

ACF Indian Economy

National Income	1
GNP	2
GDP	3
Per Capita Income	4
HDI	5
Population	6
Occupational Structure	7
Population Growth Rate	8
Agriculture	10
Land Utilisation	10
Major Crops	12
Organic Farming	18
Major Industries of India	20
Textile	20
Petroleum	26
Cement	31
Food Processing	31
Scope and Significance	33
Food Safety and Standards Act, 2006	34
Role of Forest based small and cottage industries	35
Financial Inclusion	39
Pradhan Mantri Jan Dhan Yojna	39
Pradhan Mantri Mudra Yojna	40
Niti Aayog	41
GST	41
Global Warming	46
GreenHouse Effect	47

National Income

1. The National Income idea of Human development emerged successfully in the 1990s.

2. Income emerges as the focal point of human development.
 - a. Income emerges as the focal point of human development.

3. Some common Measures of National Income are Gross Domestic Product (GDP), Gross National Product (GNP), Net National Products (NNP), Personal Income (PI) and Disposable Income (DI).
 - a. Problems
 - i. Exclusion of Real Transactions .
 - ii. The Value of Leisure.
 - iii. Cost of Environmental Damage.
 - iv. The Underground Economy.
 - v. Transfer Payments and Capital Gains.
 - vi. Valuation of Inventories.
 - vii. Self-Consumption.
 - viii. Lack of Official Records.
 - ix. Imputed Income.
 - x. Valuation of Government Service.

GNP

1. Gross National Product (GNP) is the total value of all finished goods and services produced by a country's citizens in a given financial year, **irrespective of their location.**
 - a. Final income of Indian Citizens only, in India and Outside India. (NOT Foreigners working in India)
2. GNP also measures the **output generated** by a country's businesses located **domestically or abroad.**
3. $GNP = GDP + \text{income from Indians outside borders} - \text{Income of foreigners working in India.}$
 - a. $GNP = GDP + \text{Net Factor income from abroad.}$
 - b. $\text{Net Factor income from abroad (NFIA)} = \text{Income from Indians outside borders} - \text{Income of foreigners working in India.}$
4. **Income from outside**
 - a. **Trade balance (with outside countries)**
 - i. **Balance of Trade in India** averaged -2780 USD Million from 1957 until 2020, reaching an all time high of 790 USD Million in June of 2020 and a record low of -20210.90 USD Million in October of 2012.

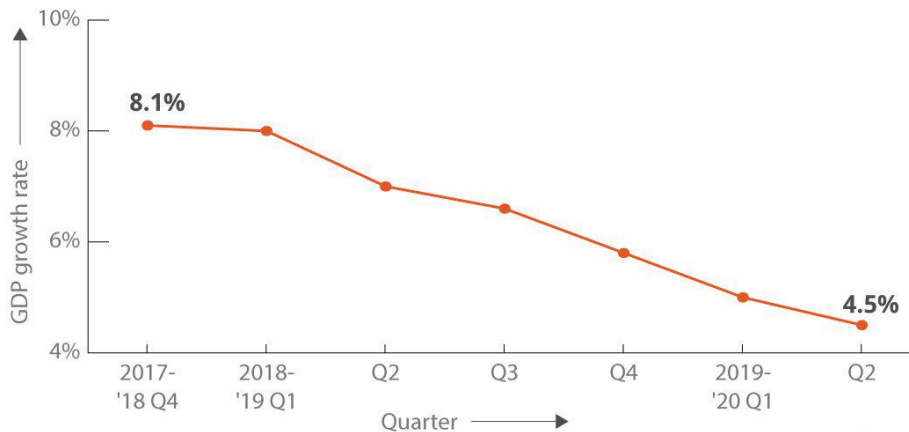
 - b. Interest of external loans (GDP +/- Inflow/Outflow)
 - c. Private remittance.

- d. Sum of the above three have always **been negative for India.**
 - e. **GNP has been less than GDP**, in case of India.
5. Uses
- a. To calculate national income as per Power Purchase Parity (PPP).
 - b. Quantitative and qualitative concept that is internal as well as external income.**
 - c. World's dependency on the country.
 - d. Standard of Human resources outside the country.

