

Indian Economy
(Samacheer Kalvi Books - 11th & 12th Std)

1. Economic Growth and Development

1. What is UDC?

Under Developed Country

2. What is economic thought?

The history of economic thought deals with the origin and development of economic ideas and their interrelations.

3. Definition of Economic thought?

In the words of Prof. Bell, “economic thought is a study of heritage left by writers on economic subjects over a period of about 2500 years ; and it freely draws upon all phases of human knowledge”.

4. What is necessary for understanding growth of economic theories and institutions?

If we study ancient economic thought, we can have a proper understanding of the growth of economic theories and institutions.

5. What was the importance given by Hebrew?

In their writings, they gave top priority for religion and ethics. And they gave importance to agriculture.

6. What do Hebrew deals with?

The Hebrews had definite ideas on subjects such as usury (interest), just price, property rights and monopoly.

7. What was the ideology of Hebrew on lending money?

The Hebrew thought was against lending of money on interest to fellow Hebrews. But they could lend money to strangers and get interest.

8. Why was Hebrew considered getting interest to unethical?

In those days, as money was borrowed by the poor for consumption purposes, they thought that it was unethical to charge high rates of interest.

9. What was the ideas of Hebrew on businessmen?

The Hebrews had many laws against false weights and adulteration. They wanted businessmen to charge a just price and they imposed ceiling on the profit margin.

10. What kind of civilization was followed by Hebrew?

The Hebrew civilization was a rural and agrarian civilization.

11. When do Hebrew stop cultivation?

The Hebrews did not cultivate the land every seventh year. They left it fallow. The object was to conserve the fertility of the soil.

12. What is Jubilee year?

The jubilee year was the 50th year. According to Jubilee year, the land sold to someone was to revert to its owner in the 50th year. Money was used during the Hebrew Period.

13. What is Sabbath?

The Sabbath was the weekly day of rest, relaxation and good living. In the words of Spiegel, “ the institution of the weekend was a social invention that has no parallel in the civilizations of Greece, Rome or other ancient cultures”. In short, we find that religion, ethics, law, economics and philosophy were all bound together.

14. What was considered to be important institution of ancient India?

Caste system

15. What was the important occupation in ancient time?

Agriculture

16. How is thirukural talking about economics?

- Thiruvalluvar's Thirukkural is a book of ethics and it deals with Dharma or Aram (ethics), Artha or Porul (Polity) and Kama or Inbam (Love). Valluvar's economic ideas are found mostly in the second part of the Thirukkural, the Porutpal or the part dealing with wealth.
- By Porutpal, Valluvar meant all that kautilya meant by Arthasastra.

17. What are the features of medieval economic thought?

- The period from 476 A.D, which marked the fall of the Roman empire to 1453 A.D., the year in which the Turks captured Constantinople is generally regarded as the Middle Ages.
- The society of the Middle Ages was a feudal society. People in middle ages lived in a natural economy.
- Men lived largely in small and self- sufficient units.
- The Church, the Bible and Aristotle exercised a great influence on the life and thought of Middle Ages.

18. What is mercantilism?

The economic ideas and policies which were followed by European governments from the 15th century until the second half of the 18th century may be described as mercantilism

19. What is the view of mercantilism on wealth?

The mercantilists thought that the wealth of a nation could be increased by trade. And they wanted to have more wealth by increasing the stock of gold and silver.

20. What was the means for creation of strong state?

Mercantilism was only economic means for the creation of a strong State.

21. Which is called as 'policy power'?

Mercantilism

22. Who was influenced by 'Physiocracy'?

Adam Smith, who is regarded as the Father of Economics was greatly influenced by the physiocrats

23. What do the term physiocracy means?

The term 'physiocracy' means 'Rule of Nature'.

24. Who created concept of natural order?

The physiocrats developed the concept of natural order. According to them, the natural order is an ideal order given by God. They believed that individual interests were identical with the interests of the society.

