



[Glossary]

Understanding Economic Growth

Subject:	Business Economics
Course:	B. A. (Hons.), 6 th Semester, Undergraduate
Paper No. & Title:	Paper – 641 Elective PaperE2 – Economic Growth and Policy
Unit No. & Title:	Unit – 2 Growth Model
Lecture No. & Title:	Lecture – 1 Understanding Economic Growth

Glossary

Depreciation: The reduction in the value of capital over time as it is used or as it becomes obsolete is called depreciation.

Gross Capital Formation: The addition made during a year to the total stock of capital is called gross capital formation.

Gross Savings: Gross savings mean the proportion of income which is not saved.

Net Capital Formation: Gross capital formation – depreciation of existing capital = net capital formation.

Net Savings: When taxes, debts and such obligations are met from gross savings then the remaining savings are called net savings.

Nominal (National) Income: National output measured in current value of a nation's currency is called nominal income.

Real National Income (GDP): Real GDP is the GDP measured in prices of a base year. Real Income also means the national income in terms of physical amount of output produced.