GDP

1. Gross domestic product (GDP) is the standard measure of the value added created through the production of goods and services in a country during a certain period. As such, it also measures the income earned from that production, or the total amount spent on final goods and services (less imports).
2. Recent updates
 - a. From 2015, CSO updated the base year for GDP calculation to 2011-12, replacing the old series base year of 2004-05, as per the recommendations of the National Statistical Commission.
 - b. CSO replaced GDP at factor cost with the **GVA at basic prices, and the GDP at market prices.**
3. At market price
 - a. Market price includes indirect taxes and excludes subsidies that are made to produce goods and services.
 - b. $MP < Cost + Subsidies$.
 - c. The MP is less than the cost by the amount of subsidies. So subsidies are deducted to arrive at market price.
- 4. At factor cost:**
 - a. Based on the cost of factors of production, instead of market prices. This allows the effect of any subsidy or indirect tax to be removed from the final measure.
 - b. $At\ Factor\ cost = At\ Market\ Prices - Indirect\ tax + Subsidies$.

GDP growth rate has contracted for six quarters



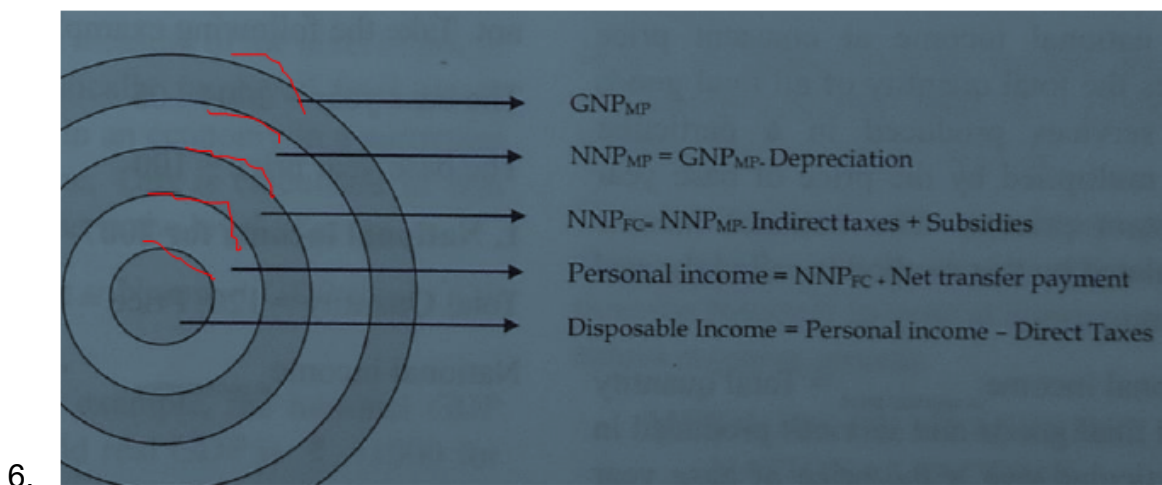
5. *scroll.in*

Source: MoSPI

Per Capita Income

1. Per capita income is a measure of the amount of money earned per person in a nation or geographic region. Per capita income helps determine the average per-person income to evaluate the standard of living for a population.
2. Purchasing Power Parity
 - a. The rate at which the currency of one country would have to be converted into that of another country to buy the same amount of goods and services in each country
3. India's per capita **net national income** or NNI was around 135 thousand rupees in financial year 2020.
4. The per-capita income is a crude indicator of the prosperity of a country.
 - a. In contrast, the gross national income at constant prices stood at over 128 trillion rupees.
 - b. The same year, GNI growth rate at constant prices was around 6.6 percent.
 - c. While GNI and NNI are both indicators for a country's economic performance and welfare, the GNI is related to the GDP or the gross domestic product plus the net receipts from abroad, including wages and salaries, property income, net taxes and subsidies receivable from abroad.
 - i. **On the other hand, the NNI of a country is equal to its GNI net of depreciation.**
5. Net National Income (NNI or NNP)
 - a. The new series of national income was started in 2015 with the new base year 2013-14.
 - b. **Gross National product** after deducting depreciation.

- i. $NNP = GNP - \text{Depreciation}$.
 - ii. $GNP = GDP + \text{Income from remittances} - \text{income from immigrants went to other countries}$.
 - iii. $NNP = GDP + \text{foreign income} - \text{Depreciation}$.
 1. As we know that $GNP = GDP + \text{foreign income}$.
- c. NNP at **Factor Cost** is National Income (CAPITAL “N” and “I”)
- i. GDP, NDP and GNP are national income only.
 - ii. National Income (i.e, Net national product(NNP) at factor cost) is the **monetary value** of finished G&S produced by a country's citizens, domestically and overseas, in a given period.
- iii. The curve between National Income vs Population % is called **Lorenz Curve**.
1. The Lorenz curve is a graphical representation of income inequality or wealth inequality developed by American economist Max Lorenz in 1905. The graph plots percentiles of the population on the horizontal axis according to income or wealth.

