JAYALAKSHMI COACHING INSTITUTE
[Develop Skills Through Education]
10th STANDARD - SOCIAL SCIENCE [ECONOMICS]
GROSS DOMESTIC PRODUCT AND ITS GROWTH: AN INTRODUCTION

I Choose the correct answer:

1. GNP equals **GDP plus net property income from abroad.**
2. National Income is a measure of **Total value of goods and services**
3. Primary sector consists of **Agriculture**
4. **Value added approach** is the value added by each intermediate good is summed to estimate the value of the final good.
5. Gross value added at current prices for the service sector is estimated at **92.26** lakh crore in 2018-19.
6. India is the **2nd** larger producer in agricultural product.
7. India's life expectancy at birth is **65** years
8. Which one is a trade policy? **Import and export policy**

II Fill in the blanks:

1. **Agriculture** is the primary sector in India.
2. GDP is the indicator of **economic health**.
3. Secondary sector otherwise called as **Industrial sector.**

III Match the following:

1. Electricity/Gas and Water   -   **Industry sector**
2. Price Policy   -   **Agriculture**
3. GST   -   **Tax on goods and service**
4. Per capita income   -   **National Income/ Population**
5. C+I+G+(X-M)   -   **Gross National Product**

IV Give short answer:

1. **Define National Income.**
   - National Income is a measure of the total value of goods and services produced by an economy over a period of time, normally a year.
   - National Income is also known as Gross National Product or GNP or National Dividend.

2. **What is meant by Gross domestic product?**
   - Gross Domestic Product (GDP) is the total value of output of goods and services produced by the factors of production within the geographical boundaries of the country.
   - GDP is the indicator of **economic health**.

3. **Write the importance of Gross domestic product.**

   Importance of GDP
   - Study of Economic Growth.
   - Problems of inflation and deflation.
   - Comparison with developed countries of the world.
   - Estimate the purchasing power.
   - Study of Public Sector.
   - Guide to economic planning.

4. **What is per capita income?**
   - Per capita Income or output per person is an indicator to show the living standard of people in a country. It is obtained by dividing the National Income by the population of a country.
   - **Per capita Income = National Income / Population**

5. **Define the value approach with an example.**
   - The sum of the value added by all the intermediate goods used in production gives us the total value of the final goods produced in the economy is known as value added approach.
   - For example, A cup of tea served to you in a hotel is a "final good". The goods used to produce it , tea powder, milk, and sugar, are "intermediate goods" since they form a part of the final good, the cup of tea.
   - One way to measure the market value of the cup of tea is to add the value produced by each intermediate good used to produce it.

6. **Write the name of economic policies in India.**
   - Agricultural Policy
   - Industrial Policy
   - New Economic Policy
   - Domestic Trade Policy
   - International Trade Policy
   - Employment Policy
   - Currency and Banking Policy
   - Fiscal and Monetary policy
   - Wage Policy
   - Population policy.

7. **Write a short note**

   1) **Gross National Happiness (GNH)**
      - The term Gross National Happiness was coined in 1972 during an interview by a British journalist.
      - Gross National Happiness is more important than Gross National Product.
      - The four pillars of GNH's are 1. sustainable and equitable socio-economic development 2. environmental conservation 3. preservation and promotion of culture 4. good governance

2) Human Development Index (HDI)

- In 1990 Mahbub ul Haq, a Pakistani Economist at the United Nations, introduced the Human Development Index (HDI).
- The HDI is a composite index of life expectancy at birth, adult literacy rate and standard of living measured as a logarithmic function of GDP, adjusted to purchasing power parity.

V Write in detail answer:

1. Briefly explain various terms associated with measuring national income.

'National Income is a measure of the total money value of goods and services produced by an economy over a period of time, normally a year'. Commonly National Income is called as Gross National Product(GNP) or National Dividend.

Various terms associated with measuring of National Income

1. Gross National Product (GNP)

- Gross National Product is the total value of goods and services produced and income received in a year by domestic residents of a country. It includes profits earned from capital invested abroad.
- **GNP = C + I + G + (X–M) + NFIA)**
  C = Consumption I = Investment G = Government Expenditure X-M = Export – Import NFIA = Net Factor Income from Abroad)

2. Gross Domestic Product (GDP)

- Gross Domestic Product (GDP) is the total value of output of goods and services produced by the factors of production within the geographical boundaries of the country.