25. Who advocated laissez faire?

Physiocrats

26. What is Quesnay?

Quesnay, chief representative of physiocratic school explained how circulation of wealth took place in an economy in his "Tableau Economique" (The Economic Table) among 4 different classes: the productive class (farmers); the proprietary class; and the sterile class (all those engaged in non-agricultural occupations, e.g., merchants, domestic servants)

27. Name some economist from classical school of economics ?

Adam Smith, David Ricardo, T.R.Malthus and J.S. Mill are the leading economists of the classical school.

28. When was historical school of economics dominant?

The historical school was dominant in Germany during the second half of the 19th century.

29. What did the historical school advocates?

The historical school advocated protection for new industries through tariffs.

30. Who was the founder of scientific socialism?

Karl Marx (1818-1883) was the founder of scientific socialism.

31. What did Alfred Marshall state about economics?

It was Alfred Marshall who pointed out that economics was on one side a study of wealth and on the other and more important side a part of the study of man.

32. What do the term institution includes?

The term “institutions” includes customs, social habits, laws, ways of living and modes of thinking. For example, slavery is an institution. We celebrate certain days as festivals. That is also an institution.

33. Who is father of new economics?

J.M. Keynes is considered the Father of New Economics.

34. How is economic growth defined?

Economic growth has been defined by Arthur Lewis as “the growth of output per head of population”.

35. What are the conditions of economic growth?

According to Arthur Lewis, economic growth is conditioned by (1) economic activity, (2) increasing knowledge and (3) increasing capital.

36. What is underdeveloped country ?

The terms “underdeveloped”, “less developed”, “backward”, and “poor” and “developing” are generally used to refer to low income countries. The countries which have low standard of living because of their low per capita incomes are known as underdeveloped countries.

37. How are countries classified?

. Countries are classified into developed and underdeveloped countries according to their per capita income

38. What are the characteristics of underdeveloped country?

According to Meier and Baldwin, an underdeveloped country has six basic economic characteristics. They are :

- 1) it is primary producing ;
- 2) it faces population pressures ;
- 3) it has underdeveloped natural resources ;
- 4) it has an economically backward population ;
- 5) it is capital deficient and

6) it is foreign trade oriented.

39. What is vicious circle of poverty?

According to Ragnar Nurkse, low capital formation is one of the basic causes of poverty in these countries. Low capital formation leads to low productivity. Low productivity results in low income and low incomes result in low savings and low savings lead to low capital formation. Thus, it forms a vicious circle of poverty.

40. What is luxury for underdeveloped states?

For underdeveloped countries, laissez-faire policy is a luxury.

41. Which increase productivity of labours?

Education and health increase productivity of labour.

42. What are the Rostow's stages of growth?

1. The traditional society;
2. The transitional society;
3. The take-off stage;
4. The mature stage and;
5. The age of high mass consumption

2. Population

1. What is population?

The term population refers to the whole number of people or inhabitants in a country or region.

2. What are the factors determining population?

The basic factors determining population growth are

1. Birth rate

2. Death rate

3. Migration

A. Out-migration (Emigration)

B. In-migration (Immigration)

3. Which has positive influence on population?

Birth rate has a positive influence on growth of population. Higher the birth rate, higher will be the growth of population.

4. What are the factors determining population?

The birth rate depends on the following factors:

- The age of marriage
- The rapidity of child birth
- Social customs and beliefs and
- Illiteracy and ignorance of controlling births.

5. What kind of influence do death rate has on population?

Lower the death rate, higher will be the population growth and vice versa

6. What is relationship between migration and population?

Out-migration will reduce population growth while in-migration will increase the population growth. Migration is not an important factor contributing to the population growth due to the restrictions imposed by different countries. Thus, the two major causes for the variations in population are birth rate and death rate.

