

# Net National Product (NNP)



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# Net National Product (NNP)

Net National Product (NNP) is the total value of all final goods and services produced **by the residents** of a country in a given period, **after deducting depreciation** (i.e., wear and tear of capital goods).

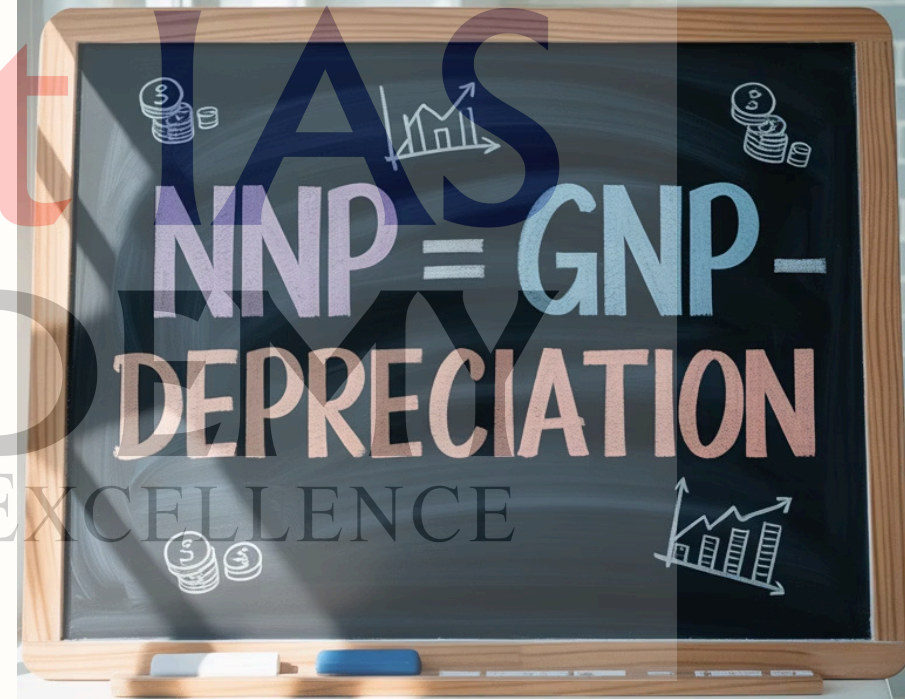


# The NNP Formula

$$\text{NNP} = \text{GNP} - \text{Depreciation}$$

Where:

- GNP (Gross National Product) = GDP + Net Factor Income from Abroad
- Depreciation = Reduction in the value of fixed capital due to use, time, or obsolescence





Component	Value (₹ Lakh Crore)
GDP (Gross Domestic Product)	₹293 lakh crore
Net Factor Income from Abroad (NFIA)	₹(-1) lakh crore
<b>GNP = GDP + NFIA</b>	₹292 lakh crore
Depreciation	₹16 lakh crore
<b>NNP = GNP – Depreciation</b>	₹276 lakh crore



# From GNP to NNP

## Gross National Product

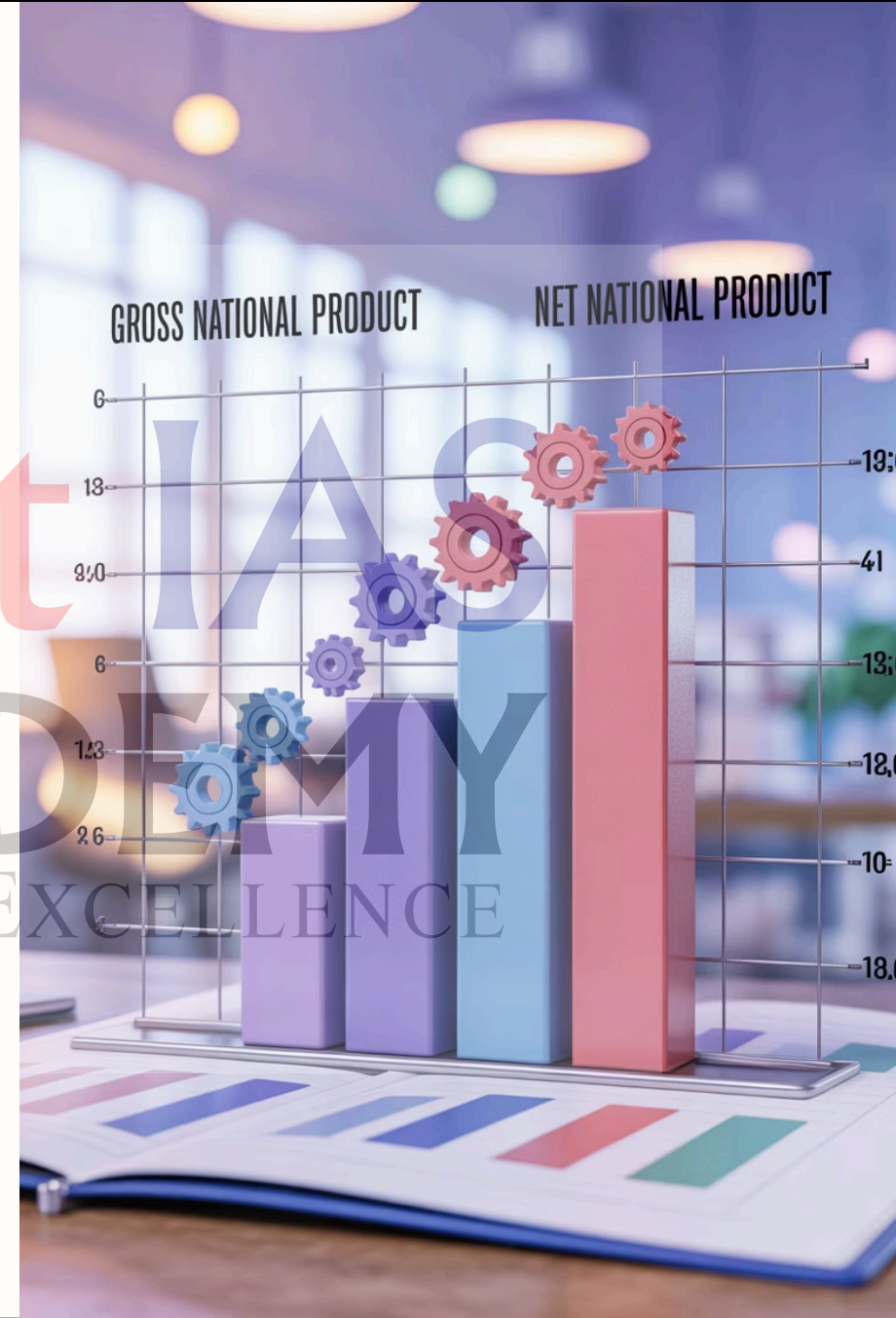
Total output produced by a country's residents

