

Engg Economics :-(2) Expenditure Method :-

Types:-

- (1) Consumption expenditure.
- (2) expenditure of tax.
- (3) expenditure for investment.
- (4) expenditure for Savings.
- (5) Graph expenditure.
- (6) Transfer payment

(*) Expenditure for export & import :-

$$y = C + S + T + \text{Transfer payment}$$

$$y = C + I + G + (Ex - Ix)$$

Q. In a closed economy if government intervention is 0. Then evaluate the relation b/w investment & saving.

$$y = (C + S) + (\cancel{I + T})$$

$$y = (C + I) + (\cancel{G + Ex - u})$$

3) Production method:-

Production can be divided into:-

- i) Final commodity.
- ii) Value Added.

- * In Final Commodity method we will accept only finished commodities and in value added method we have to consider addition of values in every stages of production.

(*) Diff. relation & definition of National Income entities :-

↳ GDP : The money value of total production and services within the territory of an economy of a year.

- * The money value of total production & services by citizen only within 1 year of the economy.

NFIA - Net Factor Income for Abroad.

$$GDP = GNP - \begin{pmatrix} NFIA \\ (IC - PC) \end{pmatrix}$$

Per - Capita Income.

$$PCI = \frac{NI}{\text{Total population.}}$$

Personal Disposable Income (PDI).

- * Income after tax payment.

$$PDI = (PI - P.Tax)$$

Net National Product (NNP).

$$NNP = GNP - \text{Repreciation.}$$

$$\# \text{ GND Deflator} = \left(\frac{\text{Nominal GNP} \times 100}{\text{Real GNP}} \right)$$

Engg. Economics

①. National Income on Indian Economy.

Defⁿ: Total income of an economy from production and services with one year by the citizen of that economy.

- * In India national income committee was introduced in 1948 Central Statistical Organisation measures national income in India.
- * Dadabhai Naoroji measured national income of India in 1867 for first time.
- * In India national income can be measured by different methods—
 - i) Income method / Factor cost method
 - ii) Expenditure method.
 - iii) Production method / Output method.
- * Central Statistical Organisation measure national income by a combination of income & production method.
- * The pioneer of Central Statistical Org. (CSO) was Prasanta Chandra Mahalanabish.

* Central Statistical Organisation was introduced in 1949.

④ Central Statistical Organisation started from 1956.

Measurement method of National Income in India:-

1) Income method:-

$Y = \text{Rent} + \text{Wages} / \text{Salary} + \text{Interest} + \text{Profit}$

$$Y = \sum_{i=1}^n x_i$$

History

Non-cooperation Movement:- (1920-22).

The background—

- i) At the end of the war in 1918, economic condition of India was worse. Much of the resources were drained and were limited and the prices of commodities were high.
- ii) In 1918, the Montagu-Chelmsford reforms were passed and it was effective by Government of India Act 1919. Dyarchy was introduced but the Indians were still unhappy.
- iii) In 1919, the Rowlatt Act was passed allowing arrest or detention without warrant or legal procedures.
- iv) On 30th April ~~1918~~ 1919 about a thousand people were killed in Jallian Walla Bagh Massacre & the main culprit General Dyer went ~~scot-free~~ scot-free.

GEOGRAPHY

Soil in Russia → Chernozem
(Only present in Russia)

- Black in ~~the~~ colour.
- humus is high.
- high fertility.
- Acidic.

JAPAN

* Japan no natural resources of its own.

Main Industry → Fishing.

Mt. Fuziama → Volcanic Mountain.

Shirai → Important river.

ECONOMICS

- (*) Inflation.
- (*) Indian Tax Structure.

→ Tax is a compulsory payment to the government without any direct benefit or expectation.

Goods & Service Tax (GST):

- (1) Amendment of GST is 101 and Act, 122.
- (2) The minimum rate is 5%.
- (3) Highest rate is 28%.
- (4) GST is associated with all kind of indirect taxes.

Tax Collected by Central:

- (1) Corporate
- (2) Tax on Railway.
- (3) Tax on Terminus.
- (4) Tax on Service.
- (5) Income Tax except Agriculture.
- (6) Tax on Foreign product. (Custom Duty).
- (7) Tax on Newspaper & Ad into the Newspaper.
- (8) ~~Tax on Revenue.~~
- (9) ~~Tax on Building & Land.~~
- (10) ~~Tax on Electric.~~

Tax Collected by State:

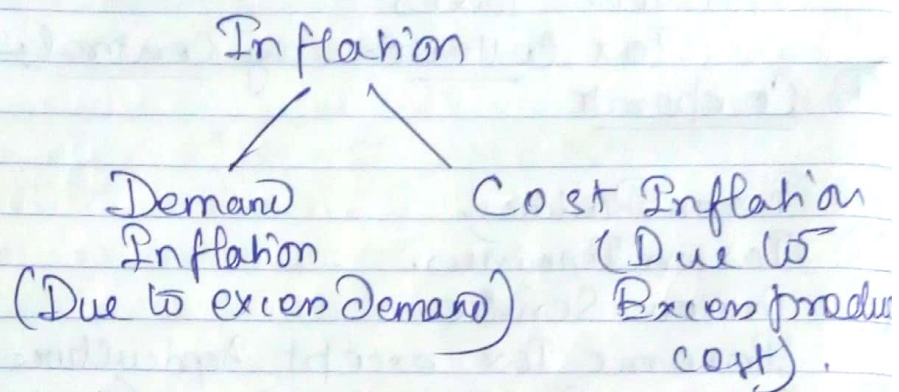
- (1) Land Revenue.
- (2) Tax on Building & Land.
- (3) Tax on Electric.
- (4) Tax on gambling.
- (5) Tax on lottery.
- (6) Tax on profession.

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- (7) Tax on Alcohol, Narcotics & Cosmetics.
(8) Sales Tax or VAT.

Defination on Inflation:-

Rising Trend of Price level.

→ Inflation can be occurred due to aggregate demand, lack of supply of resource, high level of population growth rate, black marketing, excess money supply.



Controlled (Inflation) by

→ RBI

→ Government of India

by using monetary policy & fiscal measures.

Agflation → Inflation only on Food Product.

Deflation → Decreasing Trend of Price level.

(Q) Stagflation \Rightarrow Unemployment + Inflation.

Who can measure the Inflation, by which price Index?

Before 2015, WBI.

After 2015, RBI calculate Inflation, by Consumer Pricing Index.

Winner is the Businessmen of Inflation.
" " " Consumers " Deflation.

The targeted ~~if~~ Inflationary rate by India is 2-6%.

History

Non-cooperation.

Background:-

- (v) In 1990 British abolish the position of Caliph, who was the Spiritual leader of Islam, based in Turkey. Against this the Khilafat Movement was started by Indian Muslims under the leadership of (Ali-brothers. (Saukat Ali & Md. Ali).

Starting:-

- (1) Officially on 1st August, 1920 Non-cooperation movement was declared, Under the primary role of Gandhi & Khilafat committee. This was also a day of mourning due to the death of Bal Gangadhar Tilak.
- (2) In Sept, 1920 in a Special INC session in Calcutta congress ratified Non-cooperation. In the same session Gandhi wrongly claimed that if successful Non-Cooperation, then it attain Swaraj in 1 year.
- (3) In 1920, INC session at Nagpur, Non-cooperation was further endorsed. At this point Md. Ali Jinnah, Anne Besant, etc. left INC.

Economics

IS-LM Model

IS (Investment, Savings)

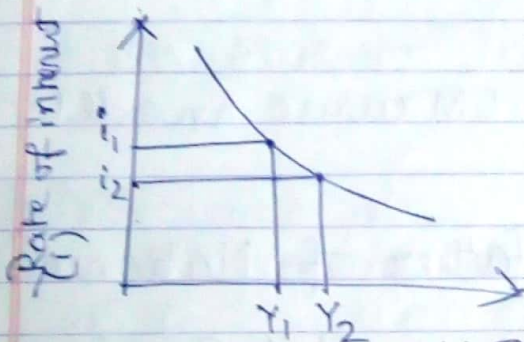
equation of IS curve

$$Y = C + I + G$$

C = Consumption

G = Govt. expenditure

I = Rate of Interest



N.I. (Y)
or N-Output

L

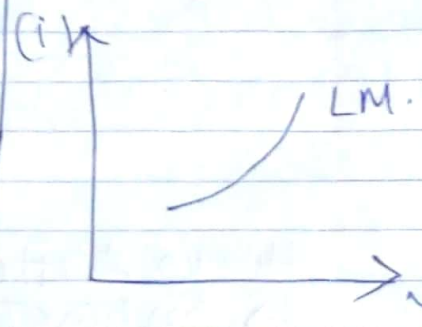
(Money demand)

M.

(Money Supply)

1) Money Market

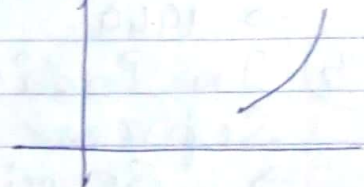
2) A positive relation



LM curve can be changed due to change of money supply, Rate of Interest, Price Level, Income Level.

- ① I.S. curve represent an inverse relation b/w interest rate, national income/output.
- ② I.S. curve can be observed in commodity Market.
- ③ I.S. curve can be changed due to change of income level, interest rate, investment, govt. expenditure.
- ④ I.S. curve can be changed to the right side if

(i) Increase in Money Supply, move right side.



L.M. curve move to right side if Interest & Price level increase.