7. How do population leads to economic development?

1. In a backward economy, population growth results in increase in supply of labour. This in turn results in the availability of cheap labour in the economy. Therefore, under a given technology with the availability of capital, production can be increased by increasing the labour use.
2. Population growth results in increased demand for products. Increased demand results in increased production, employment and income in the economy. As a result, the economy will develop.
3. Due to population growth, the supply of goods and services increases. Increased supply results in increased production, which in turn results in specialisation. Specialisation will induce technological improvements.
4. Increased demand and increased supply of products result in scarcity of resources, which induce technological improvements.

8. What is population explosion?

Population explosion means the alarming and rapid rate of increase in population.

9. What are the causes of population explosion?

1. High Birth Rate
2. Low Death Rate
3. Early Marriage
4. Social and Religious reasons
5. Poverty

6. Standard of living

7. Illiteracy

10. How is population explosion problem in economic development?

(1) Food Shortage

(2) Burden of unproductive Consumers

(3) Reduction in National and Per Capita Income

(4) Low savings and investment

(5) Reduction in Capital Formation

(6). Unemployment and Underemployment

(7) Loss of Women's Labour

(8) Low Labour efficiency

(9) More Expenditure on Social Welfare Programmes

(10) Agricultural Backwardness

(11) Underdeveloped Industries

(12) Financial Burden on Government

11. What are the steps for population checking?

(1) Couple Protection Rate (CPR) CPR should be increased, which means the percentage of couples using birth control or family planning methods should go up.

(2) Infant Mortality rate (IMR) IMR must be reduced further because when infants die in lesser numbers, there is an incentive to adopt small family norm by the people.

(3) Industrialisation of the country The burden of population on land must be reduced. Cottage and small scale industries must be developed in villages to provide employment to the maximum number of people. This leads to increase in standard of living which acts as a check on population growth.

(4) Increase in Female Literacy Rate and Education The educated people have a better and more responsible outlook towards the size of their families. They can understand the advantages of a small family and adopt family planning methods to reduce the family size. This will help in reducing the birth rate.

(5) Late Marriages Late marriages must be encouraged. At the same time, early marriages must be strictly checked. The minimum age of marriage for boys at 21 years and for girls at 18 years should be strictly followed in real life.

(6) Legal Steps Strict laws must be made and enforced to check early marriages and polygamy.

(7) Family Planning this is the most important measure to check the rapid growth of population. Family Planning means limiting the size of the family. The Family Planning Campaign should be a national movement. Education about family planning must be made common. People must be made aware of the different methods of birth control.

12. What is Malthusian theory of population?

1. The rate of growth of population is limited by the availability of the means of subsistence i.e. Food. If the means of subsistence increase, population also increases unless it checked.

2. Population increases at a faster rate than food production. In other words, while population increases in a geometric progression, food production increases in an arithmetic progression.

3. The preventive and positive checks are the two measures to keep the population on the level with the available means of subsistence.

13. What are the famous theories of population?

- Malthusian theory of population
- Optimum theory of population

14. What is census?

The term 'Census' can be defined as the process of collecting, compiling, evaluating, analysing and publishing the demographic economic and social data relating to all persons in a country or a well-delimited part of a country at a specified time.

15. Why is census important?

Census is very important to know

- (1) The rate of growth of population
- (2) The changes in the distribution of the population.

16. What are the details recorded in census report?

A. Total Population

B. Sex Composition

C. Rural versus Urban population

D. Age Composition

E. Density of Population

F. Literacy Rate

G. Urbanisation

H. Occupational Pattern

17. When was National wide Family programmed launched?

A nationwide family planning programme was launched in 1952.

18. What is the objective of population policy?

The main objective of the population policy is to ensure that there is reasonable gap between the fall of death and birth rates.

19. What is population policy?

Population policy refers to the efforts made by any Government to control and change the population structure.

20. What was the objective of National Population Policy 2000?

The National Population Policy (NPP) 2000 has the immediate objective of addressing the unmet needs of contraception, health infrastructure, health personnel and integrating service delivery for basic reproductive and child health care.

21. What is the medium objective of National population policy 2000?

It also lays emphasis on the medium term objective of bringing total fertility rates to replacement level by 2010. A Total Fertility Rate of 2.1 is known as replacement level fertility.

