

TNPSC Indian Economy Study Materials

National Income:

In simple words, National Income is the **total value of all goods and services** produced by a country in a particular year.

The National income can be derived from a number of measures like GDP, NDP, GNP, NNP which are explained below.

GDP (Gross Domestic Product)

- Total value of all goods and services *produced within the Boundary of a country*(Including foreigner's Production within the country).

Depreciation

- Usually goods once produced under goes wear and tear and hence depreciation occurs.
- When calculating the **Net Value** the depreciation value will be deducted.

NDP (Net Domestic Product)

- NDP is value of GDP after the Depreciation reduction.

$$NDP = GDP - Depreciation$$

Net Factor Income: Difference between the Exports and Imports

GNP (Gross National Product)

$$GNP = GDP + Net\ factor\ Income$$

NNP (Net National Product)

- NNP is value of GNP after the Depreciation reduction.

$$NNP = GNP - Depreciation$$

The above mentioned measures can be calculated at factor cost and market cost.

Factor Cost: It is the production cost, it includes subsidies and excludes indirect taxes.

Market Cost: It is the market price of a product, it excludes subsidies and includes indirect taxes.

National Income

- NNP at factor cost is said to be National Income.

$$National\ Income = NNP\ at\ factor\ cost$$

Personal Income and Disposable Personal Income

- Personal Income includes sum of all the incomes received by a person.

- Disposable income is the amount available which can be spent at his will.

Disposable Income = Personal Income - Direct Taxes

Per Capita Income

- Amount of Money earned per person.
- It can be calculated as follows

Per Capita Income = National Income / Population

Methods of Computing National Income

- *Product Method*
- *Income Method*
- *Expenditure Method*

Poverty

- Poverty means a state of lack of access to basic needs like food, shelter, education, etc.,

Types of poverty

1. Absolute Poverty:

- People having income below the subsistence level of Living.

2. Relative Poverty:

- Let the people be divided based on their income into different groups.
- Then last 20% people having low income is said to be in poverty on comparing with the top 20% people having high income.

Other types

1. Temporary Poverty
2. Chronic Poverty
3. Primary Poverty
4. Secondary Poverty
5. Rural Poverty
6. Urban Poverty

Poverty Line:

- It is the minimum Income required for a subsistence level of Living.
- People having income below the poverty line is said to be a poor.

Causes for Poverty:

1. Population Pressure
2. Low Productivity

3. Unemployment and underemployment

Unemployment

- A person is said to be unemployed when he is available/willing to work but unable to get employed.

Types of Unemployment

1. Structural Unemployment
2. Frictional Unemployment
3. Cyclical Unemployment
4. Disguised Unemployment
5. Seasonal Unemployment
6. Educated Unemployment
7. Voluntary Unemployment
8. Natural Unemployment
9. Under Unemployment
10. Open Unemployment
11. Voluntary Unemployment

Indian Economy - finance & fiscal policy:

Budget

- An overall estimation of the revenue and expenditure for a specific time period generally from 1st April to 31st March(now it changed to 1st day of Feb. every year)

Important Articles

- Article 112 - Central Government Budget
- Article 202 - State Government Budget
- Article 266(1) - Consolidated Fund of India
- Article 266(2) - Public Accounts of India
- Article 267 - Contingency Fund of India
- Article 280 - Finance Commission

Receipts

Revenue Receipts

- These amounts need not to be repaid to the payee.
- Does not results in reduction of Assets
- Revenue receipts are further classified into
 1. Tax Revenue
 - Non -Tax Revenue

Capital Receipts

- Results in a reduction of assets(Usually Permanent assets).
- Some of the Capital receipts are as follows:
 - Market Loans - Loans raised from Public
 - Borrowing from RBI
 - Amount raised by disposal of assets

Expenditure

Revenue Expenditure

- Expenditure incurred for normal day to day running of government
- It does not yield any return.
- Some of the revenue Expenditure are as follows
 - Expenditure on Defence
 - Payment of Interest on loans
 - Subsidies
 - Pensions

Capital Expenditure

- Expenditure which results in creating permanent assets.
- Some of the Capital Expenditure are as follows
 - Infrastructure Projects
 - Machines
 - Irrigation Projects
 - Mines and Explorations

Important Facts to Remember

1. Finance Commission was formed under the **Article 280** of the Indian constitution.
2. It was formed on **November 22, 1951**.
3. Head Quarters: New Delhi
4. Composition
 1. Chairman + 4 Other members
5. The Chairman and the other members of the Finance Commission will be appointed by the President.
6. They are also eligible for reappointment of the post.
7. The finance commission submits its report to the President, who then lays down in the Parliament.
8. The recommendations of the finance commission to the govt will be advisory in nature and hence not binding.
9. So far Fourteen finance Commission has been formed, the chairman of the
 1. First Finance Commission - K C Neogy
 2. Thirteenth Finance commission - Dr Vijay Kelkar
 3. **Fourteenth Finance commission - Y V Reddy[Very Important]**

Planning in India Before the establishment of Planning Commission

- In 1934 M Visvesraya published the book '**Planned Economy for India**'.
- In 1938 Indian National Congress formed the **National Planning Committee**.
- **Jawaharlal Nehru** was appointed as the Chairman.
- In 1944 - **Bombay Plan** by eight industrialists.
- In 1944 - **Gandhian Plan** by **Sriman Narayan Agarwal**
- In 1945 - **People's Plan** by **M N Roy**

- In 1950 - Sarvodaya Plan by Jaiprakash Narayan

History of WTO.

