

INDIAN ECONOMY (UNIT – II)

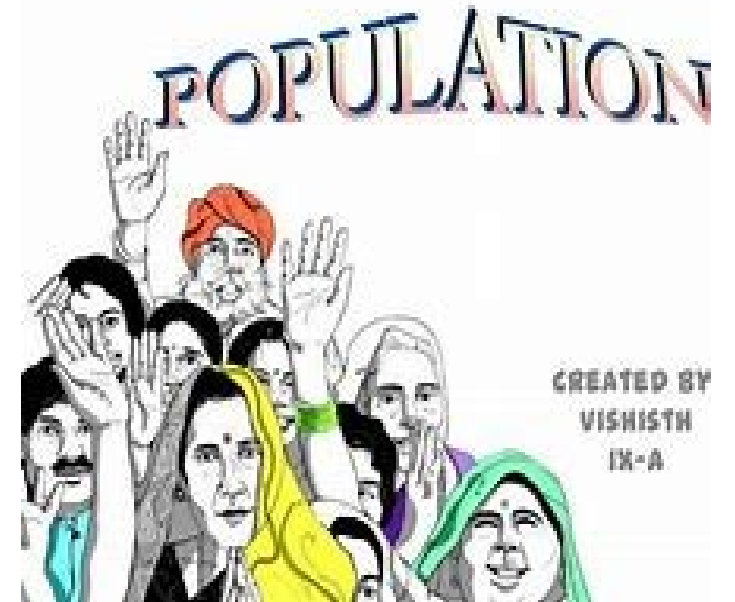
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HUMAN RESOURCES OF INDIA

- The personnel of a business or organization, regarded as a significant asset in terms of skills and abilities.
- The total population of our country is now more than 100 cores. India is the second most populous country in the world, after China. Today, every seventh man in the world is an Indian.
- Three out of every four Indians live in villages. They earn their living from farming, forestry, fishing and cattle rising. People are now leaving villages and coming to cities in search of work. This is putting a great pressure on the civil amenities and other facilities in cities.

WHAT IS POPULATION?

- A population is a complete set of individual, object, & measurement having some common characterizes.
- A population can be defined by any number of characteristics within a group.
- Population is also used to refer to all the living things of a particular type or group who live in a particular area or environment.
- All the people living in a particular country, area, or place.



THEORIES OF POPULATION

1. Malthusian Theory of Population:

- Population growth & food supply.