22. What are the measures to achieve stable population?

1. Reduction of infant mortality rate (IMR) below 30 per 1,00,000 live births
2. Reduction of maternal mortality rate (MMR) to below 100 per 1, 00,000 live births
3. Universal immunization
4. To achieve 80 percent deliveries in regular dispensaries, hospitals and medical institutions with trained staff
5. Access to information , containing AIDS, prevention and control of communicable diseases
6. Incentive to adopt two-child small family norm
7. Strict enforcement of Child Marriage Restraint Act and Pre-Natal Diagnostic Techniques Act
8. Raising the age of marriage of girls from 18 to 20
9. A special reward for women who marry after 21

3. Poverty and Unemployment

1. What are the major problem of development of a country?

Two major problems that the developing countries of the world face are mass poverty and mass unemployment.

2. Define poverty?

Poverty has been defined in a number of ways. The World Bank (1990) has defined poverty as “the inability to attain a minimal standard of living”.

3. What are the types of poverty?

- Absolute poverty and
- Relative poverty

4. What is absolute poverty?

When people do not have adequate food, clothing and shelter, we say they are in absolute poverty.

5. What is relative poverty?

Relative poverty refers to differences in income among different classes of people or people within the same group or among people of different countries.

6. What is temporary poverty?

In countries like India, when there is poor rainfall, the crops fail and the farmers temporarily enter into a poverty sample. But when they are poor for long, then we call it chronic or structural poverty. For example, when agriculturists in many poor countries are dependent upon rain and when agriculture is marked by low productivity, we say farmers are in chronic poverty.

7. What is primary poverty?

Primary poverty refers to “families whose total earnings are insufficient to obtain the minimum necessities for the maintenance of merely physical efficiency”.

8. What is secondary poverty?

“Secondary poverty refers to a condition in which earnings would be sufficient for the maintenance for merely physical efficiency were it not that some portion of it is absorbed by other expenditure, either useful or wasteful such as drink, gambling and inefficient housekeeping.”

9. What is rural poverty?

A majority of the people in rural areas are poor because they do not own assets like land and they work as agricultural labourers; their wages are low and they get work only for a few months in a year.

10. What is urban poverty?

The urban poor, on the other hand, work for long hours but they get low incomes. They are employed mostly in the unorganized or informal sector

11. Who are sub employed?

Sub-employed are those

- 1) Who work part- time but want full - time work;
- 2) Family heads working full time who do not earn enough to bring their families over the poverty line and
- 3) Discouraged workers who no longer seek work.

12. What is the factor for extending poverty?

- (1) The average level of national income and
- (2) The degree of inequality in its distribution.

13. What is correlated with poverty?

In many countries, poverty is correlated with caste and race. The scheduled caste and tribal people in India and the Blacks in the USA are classic examples

14. What is poverty line?

Poverty Line refers to the minimum income, consumption, or, more generally access to goods and services below which individuals are considered to be poor. The poverty line is the expenditure level at which a minimum calorie intake and indispensable non-food purchases are assured.

15. How is poverty in India calculated?

Dandekar and Rath estimated the value of the diet with 2,250 calories as the desired minimum level of consumption.

While the Planning Commission accepted Rs.20/- per capita per month (i.e. Rs.240/- p.a.),

According to P.D.Ojha, the percentage of those below the poverty line in rural sector increased from 52 percent in 1960-61 to 70 percent in 1967- 68.

B.S.Minhas by taking per capita annual consumption expenditure of Rs.240/- as the barest minimum concluded that nearly half of the rural population (50.6 percent) was living below the poverty line in 1968. P

P.K.Bardhan's study concluded that the percentage of rural population below the poverty line increased from 38 percent in 1960-61 to 54 percent in 1968-69.

