

# An overview of National Income in India

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## Abstract

National income is a very important concept in comprehensive economics. Economic growth of any nation in the world To know about the economic activities of the people, we need to study the national income In general, the ultimate value of all final goods and services produced in one year is called national income Although national income can be measured mainly in three ways, most countries in the world measure national income by the use of more than one method. Given But due to illiteracy in India, lack of proper exchange of information and timely communication of the government, there is no clear picture of the national income of India. The measure of national income in India in the independent East was hardly significant Dadabhai Navaraji and a few others measured national income privately and independently Measurement of national income after independence was emphasized and national income was measured by scientific methods In the beginning of independence, agriculture was the highest income sector for national income but other sectors other than agriculture are presently increasing their contribution to national income During the first five-year plan period, the national income growth rate was just 3.6 per capita growth, 1.8 per cent At present the national income growth rate is 8.5 and the per capita income growth is 5.1. This shows that India's growth is optimistic.

**KEYWORD:**

*National Income. Gross Domestic product. Per Capita Income. Net National Product. Measurement. Economic development.*

The concept of national income is of particular importance in the modern financial system. It sheds light on the quality of life of a nation, the level of development, income distribution, the path of economic To know the state of a nation's economic system, one has to tap into the nerves of the national income. Since then, all nations of the world have given special importance to the measurement of national income.

Generally, the total income of all goods and services produced in a country over a period of one year is known as national income. But various economists have given their own definitions of national income.

Alfred Marshall stated that "the national income is the sum of the mysterious goods and services produced in a country by the natural resources available in the country.

According to A.C. Pigou, the national income is the annual income of the people who can measure it in the form of digital money.

Irving Fisher defines Marcel's production and Figur's revenues as two ways of finding a national injury through the use of the means of interpreting the national income of the goods and services available to the nation.

According to Simon Kuzanets, “The national income of goods and services is the accumulation of end-to-end experiences or capital goods from a nation's production over a period of time

According to JR Hicks, "national income is defined as the accumulation of goods and services from production in the country"

The National Income Committee of India has given a simple definition of national income, "the national income calculation is an estimate of the quantity of goods and services produced in a given period."

Various economists have defined national income as the total amount of goods and services produced in a country in a given year.

*The national income calculation consists mainly of four factors that reflect the circulation of produced and services. Secondly, the measurement of national income relates to a particular period of time, a particular year. Thirdly, when measuring national income, only the final value of goods and services is considered to avoid duplication.*

### Concept of national income

In order to know the comprehensive nature of national income, it is necessary to analyze its concept

#### Gross national product

The national product is the total value of the market for all goods and services produced in a country over a given period of time.

#### Net national product

The net national product is the cost of depreciation on the gross national product. The cost of repairing machinery is lost in the production process.

#### Nominal and real national income

When the national income is estimated at current prices, it is called nominal rational. The nominal national income is the monetary value of all goods and services produced at the current year.

Real national income is the national income expressed by the average price level of the year taken as the base year. That is, national income is the national income expressed by the base year price index.

#### Personal Income

This is another concept of national income. Personal Income The income that a family receives over a period of one year is called personal income.

Per capita

Income is the national income of a country divided by its total population.

## Methods of National Income Measurement

Today, all nations of the world have given special importance to the measurement of national income. National income can be measured mainly in three ways.

### *1. Method of production*

*In this method, the national income is realized through the production of various horizons in the country. That is, the total amount of goods and services produced in the country in a single year by various economic sectors such as agriculture, mining, industry, trade, transport, communications and other services*

*When calculating the national income in this method, one must be very careful. Only the value of the final goods and services should be considered in order to avoid computation as goods. The depreciation expense of capital must be deducted in gross national product.*

### 2. Income Method

The revenue method measures national income following a shared path. According to the income method, national income is measured by combining wages, interest and profits from the annual output of various productive organs such as land, capital and corporations. This means that the national income is obtained by adding the total income sent by all persons in different ways.

### 3. Cost method

In this method, national income is measured by the total national expenditure. This means that the income is derived by considering all types of expenses.

The importance of national income

→ The concepts of national income and per capita income of each nation are very important.

National income calculation shows the level of development achieved by a country.

→ National income is essential for the comparison of the living conditions of people of different countries.