2. The Theory of Optimum Population:

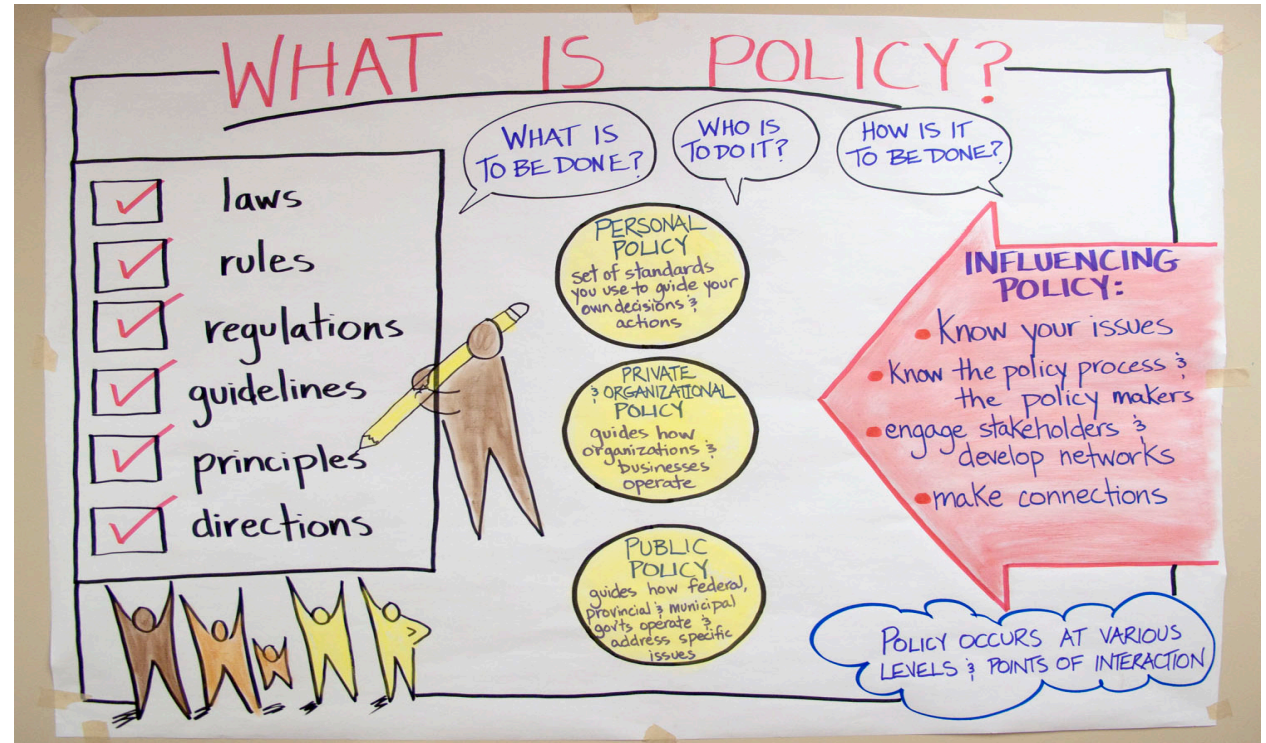
- Ideal population relative to the natural recourse, Stock of capital, equipment & and state of technology.
- By Sidgwick, Cannon, Dalton & Robbins have propagated this theory.

3. The Theory of Demographic Population:

- By Frank W. Notestein
- Relationship between FERTILITY & MOTILITY.

WHAT IS POLICY?

- Set a idea or plans that is used as a basic decision making & formulated.
- A policy is a deliberate system of principles to guide decisions and achieve rational outcomes.
- General statement of understanding & evaluation which guide decision making.



WHAT IS POPULATION POLICY?

- A population policy is policy that a country involves to get its population level that it feels optimal for it.
- A positive population policy which aims at reducing the birth rate and ultimately stabilizing the growth rate of population.
- Population policies are customarily defined as purposeful measures aimed at affecting demographic processes, notably fertility, mortality, and migration.
- Population policy means “policy or programme recognized by the Govt. which is capable of encouraging population growth or its control” Prof. Jerao has defined, in population policy we include all those measures which are used to solve population growth and control over the population.

TYPES OF POPULATION POLICY

➤ NATALISM:

It is also known as pro-birth in countries which promote human reproduction. Methods of Natalism, usually enforced by governments are promoting and glorifying parenthood with the incentive of the government paying for the first year of the child's life. They are also trying to limit the amount of abortions and creating an environment more friendly to the aspect of having a child and working at the same time.

➤ ANTI-NATALISM:

It is the opposite of natalism, the attempt to limit the population of the country. This is enforced in quite a few countries, the most known is China. The policy they have is the "One Child Policy" which is that all families are allowed to have only one child, and if this policy was broken then there were major consequences to be faced. Their methods of antinatalism are considered quite forceful compared to other policies.

POPULATION

- India **2nd rank in the world.**
- World population – **17.5%**
- World population day – **11th JULY**
- Father of India census – **L. MAYO**
- First census was taken during **1872**
- Census was taken **once in 10 years.**
- **Prime Minister** was the head of the **National Population Policy.**
- **Uttar Pradesh + Maharashtra > United States of America.**



YEAR OF POPULATION

1921 = **“Year of Great Divide”** as a population starts increasing.

1951 = **“Year Of Small Divide”** (1.33 to 1.25%).