16. Which commission used the concept of augmented poverty line?

7th finance commission

17. What are the causes of poverty?

1. Unemployment and underemployment: Even during the year in which there are good rains, agricultural labourers do not get work throughout the year.
2. Population pressures : Because of population pressure, there are many dependents per every earning member. And there is the problem of disguised unemployment. On a farm, there may be work for only four persons. But six or seven persons may be there on the farm. The marginal productivity of the extra persons is almost zero.
3. Indian agriculture is marked by low productivity. So majority of those engaged in agriculture are poor.
4. A majority of people in rural areas do not have enough assets, especially land. The main reason for this is the concentration of land in the hands of a few families. The regional variations in the incidence of poverty are also high. And migration of people from rural to urban areas is also one of the causes of urban poverty.

18. Discuss some poverty alleviation programmes?

1. Land Reforms Land reforms legislation has been passed by the state governments, which aim at improving the economic conditions of agricultural landless labourers. For instance, with the abolition of the Zamindari system, the exploitation associated with the system has been removed. Tenancy Laws have been passed in most of the states for protecting the interests of the tenants and helping them to acquire possession over the lands they cultivate. Every state has passed the necessary legislation fixing ceiling on agricultural holdings by which

the maximum amount of land which a person can hold has been fixed by law. The surplus lands thus acquired were to be distributed to the landless labourers and small peasants.

2. Jawahar Gram Samridhi Yojana (JGSY) It was introduced in April 1999 as a successor to Jawahar Rozgar Yojana on a cost sharing basis of 75 : 25 between the Union and States.

3. National Social Assistance Programme (NSAP) It was launched on August 15, 1995 to provide social assistance benefits to poor households affected by old age, death of primary bread winner or need for maternity care.

4. Employment Assurance Scheme (EAS) It was started on October 2, 1993 in 1778 backward blocks in drought prone, desert, tribal and hill areas. It was expanded to cover all the 5,488 rural blocks of the country. It gave wage employment to the rural poor. In September 2001, it was merged into new Sampoorna Gramin Rozgar Yojana along with Jawahar Gram Samridhi Yojana.

5. Pradhan Mantri Gramodaya Yojana (PMGY) It was introduced in the Budget for 2000-2001 with an allocation of Rs. 5,000 crore. Its focus is on health, primary education, drinking water, housing and rural roads. Common Property Rights in grazing lands, wastelands, forests and water resources were made available to the rural people in the past. They have been cancelled in the recent past due to commercialisation and privatisation of these rural community resources in the country. 34

6. Swarna Jayanti Shahari Rozgar Yojana (SJSRY) Urban self-employment and urban wage-employment are the two special schemes under it. It substituted in December 1997 various programmes operated earlier for urban poverty alleviation. It is funded on 75: 25 basis between the Union and the States. The expenditure under this scheme was only Rs. 45.5 crore at the revised stage. It was Rs. 39.21 crore in 2001-02 and an allocation of Rs. 105 crore was provided for 2002-03 (Economic Survey, 2002-03, p.217).

7. Integrated Rural Development Programme (IRDP) The concept of an Integrated Rural Development Programme was first proposed in the central budget for 1976-77, and a beginning was made in this regard. This programme was intended to assist rural population to derive economic benefits from the development of assets of each area.

19. What is full employment?

Full employment refers to a situation in which all the workers who are capable of working and willing to work get an employment at reasonable wages. It does not imply that all adults have jobs.

20. What is unemployment?

Unemployment refers to a situation in which the workers who are capable of working and willing to work do not get employment.

21. What is the criteria for employed?

A person working 8 hours a day for 73 days of the year is regarded as employed on a standard person year basis.

22. How is unemployment estimated?

1. Usual Principal Status unemployment: It is measured as number of persons who remained unemployed for a major part of the year. This measure is more appropriate to those in search of regular employment e.g., educated and skilled persons who may not accept casual work. This is also referred to as 'open unemployment'. 35
2. Weekly Status unemployment: It refers to the number of persons who did not find even an hour of work during the survey week.
3. Daily Status unemployment: It refers to the number of persons who did not find work on a day or some days during the survey week.

