

Gross Domestic Product

GDP



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Gross Domestic
Product



National Income Aggregates

National Income Aggregates reveal a country's annual economic output.

They tell us **how well the economy is doing**.

Example: **GDP**



Product	Sector	Type	Why?
Rice	Primary	Agriculture	Directly from nature (farming)
Mobile Phones	Secondary	Manufacturing	Made in factories from raw materials
Haircuts	Tertiary	Service	Service given, no goods produced

Both **private** and **public sector** output



Goods vs. Services

Understanding the key differences between physical goods and intangible services is crucial in economic analysis.

Feature	Goods	Services
What is it?	Physical items you can touch	Activities or help you receive
Form	Tangible (you can see & touch)	Intangible (you can't touch)
Ownership	You own the good after buying	You use the service, not own it
Storage	Can be stored	Cannot be stored
Production & use	Made first, used later	Produced and used at the same time
Example	Rice, car, phone, clothes	Haircut, teaching, banking, delivery



GDP Example

Let's calculate GDP for the **market / monetary value** of goods and services produced in a specific year:

Item	Quantity	Price per unit	Total Value
Rice	1,000 kg	₹20	₹20,000
Mobile Phones	100 units	₹5,000	₹5,00,000
Hair cut services	1,000 services	₹300	₹3,00,000
Total GDP			₹8,20,000



Gross

Total annual output without deducting capital depreciation.

① A small toy factory makes **toys worth ₹1,00,000** in a year.

But its machines got old and lost value (depreciation) of **₹10,000**.

Even then, we count the full **₹1,00,000** — not ₹90,000.

That's because GDP is **Gross** — we **don't subtract depreciation**.



Domestic

Within a country's borders, regardless of who produces it.

 A **Japanese car company** makes **cars in India**.

These cars are **included** in **India's GDP** — because they're made **inside India**, even though the company is foreign.

But an **Indian engineer** working in **Germany** sends money home.

That money is **not included** in **India's GDP** — because it's **earned outside** India.

GDP counts location, not nationality.

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Product

Only counts **final** goods and services, excluding raw materials to avoid double-counting.

Final Goods

A farmer sells **wheat** to a baker for ₹20.

The baker uses the wheat to bake **bread** and sells it for ₹50 to a customer.

In GDP, we only count the **final bread worth ₹50**, **not ₹20 (wheat) + ₹50 (bread)**, because that would be double counting.

Final Services

A teacher gives private classes and earns ₹500.

The full ₹500 is counted in GDP because it's the **final service** directly used by the student.



Time-Bound Measurement

GDP is typically measured annually or quarterly, within a specific period.

Quarterly (every 3 months):

Q1 (Jan-Mar): ₹60 lakh crore

Q2 (Apr-Jun): ₹70 lakh crore

Q3 (Jul-Sep): ₹65 lakh crore

Q4 (Oct-Dec): ₹65 lakh crore



Annual GDP = ₹60 + ₹70 + ₹65 + ₹65 = **₹260 lakh crore**



Gross Domestic Product (GDP)

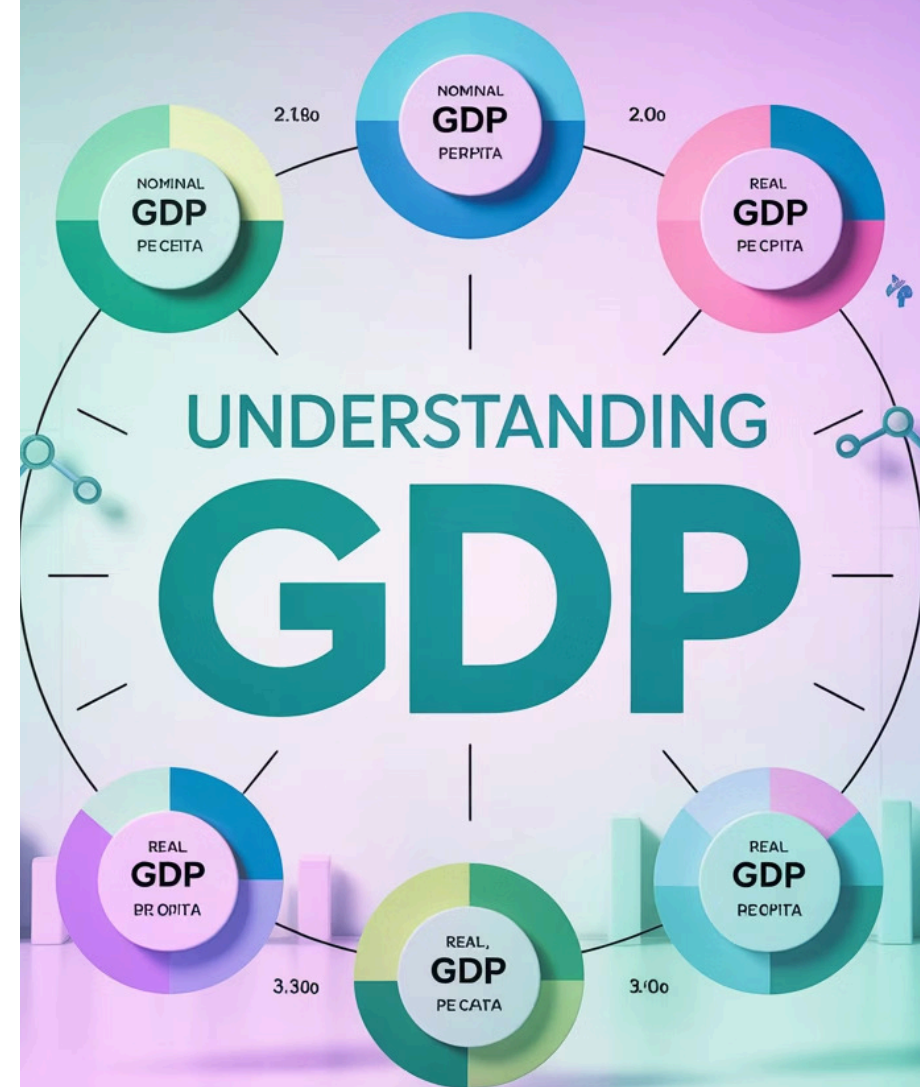
GDP is the **total monetary value** of all **final goods and services** produced **within the domestic territory** of a country in a given period (usually one year)