1961 = **“Year Of Population Explosion “** (increased 1.96%)

2001 = **100 cores** (1 Billion)

2011 = **Changes In Population.** (Decreased level)

2021 = **?**

World Population Growth



Sources: World population milestones (USCB)

First Billion: 1804

Second Billion: 1927 (123 yrs)

Third Billion: 1960 (33 yrs)

Fourth Billion: 1974 (14 yrs)

Fifth Billion: 1987 (13 yrs)

Sixth Billion: 1999 (11 yrs)

Seventh Billion: 2011 (12 yrs)



Birth rate and death rate

- Crude Birth Rate – 1/1000
- Crude Death Rate – 1/1000
- **Kerala** – Lowest birth rate (14.7)
- **UP** - Highest birth rate (29.5).
- **West Bengal** - lowest death rate (6.3)
- **Orissa** - highest death rate (9.2)
- **BIMARU** states have very high population.
 - **Bihar**, **Ma**dhya Pradesh, **R**ajasthan, **U**ttar Pradesh

Birth rate and death rate

Year	C.B.R	C.D.R.
1951	39.9	27.4
2001	25.4	8.4
2011	21.8	7.11



Density of population

- Density of population = Total population

—————
Land area of the region

Year	Density of population (No. of persons per sq. km)
1951	117
2001	325
2011	382

- **Bihar** - most densely populated (1,102 /sq.km)
- **West Bengal** - 880. (2nd densely populated)
- **Arunachal Pradesh** - low density of population (17 / sq. Km) .



Sex ratio & Life expectancy at birth

- Kerala (Highest sex ratio) – **1084** (Female) : 1000(male) - 2011.
- Haryana (Lowest sex ratio) - **877** - (2011)

Life expectancy at birth:-

Year	Male	Female	Overall
1951	32.5	31.7	32.1
1991	58.6	59.0	58.7
2001	61.6	63.3	62.5
2011	62.6	64.2	63.5

Census year	Sex ratio (Number of females per 1000 males)
1951	946
2001	933
2011	940



Literacy ratio

1. Kerala has the highest literacy ratio (92%)
2. Goa (82%)
3. Himachal Pradesh (76%)
4. Maharashtra (75%)
5. Tamil Nadu (74%)

Census year	Literate persons	Males	Females
1951	18.3	27.2	8.9
2001	64.8	75.3	53.7
2011	74.04	82.1	65.5

6. Bihar has the lowest literacy ratio (53%) in 2011

Consequences

- **Poverty**
- **Low Standard of living**
- **Food Shortage**
- **Burden of Consumers**
- **Reduction in National and Per Capita Income**
- **Low savings and investment**
- **Unemployment**
- **Loss of Women's Labour**



National Population Policy

- In 1952, India was the first country in the world to launch a National population programme in order “ to stabilize the population at a level consistent with the requirement of nation economy”.
- In April 1976, the first National population policy was announced and table in parliament.
 - AIM: Increase in the legal minimum age of marriage**
 - For male – increase from 18 to 21 years**
 - For female - increase from 15 to 18 years**
- The National Population Policy Statement of 1976 and Policy Statement on Family Welfare Programme of 1977 were laid on the Table of the House of Parliament. But they have never been discussed or adopted by the Parliament.

LITTLE CHANGE : FAMILY WELFARE PROGRAMME

- The Policy for national population was first proposed in 1983. Instead the national Health policy – 1983 was started.

AIM: Give importance to Small Family Norm.



- National Population Policy of India was followed in the year 2000 with the long term objective.

AIM:

Not only focus on **FERTILITY & MORTALITY.**

The Government would take special measures to raise the level of **FEMALE EDUCATION & GENDER EQUALITY.**

To **ACHIEVING A STABLE POPULATION BY 2045**, at a level consistent with the requirements of sustainable economic growth, social development, and environmental protection.