23. What are causes of unemployment?

1. High Population growth:
2. Insufficient Rate of Economic Progress
3. Absence of employment opportunities in activities other than agriculture
4. Seasonal Employment
5. Joint Family System
6. Increasing turnout of students from Indian Universities
7. Slow Developing of Industries

24. What are the measures to solve unemployment?

1. A Change in the pattern of investment

2. Encouragement to small enterprises as against big enterprises
3. Problem of Choice of technique
4. Encouragement of New Growth Centres in Small Towns and Rural Areas
5. Subsidies on the Basis of Employment
6. Reorientation of Educational Policy
7. Underemployment in Rural Areas

4. National Income

1. What is the standard of measure of income and output?

The standard measures of income and output are

- Gross National Product (GNP),
- Gross Domestic Product (GDP),
- Gross National Income (GNI),
- Net National Product (NNP), and
- Net National Income (NNI).

2. Who estimated National Income in India?

In India, the Central Statistical Organisation has been estimating the national income.

3. What is the indicator on national income?

Indicators of national income are GDP or GNP

4. What is the indicator of standard of living or welfare?

National income per person or per capita income is often used as an indicator of people's standard of living or welfare.

5. What is national income?

National income is a measure of the total value of the goods and services (output) produced by an economy over a period of time (normally a year). It is also a measure of the income flown from production, and/or the sum total of all the spending involved for the production of output.

6. What is the definition of national income by Marshall?

“The labour and capital of the country acting on its natural resources produce annually a certain net aggregate of commodities, material and immaterial, including services of all kinds... This is the net annual income or revenue of the country, or the national dividend.”

7. Name some definition of national income?

- Irving Fisher: “The national dividend or income consists solely of services as received by ultimate consumers, whether from their material or from their human environment.”
- National Income Committee of India: “ National income estimate measures the volume of commodities and services turned out during a given period counted without duplication.”
- Paul A. Samuelson: “ Gross national product (GNP) is the most comprehensive measure of a nation’s total output of goods and services. It is the sum of the dollar (money) value of consumption, gross investment, government purchase of goods and services and net exports”.

8. What are the basic concepts of national income?

- Gross National Product Gross National Product (GNP) is the total value of output (goods and services) produced and income received in a year by domestic residents of a country. It includes profits earned from capital invested abroad.
- Gross Domestic Product Gross Domestic Product (GDP) is the total value of output (goods and services) produced by the factors of production located within the country’s boundary in a year. The factors of production may be owned by any one – citizens or foreigners.
- $GNP - \text{Net income earned from abroad} = GDP$ Thus, GDP measures income from where it is earned rather than who owns the factors of production.

9. Expand NNP?

Net National Product

10. How is NNP arrived?

- Net National Product (NNP) is arrived at by making some adjustment, with regard to depreciation, in GNP.
- $GNP - \text{Depreciation} = NNP$

11. What is Net domestic product?

- Net domestic product (NDP) is also arrived from GDP by making adjustment with regard to depreciation in the same way described above.
- (NDP is calculated by deducting depreciation from GDP)
- $GDP - \text{Depreciation} = NDP$

12. What is per capita income?

- Per capita income (or) output per person is an indicator to show the living standards of people in a country. If real PCI increases, it is considered to be an improvement in the overall living standard of people.
- PCI is arrived at by dividing the GDP by the size of population. It is also arrived by making some adjustment with GDP.
- $PCI = \frac{GDP}{\text{Total number of people in a country}}$

13. What is GDP?

GDP indicates productive capacity of an economy.

14. What is GNP?

GNP is a crude indicator for living standard.

15. How is measure based on current prices done?

The measure based on current price uses the ongoing market prices to compute the value of output

16. How is constant price computed?

As the national income at 'constant price' is computed based on the real worth of the purchasing power of income, it is also called as 'real national income' or national income in 'real' terms.

17. Why is national income important?

1. To measure the size of the economy and level of country's economic performance.
2. To trace the trend or speed of the economic growth in relation to previous year(s) as well as to other countries.

