JETIR.ORG ISSN: 2349-5162 | ESTD Year : 2014 | Monthly Issue
JOURNAL OF EMERGING TECHNOLOGIES AND INNOVATIVE RESEARCH (JETIR)
An International Scholarly Open Access, Peer-reviewed, Refereed Journal

India’s GDP – Looking at the future

Dr. Arun Laxman Chandane

KES Shroff College

Assistant Professor

Department Of Business Economics

Rationale and Gap Analysis: -

Gross domestic product (GDP) is the standard measure of the value added created through the production of goods and services in a country during a certain period. As such, it also measures the income earned from that production, or the total amount spent on final goods and services (less imports). While GDP is the single most important indicator to capture economic activity, it falls short of providing a suitable measure of people's material well-being for which alternative indicators may be more appropriate. This indicator is based on nominal GDP (also called GDP at current prices or GDP in value) and is available in different measures: US dollars and US dollars per capita (current PPPs). All OECD countries compile their data according to the 2008 System of National Accounts (SNA). This indicator is less suited for comparisons over time, as developments are not only caused by real growth, but also by changes in prices and PPPs.

Beyond GDP: Measuring and achieving global genuine progress

While global Gross Domestic Product (GDP) has increased more than three-fold since 1950, economic welfare, as estimated by the Genuine Progress Indicator (GPI), has actually decreased since 1978. We synthesized estimates of GPI over the 1950–2003-time period for 17 countries for which GPI has been estimated. These 17 countries contain 53% of the global population and 59% of the global GDP. We compared GPI with Gross Domestic Product (GDP), Human Development Index (HDI), Ecological Footprint, Bio capacity, Gini coefficient, and Life Satisfaction scores. Results show a significant variation among these countries, but some major trends.

We also estimated a global GPI/capita over the 1950–2003 period. Global GPI/capita peaked in 1978, about the same time that global Ecological Footprint exceeded global Bio capacity. Life Satisfaction in almost all countries has also not improved significantly since 1975. Globally, GPI/capita does not increase beyond a GDP/capita of around $7000/capita. If we distributed income more equitably around the planet, the current world GDP ($67 trillion/yrs.) could support 9.6 billion people at $7000/capita. While GPI is not the perfect economic welfare indicator, it is a far better approximation than GDP. Development policies need to shift to better account for real welfare and not merely GDP growth.

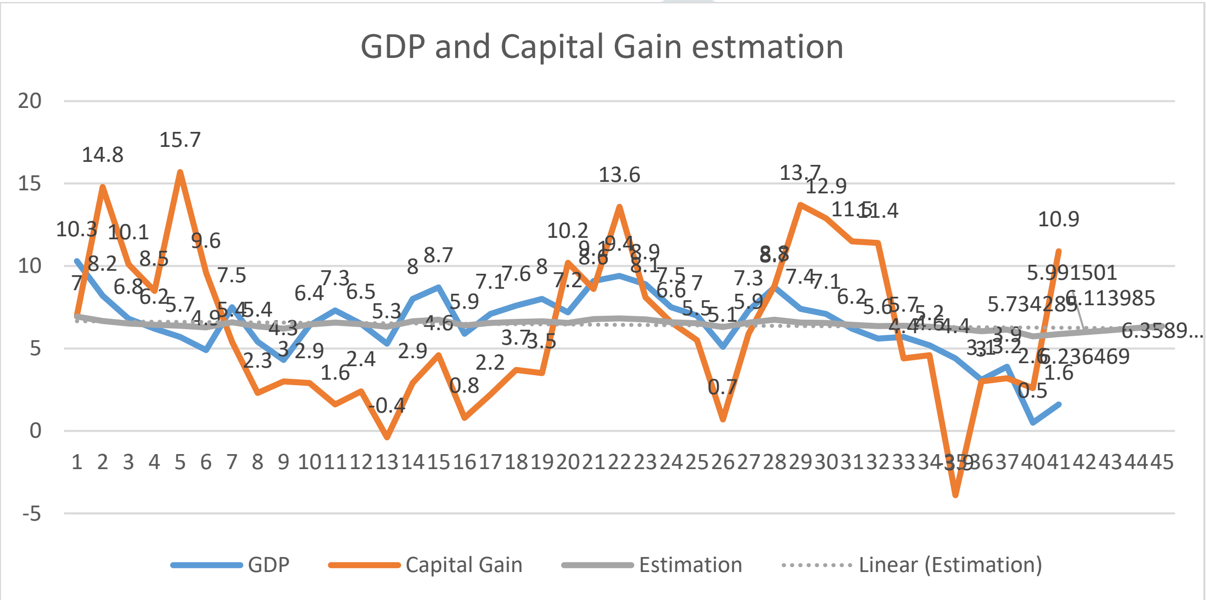
National Bureau Of Economic Research 1050 Massachusetts Avenue Cambridge, MA 02138 December 1988. This paper presents a new approach to the taxation of capital gains that eliminates the deferral advantage present under current realization-based systems, along with the lock-in effect and tax arbitrage possibilities associated with this deferral advantage. The new approach also taxes capital gains only upon realization but, by effectively charging interest on past gains when realization finally occurs, eliminates the incentive to defer such realization. Unlike a similar scheme suggested previously by Vickers, the present one does not require knowledge of the potentially unobservable pattern of gains over time. It thus is applicable to a very broad range of capital assets.