- Before the existence of WTO there is a predecessor GATT. It stands for General Agreement on Trade and Tariff.
- GATT came to effect on Jan 1, 1948.
- As the name suggests, GATT is only a set of rules agreed by its signatories regarding trade.
- WTO was constituted based on the Marrakesh Treaty(1994) which is the result of the Uruguay round of negotiations.
- WTO was established on 1 Jan 1995.

Functions of WTO

1. Administering the WTO agreements.
2. acts as a forum for negotiation.
3. Settles trade disputes among member countries
4. Monitoring international trade.
5. Provides trading assistance to developing countries

Important Facts to remember.

1. GATT came to effect on Jan 1, 1948.
2. WTO established on Jan 1, 1995.
3. WTO Head Quarters: Geneva, Switzerland.
4. Number of members : 164 as on Dec 2015.

5. Latest WTO Members

164th - Afghanistan

163rd - Liberia

162nd - Kazakhstan

161st - Seychelles

Land Reforms and Agriculture

Land Reforms in British India

1. Zamindari System
2. Ryotwari System
3. Mahalwari System

Zamindari System (Permanent Settlement)

- Who Introduced? - Cornwallis with the help of John Shore
- When? - 1793
- Where? - Bengal, Bihar, Orissa regions
- Who is the land owner in this system? - Zamindar
- How was the Peasant's Status?
- Peasant became the tenants with no rights on land.

Ryotwari System

- Who Introduced? - Thomas Munro
- When? - 1820
- Where? First in Madras and then Bombay and Assam

- Who is the owner of land? - Peasants
- How the revenue was collected? - Peasants paid the tax directly to the government.

Mahalwari System

- Who Introduced? - William Bentick
- When? - 1833
- Where? Central India, Gangetic Plains, North western India, Punjab regions
- Who is the owner of land? - Peasants
- How the revenue was collected? - Peasants pay tax to village community head and the headman pays it to the government.

Boodhan Movement

- It was started by Acharya Vinoba Bhave in 1951.
- It means Land Gift Movement.
- This movement persuaded the large land holders voluntarily to give a portion of their land holding to the landless poor.

Other Areas Need to be covered for mains

- Land Ceiling acts 1976
- Tenancy Reforms Act 1962
- Abolition of Intermediaries Act 1948

National Development Council (NDC)

Important facts to Remember

1. NDC was set up on **6th August 1952**.
2. It is neither a constitutional body nor a statutory body.
3. Recommended by: First Five year draft plan
4. **Composition**

Chairman: The Prime Minister

All Union Cabinet Ministers

Chief ministers of all states and union territories

Members of the Planning commission

5. NDC should meet at least twice every year. It means it has no maximum limit. At the same, the minimum number of times it should meet is 2 in a year.

6. NDC was **reconstituted** on the recommendation of the Administrative Reforms commission headed by Morarji Desai on **October 7, 1967**.

7. **Important Functions**

Prescribe guidelines for the national plan

Consider the national plan prepared by the planning commission

review the working of the plan from time to time

recommend measures for achievement of the plan targets.

Important Government schemes

- 1976-77 - *Integrated Rural Development Programme (IRDP)*
- 1980 - *National Rural Employment Programme (NREP)*
- 1985 - *Indira Awas Yojana (IAY)*
- 1989 - *Jawahar Rozgar Yojana*
- 1993 - *Prime Minister's Rozgar Yojana*
- 1993 - *Employment Assurance Scheme (EAS)*
- 1995 - *National Social Assistance Programme (NSAP)*
- 1997 - *Swarna Jayanthi Shahari Rozgar Yojana (SJSRY)*
- 1999 - *Jawahar Gram Samridhi Yojana (JGSY)*,
- 2000-2001 - *Pradhan Mantri Gramodaya Yojana (PMGY)*
- 2015 - *Selva Magal Semippu Thittam / Sukanya Samriddhi Account (SSA)*

Pradhan Mantri Ujjwala Yojana Scheme

- To provide subsidised LPG connections to women of Poor households.

Stand Up India Scheme

- This Scheme aims to promote Entrepreneurship among the Scheduled Castes, Scheduled Tribes and Women.
- It provides loans to SC, ST and women to start new enterprise from 10 Lakhs to 1 Crore Rupees.

List of all Colour Revolutions in India

List of all Colour Revolutions in India

In this post we have compiled all the colour revolutions. It is given in the alphabetical order below.

Colour wise

1. Black Revolution - Petroleum
2. Blue Revolution - Fish [Remember the colour of Sea]
3. Brown Revolution - Leather / Cocoa [Remember colour of brown leather/ cocoa]
4. Golden Revolution - Horticulture / Honey
5. Golden Fiber Revolution - Jute
6. Green Revolution - Food Grains
7. Grey Revolution - Fertilizer
8. Pink Revolution - Onion / Prawn
9. Red Revolution - Meat / Tomato
10. Silver Revolution - Egg / Poultry
11. White Revolution - Milk / Dairy
12. Yellow Revolution - Oil Seeds
13. PM Modi's Tricolour Revolution
 - Second Green Revolution - Protein Rich Pulses
 - White Revolution - Cattle Welfare
 - Blue Revolution - for fishermen's Welfare and Clean water
 - Saffron Revolution - Solar Energy

Shapewise

1. Round Revolution - Potato

Other Important Revolutions

1. Fibre Revolution - Cotton