

Topic \Rightarrow NATIONAL INCOME

Meaning of National Income.

National Income refers to the Money value of all the goods and services produced in a country during a financial year. In other words, the final outcome of all the economic activities of the nation during a period of one year, valued in the terms of Money is called as a national income.

The national income is a vital Microeconomic variable which determines the business level and economic status of the nation. The level of national income determines the aggregate demand of goods and services while its distribution defines the pattern of aggregate demand i.e. what kinds of goods and services are produced and demanded.

Importance of National Income.

Economic policy.

National income figures are an important tool of microeconomics analysis and policy.

National income estimates are the most

Comprehensive measure of aggregate economic activity in an economy.

* Distribution of Grants - in - aid.

National Income estimates help a fair distribution of grant - in - aid by the federal govt. to the State govt and other constituent units.

* Standard of living comparison.

National income studies help us to compare the standard of living of people in different countries and of people living in the same country at different times.

* Defence and development.

National Income estimates help us to divide the national product b/w defence and development purpose.

* Concept of national income

The national income is the total amount of income accruing to a country from economic activities in a year time. It include payments made to all resources either in the form of wages, interest, rent

and profits.

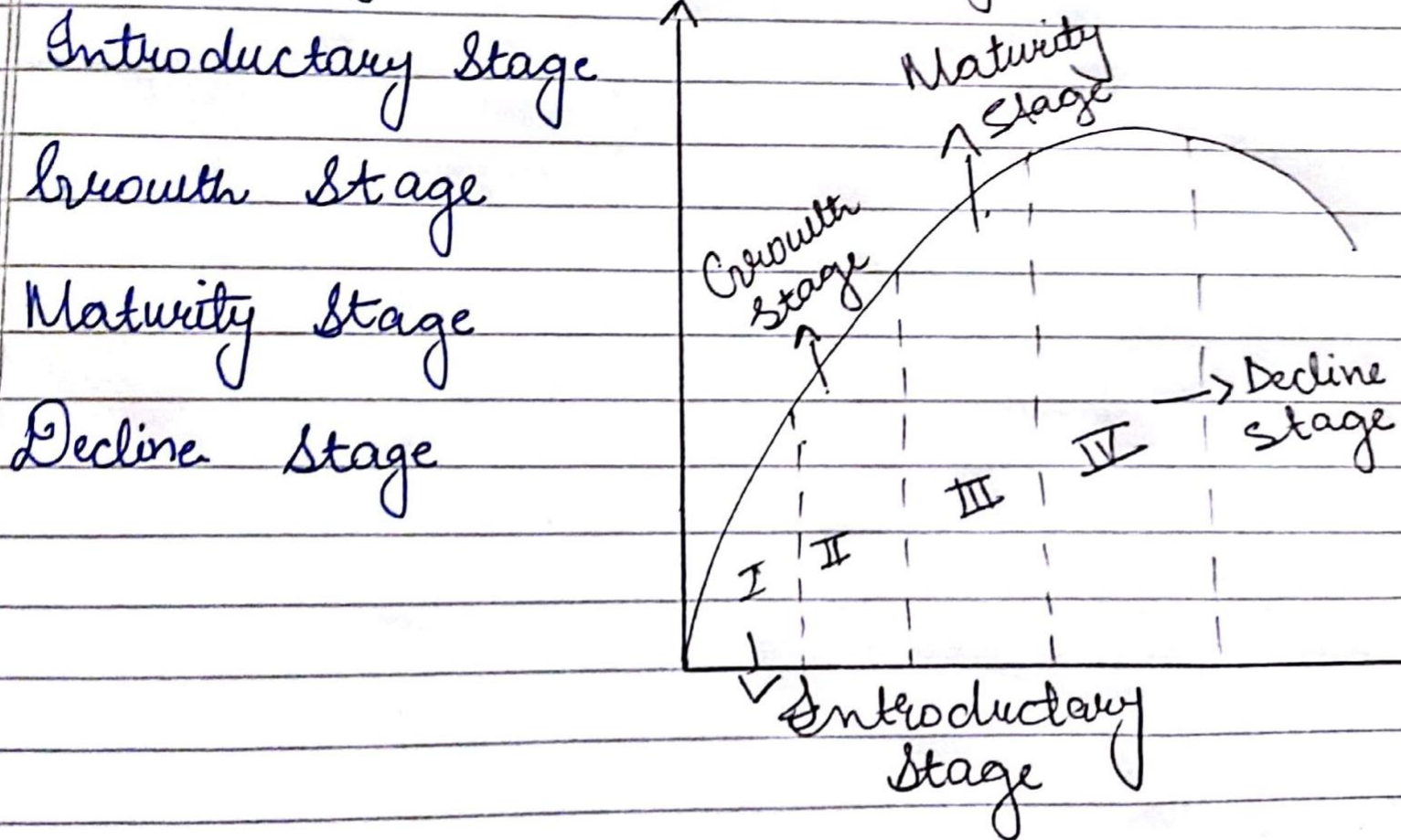
The process of a country can be determined by the growth of the national income of the country.

Topic = Business Cycle

Meaning:- It indicates the four phases of the economy such as Inflation, deflation, recession and boom situation.

It is mainly important for the business man as it can indicate the whole journey of business from the inductive stage to the decline stage.

The stages of business cycle are:-



Introductory stage:- It is the stage where

the business firstly come in the market and invest the capital for their growth.

* Growth Stage:- It is the second stage of the business where the business start survival in the market in the cut throat competition.

* Maturity Stage:- It is the third stage of business where the business know their strength and weakness and correct their weakness for survival in the market.

* Decline Stage:- It is the fourth or last stage of business decline all the operation and business goes on loss and lastly business windup.