## Subtract Depreciation

Account for wear and tear of capital goods

## Net National Product

Actual net income generated by nationals

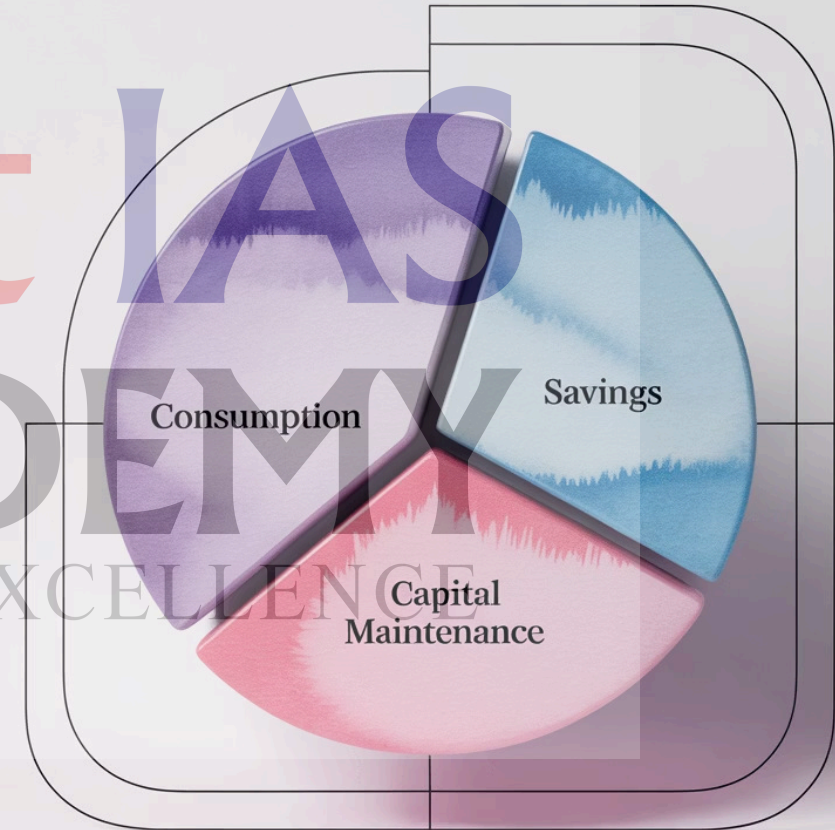


# Why NNP Matters

NNP represents the actual net income generated by nationals, after accounting for the cost of maintaining the capital stock.

- ❖ It reflects what's available for consumption and saving without depleting productive assets.

## Financial Overview





# For Policymakers

NNP helps government officials understand:

- 1 — The true productive capacity of the economy
- 2 — Whether growth is sustainable in the long term
- 3 — If capital stock is being maintained adequately



# For Economists

NNP provides insights into:

Actual income available for consumption and saving

Long-term economic sustainability

Capital maintenance requirements





# NNP in Context

1

GDP

Measures production within geographical boundaries

2

GNP

Adjusts for income earned by nationals abroad

3

NNP

Further adjusts for depreciation of capital goods

Each metric provides a different perspective on economic performance.



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