

Unit - 1

Gross Domestic Product and its Growth: an Introduction



Learning Objectives

- To know about the meaning of Gross Domestic Product
- To Understand the basic various measures of National Income
- To understand the composition of GDP
- To know the contribution of different sectors in GDP
- To know the economic growth and development and its differences
- To know about Development path based on GDP And Employment
- To understand the growth of GDP and Economic Policies



Introduction

To understand how the GDP tells us how India is doing, you should understand what GDP is.

Imagine what happens in a hotel. You place an order for two Idlis and a cup of tea. Someone makes the idlis and tea and someone else serves you.

Idlis and tea are produced. These are tangible, physical things you can touch and feel. Economists call such tangible items “goods”. These goods are not free but have to pay or to be paid.

Though you don’t realise it in addition to these tangible things called goods, something else is being produced: the work done by the cooks and the people who serve the food. The activity of cooking and serving is not something you can feel and touch. Such activities are not tangible but are nevertheless

crucial for you to enjoy the food. Economists call such activity “services”.

What happens everyday in a hotel at nation wide: goods and services are produced and paid for and this what the GDP measures.

