

Question 1.

Why should national income be calculated? Give any three reasons.

Answer:

National income is calculated because it gives knowledge about economic condition and economic growth, it is helpful in comparing various countries, and gives information about contribution and importance of various economic sectors in the economy. Apart from this future planning can be done for the economy.

Question 2.

Who calculated national income of India for the first time and when?

Answer:

For the first time national income was calculated by Shri Dada Bhai Naoroji in 1868.

Question 3.

Name the three intellectuals who calculated national income of India before independence?

Answer:

The three intellectuals who calculated national income of India before independence were Findley Shiraj, Dr. V.K.R.V. Rao, and R.C. Desai.

Question 4.

Explain the concept of per capita income.

Answer:

Per capita income refers to per person income. It is calculated by dividing national income of the country by the total population of the country. $PCI = NI / \text{Population}$. It is more appropriate measure of economic welfare.

Question 5.

Explain the rising importance of tertiary sector in India.

Answer:

There is increase in production in all the sectors of the economy in last few year:, but highest is recorded in tertiary sector. As a result tertiary sector becomes the largest production sector in India. Though India has shown changes in contribution of all sectors, in gross domestic production but no much of change is in employment. Why people didn't move to other sectors from primary sector? The reason is nor enough generation of employment in secondary and tertiary sector. As a result around 50% of labour is employed in agriculture sector, but agriculture sector contributes less than 15% in Gross Domestic Product. Whereas, contribution of secondary sector and tertiary sector is more than 85% in gross domestic product.

Question 6.

Explain the concept of economic growth.

Answer:

Increase in nation's actual output or income level is called as economic growth. In short, economic growth depicts nation's rising national income and per capita income. It is a measure of change in the size of economy. Normally, it is considered as an index of welfare.

Process of rise in production or income by increasing nation's natural, physical, human and capital resources is called as economic growth. Economic growth is a long term quantitative process. Economic growth does not have qualitative dimensions. It is a priceless perception. In economic growth, social, political, structural changes are not considered.

Question 7.

Why economic development is broader than economic growth?

Answer:

Economic development is a wider concept than economic growth. It includes qualitative aspects of life along with the quantitative aspects. A favourable social, cultural, political or institutional change along with increase in national income or per capita income is called as economic development.

Whereas, economic growth, includes only increase in national income or per capita income. It is more appropriate criterion to compare two or more countries.

Question 8.

Explain the concept of economic planning.

Answer:

Planning is that technique in which resources are utilized and allocated as per the priorities to achieve the objectives. This technique can be used by a nation in achieving the set objective of various sectors like family planning, financial planning etc., when technique of planning is used for economic development or to achieve desired economic objective then, it is called as economic planning. For the first time this technique was adopted by Soviet Union. Soviet Union in 1928 declared central planning and adopted the path of economic development by the way of five year planning.

Question 9.

What was the time period for twelfth five year plan?

What are the objectives of this plan?

Answer:

The time period of twelfth five year plan was from 1 April to 31 march 2017. Basis of Twelfth Five Year Planning was rapid inclusive development. Economic growth of 8 per cent was set a target along with poverty eradication, reduction in unemployment, enhancement of education and health sector etc were set as target.

Economic Concepts and Planning Long Answers Type Questions

Question 1.

What is national income? Explain the relationship between national income and national product.

Answer:

National income is defined as monetary value of production of final goods and services produced in a given period by a country. It can also be referred as increase in value of final goods and services. This increased value is distributed among owners of factors of production. Which, act as income of the owners. For example, land gets rent, labour gets wages or salaries, interest is received by capital and entrepreneurs receive profit. Payments made for resources are equal to increase the value of goods and services. So, national income equals to national product.

Question 2.

Explain in detail the sectors of economy.

Answer:

There are three sectors in the economy. These sectors are divided on the basis of activities performed under it. These sectors are named as— primary sector, secondary sector and tertiary sector.. Primary sector is a sector in which natural resources are utilized to produce goods. The activities performed under it are called as primary activities. It includes activities like—cultivation, mining, animal husbandry, dairy, fishing etc. It is also called as agricultural and allied sector.

Secondary sector is a sector where products of primary sector are used as raw material and are converted into different forms by the means of manufacturing. For example—textile industry, here cotton is used as a raw material and is converted into fabric. Similarly we have iron and steel industry where iron ore is used as raw material and converted into iron/steel rods and sheets. It is also called as industrial sector as it includes various types of industries.

Tertiary sector refers to the sector where services are produced. For example – telecom services, postal services, banking services, education services etc. It includes services which do not directly help in production. It is also called as service sector.

Question 3.

Discuss the changing importance of various sectors along with economic development.

Answer:

Primary Sector played a very important role in initial stages of development of the country. It was very prosperous in initial stages of development due to changing technique production increases but, as the country developed and need for various manufactured goods started increasing. People started engaging themselves in different manufacturing works. Factories came into existence and started expanding work force, started shifting from primary to secondary sector as a result secondary sector became most important from the point of view of employment and production of goods at cheaper rate. It is one of the signs of economic development.

People have also started shifting to tertiary sector since last 100 years in developed nations.

Question 4.

What were the objectives behind adopting the technique of planning in India?

Answer:

The objectives behind adopting the technique of planning in India are as follows:

The objectives behind adopting the technique of planning in India are as follows:

1. To achieve the objectives of economic development.
2. To solve the problem of poverty.
3. To reduce the inequality of income and establish social justice.
4. Optimize the use of human resources and extend employment opportunities.
5. To achieve self reliance in all the sectors specially in mining and capital goods.
6. Modernization of traditional Indian economy.
7. To enhance educational and health services and attain social welfare.
8. Achieve economic stability, because without it economic development can't be achieved. ,
9. Rural development, enhancement of social and community services. Increase in power generation etc.
10. Removal of regional disparities.

Question 5.

Write a note on Niti Aayog.

Answer:

Niti Aayog was established on 1 January 2015. Its chairperson is Prime Minister Shri Narendra Modi, deputy Chairperson is Shri Arvind Pangadiya and Chief Executive Officer is Shri Amithabh Kant. All chief ministers and Deputy Governors are the members of Niti Aayog. Niti Aayog forms strategy and long term planning and program along with giving technological advice. It is a think tank of Indian government. Niti Aayog acts as a best platform for all the states to work in the interest of nation.

It encourages cooperative unionism. There are two motives behind establishment of Niti Aayog– team India hub and knowledge and innovation hub. Team India works for integrating state government with central government and knowledge and innovation hub strengthens think tank capacity. It is a revolutionary improvement based on cooperative unionism.