3. Net National Product (NNP)

- Net National Product (NNP) is arrived by making some adjustment with regard to depreciation, that is we arrive at the Net National Product (NNP) by deducting the value of depreciation from Gross National Product.
- **(NNP = GNP − Depreciation)**

4. Net Domestic Product (NDP)

- Net Domestic Product (NDP) is a part of Gross Domestic Product, Net Domestic Product is obtained from the Gross Domestic Product by deducting the Quantum of tear and wear expenses (depreciation)
- **NDP = GDP − Depreciation**

5. Per Capita Income (PCI)

- Per capita Income or output per person is an indicator to show the living standard of people in a country. It is obtained by dividing the National Income by the population of a country.
- **Per capita Income = National Income / Population**

6. Personal Income (PI)

- Personal income is the total money income received by individuals and households of a country from all possible sources before direct taxes.

7. Disposable Income (DI)

- Disposable income means actual income which can be spent on consumption by individuals and families, thus, it can be expressed as
- **DPI = PI − Direct Taxes** (From consumption approach DI = Consumption Expenditures + Savings).

2. **What are the methods of calculating Gross Domestic Product? And explain its**.

Gross Domestic Product (GDP)

- Gross Domestic Product (GDP) is the total value of output of goods and services produced by the factors of production within the geographical boundaries of the country.
- Various methods of calculating GDP are as follow
    1. Expenditure approach
    2. The Income Approach
    3. Value-Added Approach

1. Expenditure Approach:

- In this method, the GDP is measured by adding the expenditure on all the final goods and services produced in the country during a specified period.
$$Y = C + I + G + (X − M)$$

2. The Income Approach:

- This method looks at GDP from the perspective of the earnings of the men and women who are involved in producing the goods and services.
- The income approach to measuring GDP (Y) is
$$Y = wages + rent + interest + profit.$$

3. Value-Added Approach:

- The sum of the value added by all the intermediate goods used in production gives us the total value of the final goods produced in the economy is known as value added approach.
- For example, A cup of tea served to you in a hotel is a "final good". The goods used to produce it , tea powder, milk, and sugar, are "intermediate goods" since they form a part of the final good, the cup of tea.
- One way to measure the market value of the cup of tea is to add the value produced by each intermediate good used to produce it.

3. **Write any five differences between the growth and development.**

Comparison between Economic Growth and Economic Development	Economic Growth	Economic Development
Definition / Meaning	It is the positive quantitative change in the output of an economy in a particular time period.	It considers the rise in the output in an economy along with the advancement of HDI index which considers

		a rise in living standards, advancement in technology and overall happiness index of a nation
Concept	Economic growth is the "Narrower" concept	Economic development is the "Broader" concept
Nature of Approach	Quantitative in nature	Qualitative in nature
Term/Tenure	Short term in nature	Long-term in nature
Applicability	Developed nation	Developing nation
Frequency of occurrence	In a certain period of time	Continuous process

4. **Explain the following the economic policies.**

   1. Agricultural Policy
   - Agricultural policy is the set of government decisions and actions relating to domestic agriculture and imports of foreign agricultural products.
   - Some Agricultural policies are Price policy, land reform policy, Green Revolution, Irrigation policy, Food policy, Agricultural Labour Policy and Co-operative policy.

   2. Industrial Policy
   - Industrial development is a very important aspect of any economy.
   - It creates employment, promotes research and development, leads to modernization and ultimately makes the economy self-sufficient.
   - Several industrial policies have been enacted. Since 1948, Industrial policy on the large-scale industries.
   - E.g. Textile Industry policy, Sugar Industry policy, Price policy of industrial growth, Small scale industrial policy and Industrial Labour policy

   3. New economic policy
   - This new model of economic reforms is commonly known as the LPG known as Liberalization, Privatisation and Globalization.
   - These economic reforms had influenced the overall economic growth of the country in a significant manner.