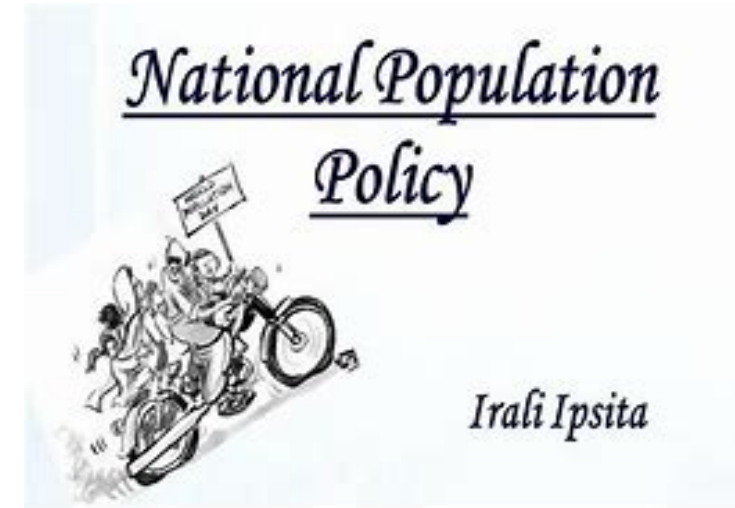
The **LATE MARRIAGE OF GIRLS HAD TO BE ENCOURAGED.**

PREVENT & CONTROL COMMUNICABLE DISEASE.

Strict laws must be made & enforced to check **MARRIAGE & POLYGAMY.**

FAMILY PLANNING.

- ❖ Its called as **NATIONAL POPULATION POLICY 2000**



OBJECTIVES:

There are three types of objectives of National Population Policy (NPP) 2000:

1. The Immediate Objective:

The immediate objective is to address the unmet needs for contraception, health care infrastructure and health personnel and to provide integrated service delivery for basic reproductive and child health care.

2. The Medium Term Objective:

The medium term objective is to bring the Total Fertility Rate (TFR) to replacement level by 2010 through vigorous implementation in inter-sectorial operational strategies. (two (or to be exact, 2:1) children per couple)

3. The Long Term Objective:

The long term objective is to achieve a stable population by 2045 at a level consistent with the requirements of sustainable economic growth, social development, and environment protection.

REASONS FOR A HIGH POPULATION GROWTH :

- a) The large family size many children in a family
- b) Lack of awareness among people about the hazards of a large population
- c) High fertility rate and hot climate which helps increase in fertility
- d) Early age of marriage, especially of girls.
- e) Low death rate and high birth rate.
- f) Lack of proper awareness of contraception and other family Planning measures



NATIONAL INCOME

Presented by
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Section B



NATIONAL INCOME



National Income

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National Income

- **National income is the money value of all the final goods and services produced by a country during a period of one year. National income consists of a collection of different types of goods and services of different types.**

MEANING OF NATIONAL INCOME:

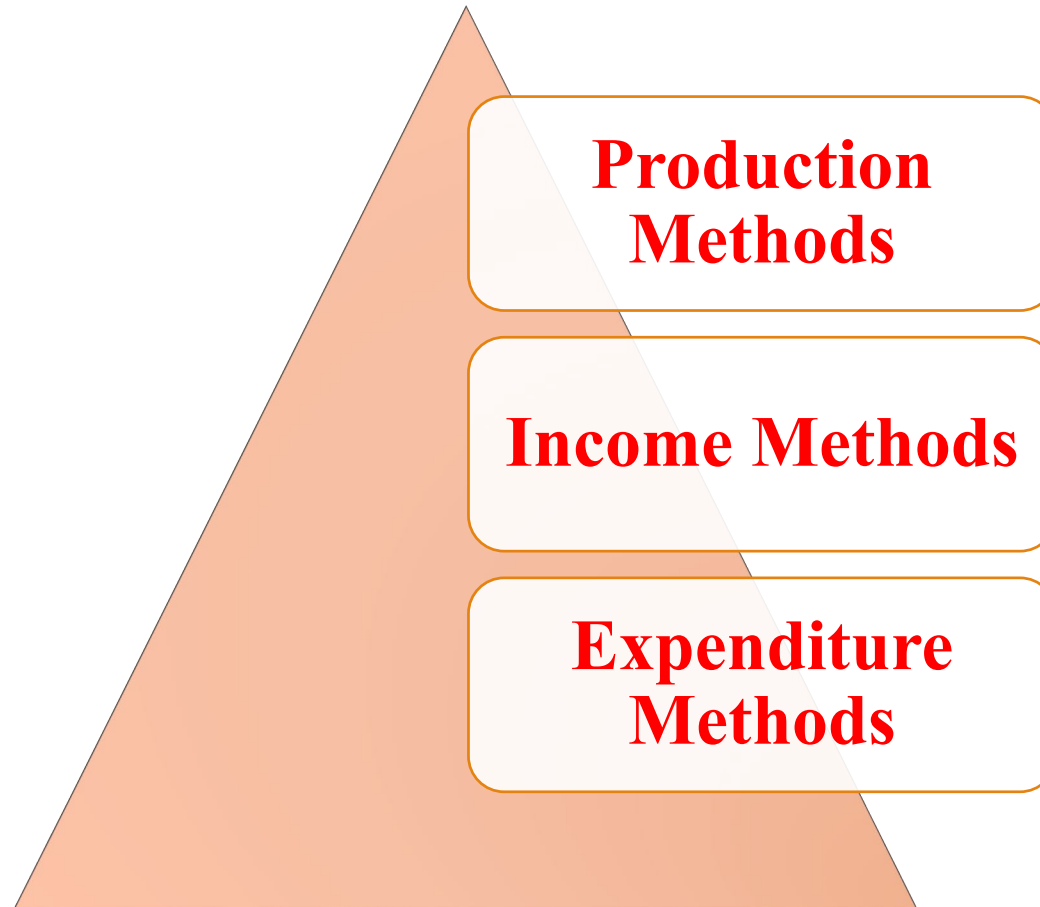
- **National Income** refers to the **money value** of all the goods and services produced in a country during a financial year.
- **“A national income estimate measures the volume of commodities and services turned out during a given period, without duplication.”**
- In other words, the final **outcome of all the economic activities** of the nation during a period of one year, valued in terms of **money** is called as a National income.
- The total amount of income earned by all the people and institutions within a country from the production of goods and services (usually measured over a period of one year).

History and Present of National Income:

- Before independence, Dadabhai Naoroji is considered as the first person who calculated the national income of India. While, VKRV Rao divided the economy into sectors, corporate sectors, and agriculture sectors.
- After independence, a committee called the national income committee was formed. It was set-up in 1949, and its first chairman was Prof. P.C. Mahalanobis.
- The National Income Unit of the **Central Statistical Organisation (C.S.O.)** is now-a-days entrusted with the measurement of national income. Under the **MoSPI (Ministry of Statistical Programme Implementation.)**



METHODS OF CALCULATING NATIONAL INCOME



FACTOR COST

Factors of production:

- ❖ Capital – Interest
- ❖ Land – Rent
- ❖ Labour – Wages / Salary
- ❖ Organization – Profit



MARKET PRICE

- ❖ Market price is the price at which a product is sold in the market.
- ❖ It includes the cost of production in the form of **wages, rent, interest, input prices, profit** etc.
- ❖ It also includes the **taxes** imposed by the government and the subsidies provided by the government for the producers would also be reflected in the price.



CONCEPT OF NATIONAL INCOME

Gross Domestic Product (GDP)

Net Domestic Product (NDP)

Gross Nation Product (GNP)

Net Nation Product (NNP)

Personal Income

Disposal Personal income

GDP(mp) – (Gross Domestic Product)



- GDP is **gross the market value or total value** of all the final goods and services produced **within the country** during a year. This is calculated at market prices and is known as GDP at market prices.
- Maybe **owned by any one citizen or for foreigners.**
- Only the **Final goods** are included in the GDP.
- The **value of final goods and services produced inside the boundary of nation during one year.**



NDP(mp) – (Net Domestic Product)

- Net from of GDP i.e., GDP minus the total value of the “ WEAR & TEAR” Depreciation.
- **NDP = GDP – Depreciation.**
- Net money value of all the goods & services produced in domestic territory of the country during one year
- The govt of the economics decided & announce the rate by which assets depreciate & a list is published.