3. To know the structure and composition of the national income in terms of various sectors and the periodical variations in them.
4. To make projection about the future development trend of the economy.
5. To help government formulate suitable development plans and policies to increase growth rates.
6. To fix various development targets for different sectors of the economy on the basis of the earlier performance.
7. To help business firms in forecasting future demand for their products.
8. To make international comparison of people's living standards.

18. What is circular flow of income?

- The circular flow of income is explained with a simplest model consisting business (firms or producers) and public (households or consumers).
- The public own the productive resources (i.e. factors of production namely land, labour and capital).
- Business sector or producers employ the factors of production to produce the goods and services. Such goods and services are bought by the public.
- Thus public own the factors of production and provide them to producers.
- The producers employ the factor inputs to produce output of goods and services, which is bought by the consumers (public).
- For the employment of factor services, the public receive the factor income namely rent (for land), wages (for labour) and interest (for capital).
- This income flows back from the public to the business sector as consumption expenditure to buy the goods and services.

19. What are the methods of calculating national income?

There are three different methods of calculating national income. They are

1. Product or Output Method
2. Income Method
3. Expenditure Method

20. What are the income included for income method?

- Wages and salaries
- Income of self-employed
- Profits and dividends of business corporations
- Interest
- Rent
- Surplus of government enterprises
- Net flow of income from abroad

21. What are the essential components of expenditure method?

- C = consumption expenditures
- I = domestic investment
- G = government expenditures
- X = exports of goods and services
- M = imports of goods and services
- NR = net income receipts from assets abroad
- The sum of all these aggregate expenditure provides us the measure of national income.
- $GDP = E = C + I + G + (X - M)$

22. What are the identities of national income?

- $NNP = GNP - \text{Depreciation}$
- $NNI = NNP - \text{Indirect taxes}$
- $PI = NNI - \text{Retained earnings, corporate taxes and interest on public debt}$
- $PDI = PI - \text{Personal taxes.}$
- Where, GNP - Gross National Product NNP - Net National Product NNI - Net National Income PI - Personal Income PDI - Personal Disposable Income

23. What are the problems in calculating national income?

- Black Money
- Non-Monetization
- Growing Service Sector
- Household Services
- Social Services
- Environmental Cost

24. What is the trend in national income?

TABLE 3.1 (a). New Revised 2004-05 based NNP and per capita NNP at Factor Cost

| Year | At 2004-05 prices | | At current prices | |
|--------------|---|-----------------------|-----------------------------------|-----------------------|
| | Net National product at Factor cost (₹ crore) | Per capita NNP (₹) | Net National product (₹ crore) | Per Capita NNP (₹) |
| 1950-51 | 255,405 | 7,114 | 9,464 | 264 |
| 1970-71 | 541,867 | 10,016 | 41,294 | 763 |
| 1990-91 | 1,202,305 | 14,330 | 471,618 | 5,621 |
| 2000-01 | 2,074,858 | 20,362 | 1,762,358 | 17,295 |
| 2004-05 | 2,629,198 | 24,143 | 2,629,198 | 24,143 |
| 2005-06 | 2,878,410 | 26,025 | 2,999,792 | 27,123 |
| 2006-07 | 3,150,904 | 28,083 | 3,500,396 | 31,198 |
| 2007-08 | 3,451,829 | 30,354 | 4,076,878 | 35,825 |
| 2008-09 | 3,664,388 | 31,754 | 4,705,447 | 40,775 |
| 2009-10 | 3,966,408 | 33,901 | 5,411,104 | 46,249 |
| 2010-11 (R) | 4,293,585 | 36,202 | 6,406,834 | 54,021 |
| 2011-12 (R) | 4,573,328 | 38,048 | 7,434,965 | 61,855 |
| 2012-13 (R) | 4,728,776 | 38,856 | 8,255,978 | 67,839 |
| 2013-14 (PE) | 4,920,183 | 39,904 | 9,171,045 | 74,380 |