

∫

Poverty

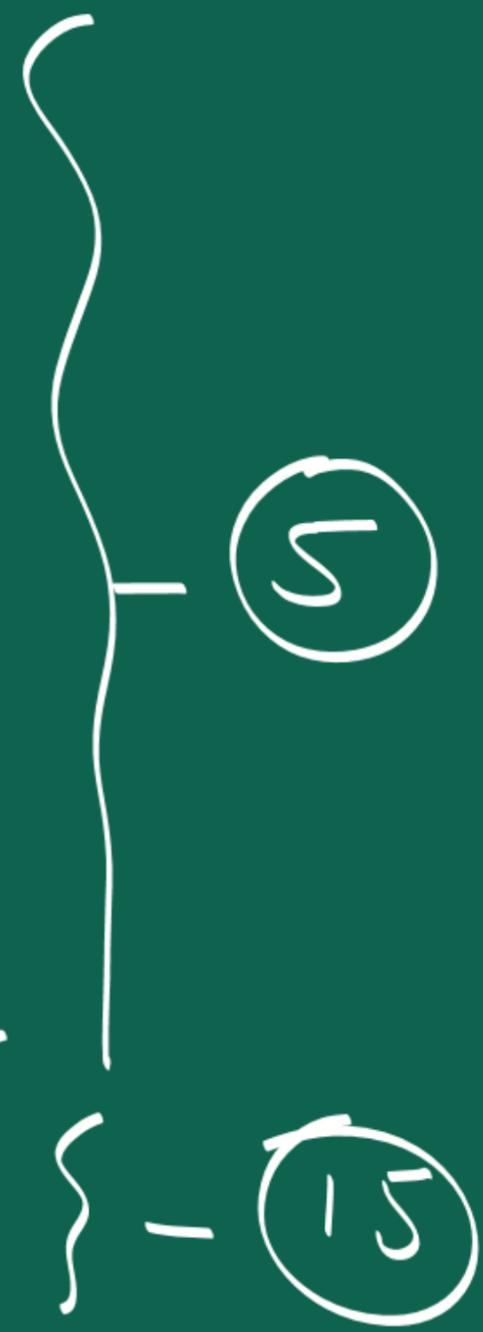
Demographics

Inclusions

Sustain. Dev.

Social —————

etc.



⑥ Chapters

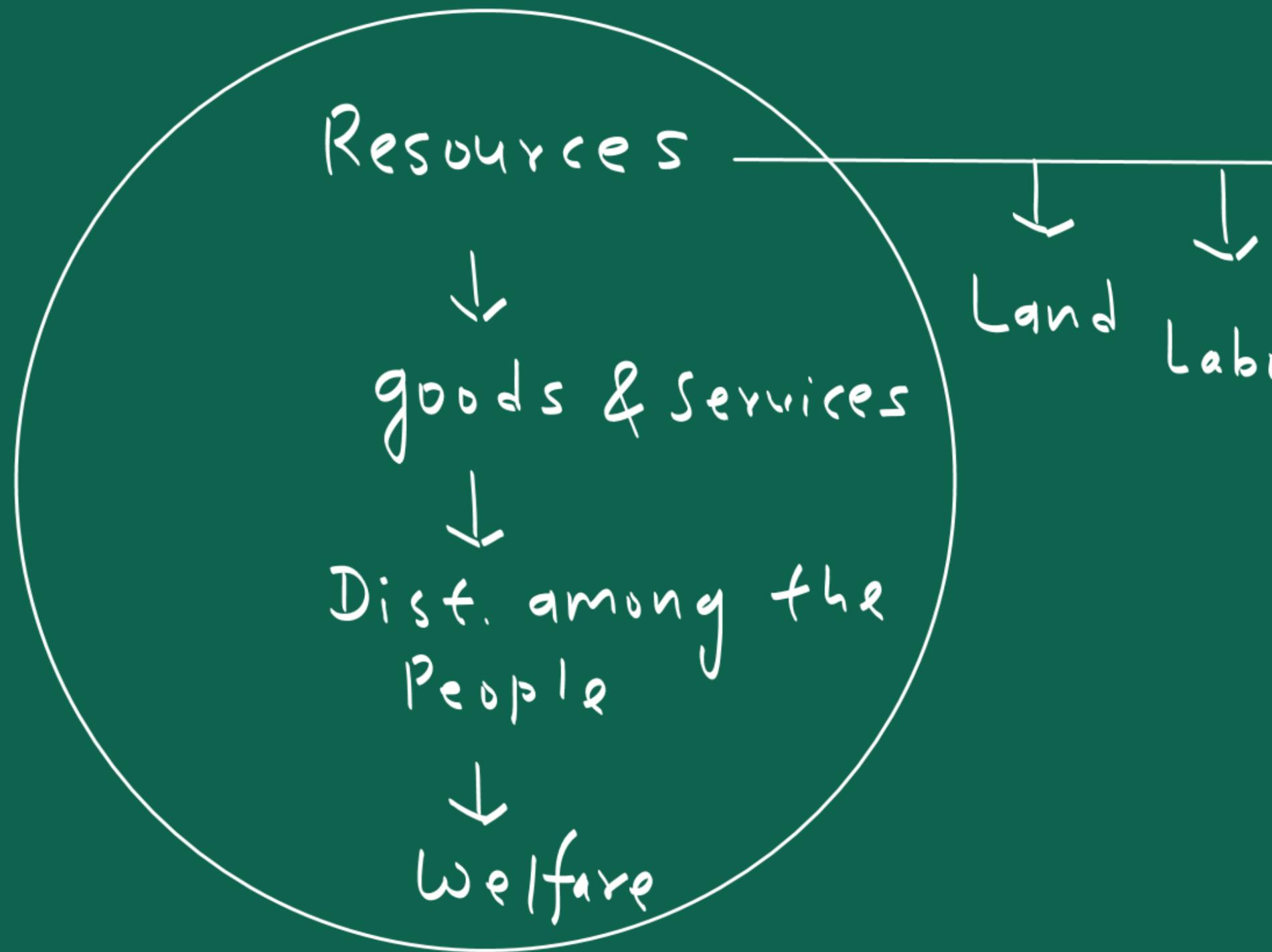


① National Income &
Product

In general terms,
an economy is a geographic
area in which goods & services
are produced from given econo-
mic resources and distributed among
the people to ensure their welfare.



Diagram -



Resources



goods & services



Dist. among the People



Welfare



Land



Labor

Micro-Economics

Macro-Economics

Micro-Economics

Macro-Economics

a study of individual decision making units like a consumer, a producer, a labour & so on.

a study of various aggregates related to the whole economy like GDP, emp, inflation & so on.

The total market value of all final goods & services produced within the domestic boundary of a country during a year.

Imp. points -

(1) In GDP, only that production will be included which takes place within the domestic boundary with few exceptions.





B = Production by foreign factors

A = Production by Indian factors

(ii) Only final goods & services are to be included.



To avoid the problem of double counting

Intermediate

goods



Parts of
Smartphone



₹ 40,000

Final

goods



Smartphone



₹ 50,000

adopted.

It is to be noted that India adopted this method in Jan 2015 under the SNA-2008.

(IUPSC Mains, 2021)

Under this method, GVA (Gross Value Addition) is used to calculate GDP.

Wheat
↓
₹ 10 kg.

Flour
↓
₹ 12 kg

Bread
↓
₹ 20 kg

Value addition { ₹ 10 + ₹ 2 + ₹ 8 = ₹ 20

↓
up to this stage
(Value addition)

(iii) GDP must be associated with a time period which is usually a year.

GSDP = Gross

State

Domestic

Product

DDP