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Types of GDP

Type	Meaning
Nominal GDP	At current prices (includes inflation)
Real GDP	At constant prices (adjusted for inflation)
GDP at Market Price	GDP at Market Prices
GDP at Factor Cost	GDP at Factor Cost (adjusted for taxes/subsidies)



Offline Class

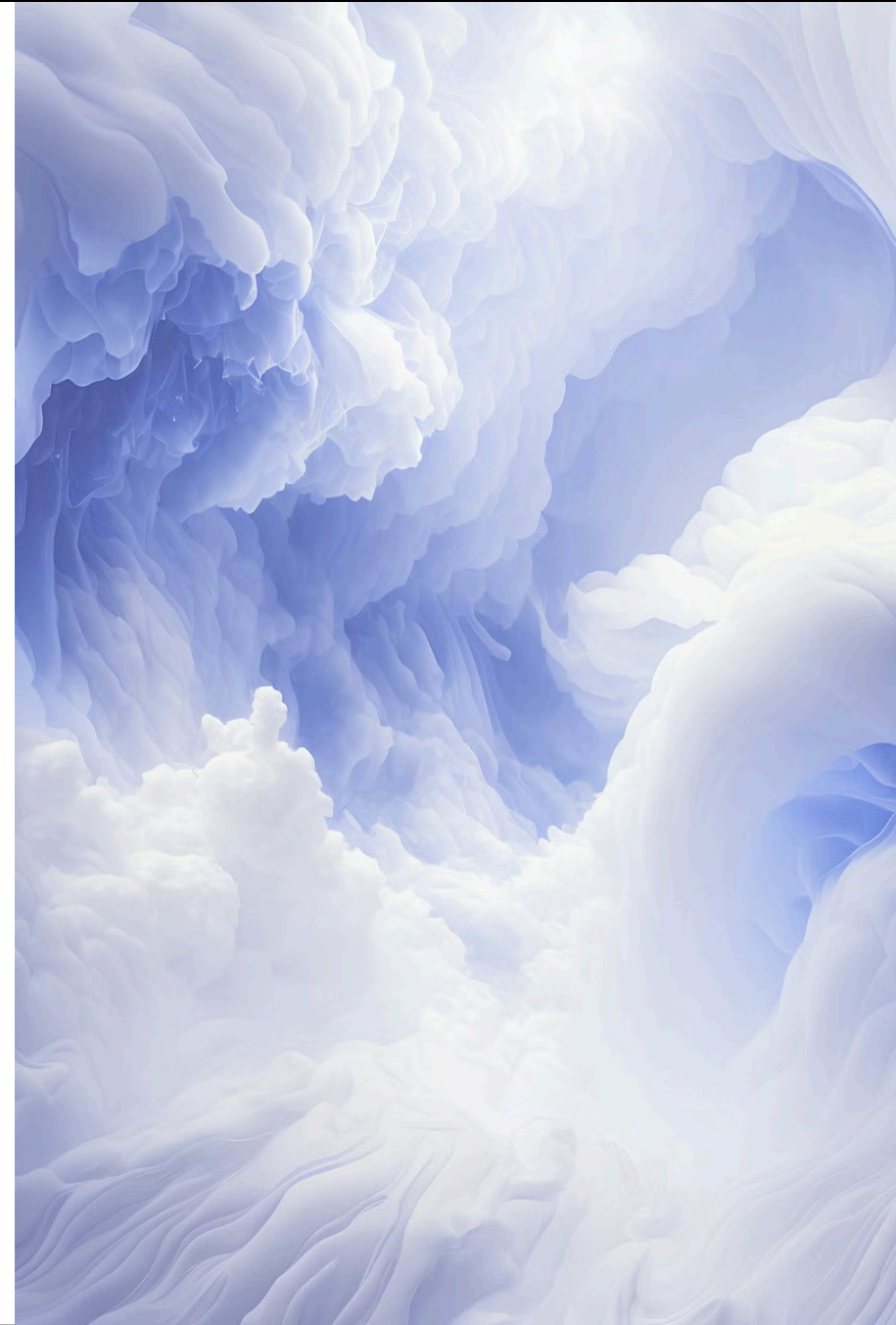
Personalised Mentorship

Comprehensive

MCQ + Mains Coverage

Answer Writing

Dedicated In-Class Doubt Clearing





Offline Class

Starts: August 20th/October 2nd

Time: 10 AM – 12 PM

Limited to 40 Seats

Fee: ₹1000 (Registration Mandatory)

Location: Anna Nagar, Chennai