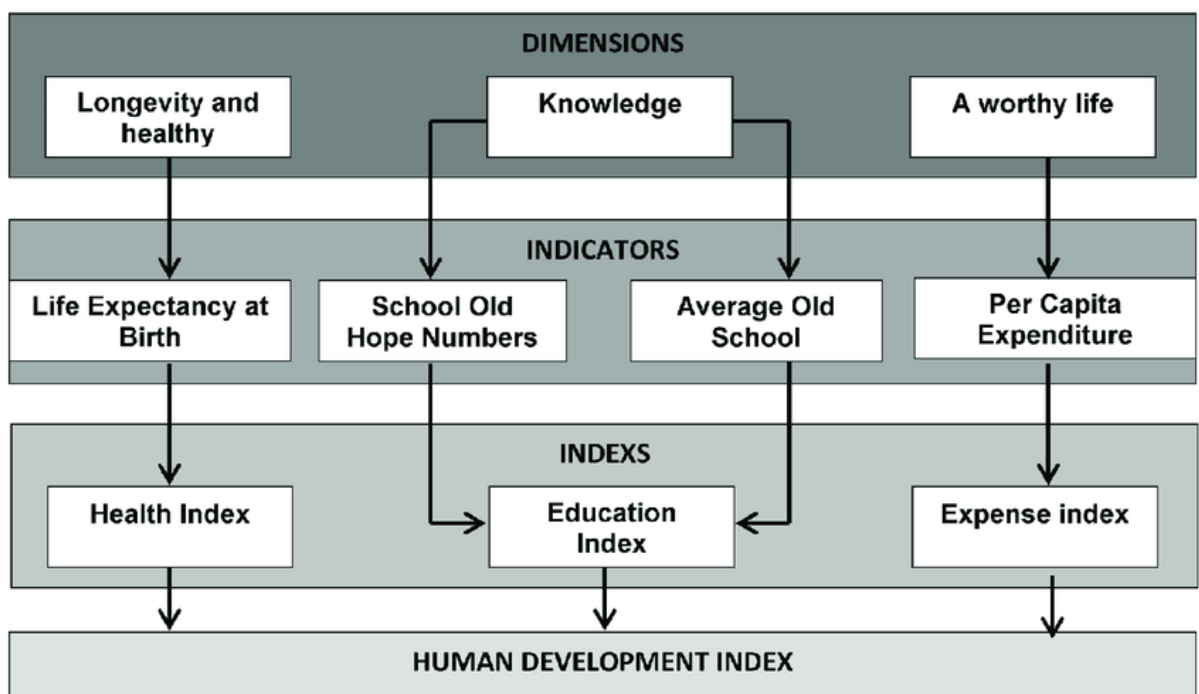


HDI

1. The United Nations Development Programme published it in 1990, first in history. It measures both social and economical development.
2. India's **HDI value** for 2019 is 0.645 which put it in the medium human development category. India has been positioned at 131 out of 189 countries and territories, according to the report. India had ranked 130 in 2018 in the index.
3. The Human Development Index (HDI) is a statistical composite index of life expectancy, education (literacy rate, gross enrollment ratio at different levels

and net attendance ratio), and per capita income indicators, which are used to rank countries into four tiers of human development.

4. Human Development Report **2020**: Out of 189 countries, **India** has ranked 131 on the **Human Development Index 2020** prepared by the United Nations Development Programme (UNDP). With an **HDI** value of 0.645, the country fell in the medium human development category.
5. A country scores a higher HDI when the lifespan is higher, the education level is higher, and the gross national income GNI (PPP) per capita is higher.
6. It was developed by Pakistani economist **Mahbub ul Haq** and was further used to measure a country's development by the United Nations Development Programme (UNDP)'s Human Development Report Office.



7.

Population

1. India is the second most populous country after China in the world with its total population of 1,366 million (2001). India's population is larger than the total population of North America, South America and Australia put together.
2. It is clear that India has a highly uneven pattern of population distribution.
 - a. The percentage shares of population of the states and Union Territories in the country show that Uttar Pradesh has the highest population followed by Maharashtra, Bihar and West Bengal.