500B – €40B = €460 billion

i-Get IAS
ACADEMY
CRAFTING EXCELLENCE

GNP vs GDP: Global Examples

Country	NFIA	GNP vs GDP	Primary Reason
 Ireland	Negative	GNP < GDP	Foreign multinational corporations repatriate significant profits earned in Ireland.
 India	Positive (small)	GNP > GDP (slightly)	Income earned by Indians abroad outweighs income earned by foreigners in India.

Primary Reason

Foreign multinational corporations repatriate significant profits earned in Ireland.

Income earned by Indians abroad outweighs income earned by foreigners in India.

Get IAS
ACADEMY
CRAFTING EXCELLENCE

What GNP Includes and Excludes

GNP Includes:

- Wages sent by Indian workers abroad
- Profits of Indian companies operating overseas
- Interest/dividends earned abroad by Indian citizens

GNP Excludes:

- Income generated inside India by **foreign-owned companies**
- Remittances **sent by foreigners** from India to their home countries

i-Get IAS
ACADEMY
CRAFTING EXCELLENCE

Global
pathways



GNP vs GDP Comparison

Feature	GDP	GNP
Area of production	Within national borders	By nationals (residents), anywhere in world
Includes income of	Foreigners working inside India	Indians working abroad
Excludes income of	Indians abroad	Foreigners in India
Used for	Measuring domestic economic strength	Measuring national income of citizens



Why GNP Matters

1

Total National Income

Shows **total income** generated by a country's citizens

2

Remittance Significance

Useful when remittances and overseas business income are significant

3

External Linkages

Important for understanding external sector linkages



Unlock global
potential



globalconnect

Why GDP Matters

Reflects Domestic Economy

GDP shows **how much is produced inside the country**, which reflects **local jobs, industries, and economic activity**.

Used for Planning & Policy

Governments use GDP to decide **budgets, investments, and economic policies** — because it tells them what's happening **within national borders**.

Easier to Measure Accurately

GDP is based on **domestic production data**, which is easier to track than income earned by citizens **living abroad** (needed for GNP).

amplify





Globally Accepted Standard

IMF, World Bank, UN and most countries use **GDP** to compare economies — so it's better for **international comparisons**.

Reflects Resource Usage

GDP shows how much of a country's **land, labor, and capital** are being used — even if some profits go to foreigners.

i-Get IAS
ACADEMY
CRAFTING EXCELLENCE

Offline Class

Personalised Mentorship

Comprehensive

MCQ + Mains Coverage

Answer Writing

Dedicated In-Class Doubt Clearing



i-Get IAS
ACADEMY
CRAFTING EXCELLENCE



iGet IAS
ACADEMY
CRAFTING EXCELLENCE

Offline Class

Starts: September 1st

Time: 10 AM – 12 PM

Limited to 40 Seats

Fee: ₹1000 (Registration Mandatory)

Location: Anna Nagar, Chennai

i-Get IAS
ACADEMY
CRAFTING EXCELLENCE



iGet IAS
ACADEMY
CRAFTING EXCELLENCE