Income level increases
rate of interest
decreases, & increase
rate of investment
& govt. expenditure

Money Supply, increase
Rate of Interest increase
L.M. move to right
side.

Equilibrium position can
be obtained in the
intersection point of
IS & LM curve.

Hicks & Hanon

→ proposed the LM curve model.

- 1) Who is called father of National Income?
→ Richard Stone (for World), V.K. Rao (for India)
- 2) In which context $GDP = GNP$?
→ If $NFA = 0$.
- 3) What is the targeted inflation for India in present year?
→ 4%
- 4) Reserve bank of India was nationalized in which year?
→ 1949.
- 5) In India which organisation is the Supreme Authority of Capital Market?
→ Security & Exchange Board of India (SEBI)
- 6) Which organisation can provide Maximum credit for Industry for long term?
→ IDBI.

@Orunayan@.

- 7) Which is the oldest stock exchange of India as well as Asia?
→ BSE. (1875).
- 8) SBI was started in which year?
→ 1955
- 9) Imperial Bank was started in which year?
→ 1921.
- 10) Main reason cost push Inflation?
→ High level of cost of Production.
- 11) In the time Inflation Govt. Expenditure can be?
→ Reduced.
- 12) What is the meaning of Stagflation?
→ Stagflation = Unemployment + Inflation.
- 13) Difference b/w "Vote on Account Budget" and "Interim Budget"?

Vote on Acct. Budget → Only for Expenditure
Interim Budget → For Both Revenue & Expenditure.
- 14) Amendment '2 Article of GST.
→ 101 & 122 Art.
- 15) Highest Tax Income of Central Govt. of India?
→ Corporate Tax.
- 16) What is the Highest Non-Tax Income of Central Govt. of India?
→ Dividend or Profit from Govt. India.

P.A.
17) What is meant by:-

- (a) Fiscal Deficit (F.D.)
- (b) Primary Deficit.
- (c) Budget Deficit.

(a) Budget Deficit + Govt. Borrowing +
Other liabilities of Govt.

(b) P.D. + Rate of Interest.

(c) Expenditure of Budget - Income of Budget

18) If amount of subsidy increases
then IS graph will go on
which side?
→ Right side.

19) Meaning of Deflation?

→ Reduction of Price level in stable
state trend.

20) Meaning of Zero Budget?

→ The budget is associated with Revaluation
Recheck Expenditure side of the Budget

21) Which Economist has explained
Fiscal Deficit?

→ Sukhomay Chakrabarty.

22) At present Height Expenditure of Union Government? (2017)

→ Interest Payment

23) What are the different types of Expenditure of "Central Government?"

→ (i) Plan Expenditure.

(ii) Non-Plan

History

Results:- (Spread)

- ① Long courts were boycotted by Indians.
- ② Justice was dispense through panchayat's.
- ③ British offices & services were boycotted by Indians.
- ④ Government schools & colleges, was Boycotted.
- ⑤ Boycott of Foreign made Goods.
- ⑥ Popularizing the use of "Charkha" and "Khadi".
- ⑦ Indian members, resign from the governor's executive council.
- ⑧ Organisational changes were made in the Congress.
- ⑨ A 15 member CWC (Congress Working Committee) was formed.

Spread of the Movement (1921-22).

- ① The All brothers & Gandhi together undertook and call India to propagate Hindu-Muslim Unity & to spread non-co-operation throughout the nation.
- ② Prominent Indians gave up there legal practice to join the movement
e.g. → CR Das, Motilal Nehru, Dandekar Patel, etc.
- ③ Indian set up educational Institutions for Indians,
e.g. → Jamia Milia Islamia, Kashi Vidyalaya, etc.

- ④ Students quit their education to join the movement in masses.
 - ⑤ Foreign goods were publicly burnt to symbolise protest.
 - ⑥ The Ali brothers gave a call to Indian Muslims to quit the British Indian Army as it was UnIslamic.
 - ⑦ Congress requested its district bodies to start civil disobedience in those districts where the people were ready.
 - ⑧ The volunteer corps emerged as a parallel police force.
- END OF THE MOVEMENT

END OF THE MOVEMENT :-

Government's Reaction :-

- (i) The volunteer corps was declared illegal & banned.
- (ii) All the leaders of the movement except Gandhi were arrested.

END OF MOVEMENT :-

- ① On 15th Feb, 1922 Gandhi threatened to launch Civil Disobedience throughout India.
- ② On 5th Feb, 1922 the Chauri-Chaura Incident (UP) happened, where 22 policemen were killed.
- ③ In the Bangali session of Congress Gandhi withdrew Non-Cooperation. This was criticised by prominent Congress Men like Nehru, Das, Bose, etc.

④ GANDHI was imprisoned for 6 yrs.

→ NOTES AFTER MID SEM-1.

→ IF U DON'T HAVE NOTES
BEFR MID-SEM, JUST
PING ME.