The income distribution in the country can be calculated from the national income calculation.

National income figures are very important for the preparation and implementation of development projects.

National income measurement makes it possible to implement appropriate remedial measures to understand the factors of growth and their impact on economic problems.

*Factors determining national income*

*The role of national income in a country is determined by many things*

*Quantity and quality of natural resources*

*Political stability*

*Facilities*

*Population*

*Capital construction*

*Technical expertise*

*Quantity and quality of products*

National Income Estimate in India

National Dad estimates in India are divided into two parts.

#### Estimates of Independent Eastern Period

Several national income estimates were made during the British period. Notable among them are Dadabai Naoroji, William Digby, Ginde Shiraz, Dr.V. K. RV Rao, RC Desai The above personalities put a lot of effort into the national income stream

These estimates were not scientific. Created solely on the basis of agriculture. India's economy was a stagnant water under British rule. In almost 25 years, the per capita income has not increased.

#### Estimates of the period since independence

After independence the Government of India established the National Revenue Committee in 1969 to estimate the national income of the country. This committee was appointed by Prof. Mahalanobis, C.R. Card Link and Pro. V. K. R. Featuring V Rao. The national income was calculated in the 2000s after it submitted its report in 1954.

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#### Traditional series

In this series, the economic situation is divided into 13 sectors. Income from six sectors - agriculture, livestock, forestry, fisheries, mining, and industries - was calculated by means of production. The remaining seven sectors - small businesses, banking, and insurance, transportation and commercial arts services, public authority, property and other activities - were accounted for by revenue.

#### Revised range

The Central Statistical Institute has implemented this series. The revised series was based on 1960-61, giving figures from 1960-61. It is now the cornerstone of the 1990-2000 year Income annually .The Comprehensive Series is divided into 15 sectors. Hotel industries, public administration and protection, banking and insurance are piracy and poverty.

The trend in national income Considering the growth of net national income and per capita income during various economic projects, the growth rate of national income in the first five-year plan was 3.6 and the per capita growth rate was 1.8. The growth rate of national income was 6.6 during the Sixth Five Year Plan And the per capita growth rate was 8.3. Its current growth rate is 8.5. And the per capita growth rate is 5.1

#### National Income Structure of India

The primary sector share of agriculture, forestry and fisheries in Gross National Product (GDP) was 17 per cent in 1951 and 17 per cent in 2006. From 15 per cent to 28 per cent Over the same period, the service sector has increased from 28 per cent to 55 per cent. Thus changes in the income of the national income have been observed.

#### Problems When Choosing National Income In India

National income There are many difficulties in the village of national income, which are difficult to find adequately and accurately.

It is difficult to find production figures in underdeveloped countries because the producers and farmers in the home industries are illiterate because they do not have proper accounting. Also, people are hesitant to provide factual information. As a result the national income measure is not efficient

Certain manufacturing activities and services are carried out in developing countries. It is impossible to gauge the value of free services. Such activities do not include national income. In measuring only goods and services sold in cash, but in developing countries such as India, especially in agriculture, all the goods produced by farmers are marketed to be used for some part of the experience.

It is a fact that in developing countries there is no division of labor and specialization in economic activity. Developing countries are agriculture-oriented countries, and the land-holding volume is small and does not generate much income from agricultural production.

In this case, the income data from different trades is not accurate.

Many people in India are engaged in self-service. Housewives, social workers, daughters do many services for the family. Such service does not include national income.

Similarly, social workers do not get paid for their services. Therefore, the value of other services is not included in the national income.

Any one or two methods were used when measuring national income.

The government spends money on judicial, executive and legislative protection. These are called "services reserved for the public."

The income from the foreign businessmen has to be determined by the country. In terms of the International Monetary Fund, such revenues belong to the country in which the enterprise is founded.

Of illegal activities Money earned from own smuggling, etc., is not included in the national income.

The concept of national income is a very important concept in economics. Economic growth of a nation. We can easily determine the quality of life by national income measurement. But many backward countries such as India face many difficulties in measuring national income due to various economic and social factors. Considering India's national income trends, the rate of growth of national income and per capita income during independence during the First Five Year Plan was low. The current rate of growth of national income and high is a very pleasing one.

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