GNP(mp) – (Gross National Product)

- GDP of a country added with its “ INCOME FROM ABOARD”
- **Gross market value of all final goods & services produced by normal residents of a country.**
- **GNP = GNP + INCOME FROM ABOARD**
- Helps to know the “**Quantitative**” as well as **Qualitative**” aspects & also **know the Stranded of level in international finance & position.**
- NFIA – Remittance Interest on Payment Trade imbalance.
- GNP is the “national income” according to which IMF ranks nations based on PPP or Purchasing Power Parity. [India ranked 4th after USA, Japan and China]



NNP(mp) – (Net National Product)

- Net national product (NNP) is **the monetary value of finished goods and services produced by a country's citizens, overseas and domestically**, in a given period.
- It is the equivalent of gross national product (GNP), the total value of a nation's annual output, minus the amount of GNP required to purchase new goods to maintain existing stock, otherwise known as depreciation.
- **NNP = GDP + Income coming from abroad – Depreciation**



Personal Income

- In other words, it is the income which individuals receive for doing productive work in the form of wages, rent, interest and profits.
- Personal income, on the other hand, includes all income which is actually received by all individuals in a year.



Disposable Personal Income

- Disposable personal income is the amount which is actually at the disposal of households to spend as they like.
- It is the amount which is left with the households after paying personal taxes such as income tax, property tax, national insurance contributions etc.
- **Disposable personal income = Personal Income - Personal Taxes**



FOREIGN TRADE



- **Foreign trade** is exchange of capital, goods, and services across **international borders or territories**. In most countries, it represents a significant share of gross domestic product (GDP).
- **Foreign trade in India** includes all imports and exports to and from India. At the level of Central Government it is administered by the Ministry of Commerce and Industry.^[1] Foreign trade accounted for 48.8% of India's GDP in 2017.
- Foreign trade refers to trade **with foreign countries**. It means buying and selling of goods by one country with other countries. .
- Foreign trade or **international trade means the trade which is spread beyond the boundaries of a country.**
- Foreign trade is nothing but **trade between the different countries of the world. It is also called as International trade, External trade or Inter-Regional trade.**

FOREIGN TRADE CAN BE OF THREE KINDS:

1) Import Trade:

It implies purchase of goods from a foreign country.



2) Export Trade:

It means sale of goods to a foreign country



SALES



1) Entrepot Trade:

It refers to purchase of goods from abroad for the purpose of sale to some other country.



PURCHASE



SALES



NEED AND IMPORTANCE OF FOREIGN TRADE TO A NATION

- Division of labor and specialization
- Optimum allocation and utilisation of resources
- Equality of prices
- Availability of multiple choices
- Ensures quality and standard goods
- Facilitate economic development
- Raises standard of living of the people
- Generate employment opportunities
- Brings reputation and helps earn goodwill
- Promotes World Peace

Reasons for International Trade/Foreign Trade

- I. Uneven distribution of natural resources:
- II. Expansion of market for products: Foreign trade is necessary as it helps to widen the market for goods produced.
- III. Difference in taste
- IV. Difference in technology
- V. Difference in skills
- VI. Difference in climatic condition
- VII. Desire to improve the standard of living
- VIII. Difference in efficient use of natural resources

Barriers to International Trade/Foreign Trade

- Difference in currency
- Difference in culture and beliefs
- Difference in language
- Distance
- Political instability
- Problem of documentation
- Transportation and communication
- Government policy
- Difference in legal system/ emigration laws
- difference in weights and measurement