Objectives: -

1. To study India's GDP for the Decade
2. To analyse GDP with quarter on estimated approach
3. To compare GDP and Capital Gains of Indian Economy
4. To predict India's GDP for Quarters in 2021 and 2022

Research Methodology: -

Regression method was used for Research Slope and Intercept were taken and on the basis of it GDP of future quarter were predicted



To measure GDP, year 2011 is chosen as Base Year. Q2 and Q3 of year 2020 (covid-19) was excluded as that year was full of Uncertainty. As per Diagram Quarters from 2011 to 2022 are converted into numbers i.e. from 1 to 45. On the basis of Regression model GDP of Q2, Q3, Q4 of 2021 and Q1 of 2022 is being predicted.

Expected Outcomes: -

Date	Quarter	Estimated GDP	Estimated Capital Gain
Q2 2021	42	5.991501	7.130603
Q3 2021	43	6.113985	7.253087
Q4 2021	44	6.236469	7.375571
Q1 2022	45	6.358953	7.498055

Relationship between GDP and Capital Gains is 6.358953% terms Relationship between Capital Gains and GDP is 7.498055% termsPrediction of GDP Q1 2022 is similar to GDP declared by Finance Minister during Budget 2022. i.e. 6.4 ~ 6.358953

Benefits to Society: -

GDP enables policymakers and central banks to judge whether the economy is contracting or expanding, whether it needs a boost or needs to be restrained, and if threats such as a recession or rampant inflation loom on the horizon. The national income and product accounts (NIPA), which form the basis for measuring GDP, allow policymakers, economists, and businesses to analyse the impact of such variables as monetary and fiscal policy, economic shocks, such as a spike in the oil price, and tax and spending plans on specific subsets of an economy, as well as on the overall economy itself.

Future Scope: -Trend gross domestic product (GDP), including long-term baseline projections (up to 2060), in real terms. Forecast is based on an assessment of the economic climate in individual countries and the world economy, using a combination of model-based analyses and expert judgement. According to a study by US banking group Citi, India will be the world's largest economy within 39 years. Indian GDP in 2050, measured by purchasing power parity (PPP), will be **$85.97 trillion**. China, in second place, will have a GDP of $ 80.02 trillion and the US $ 39.07 trillion. On paper - mathematically - Indian poverty should disappear by 2050. The reason it won't is that huge inequalities in income will persist unless we rapidly implement second-generation economic reforms which deliver real benefits to the bottom of India's socio-economic pyramid. But if governance reforms - land, electoral, judicial and police - are implemented quickly, the stage could be set for second-generation economic reforms that will turn our democratic institutions into assets for long-term economic and social growth. We will then move from a culture of high subsidies leaked to corrupt middlemen to a culture of high productivity.

Limitations: -

GDP measures the value of goods and services that are bought in markets, so it excludes:

- **Household Production**: Household production is productive activities at the home that do not involve market transactions. As more services, such as childcare, meals and laundry are provided in the marketplace, the measured growth rate overstates development of all economic activity.
- **Underground Production:** Underground production is the part of the economy that is hidden from the view of the government either because people want to avoid taxes and regulations or because the goods and services being produced are illegal. If the underground economy is a reasonably stable proportion of all economic activity, the growth rate will be accurate.
- **Leisure Time:** Leisure time is an economic good that does not get measured in the official GDP figures.
- **Environmental Quality:** Pollution does not directly lower the economic growth rate. If our standard of living is adversely affected by pollution, our GDP measure does not show this fact. The reason is that the devices that we produce to mitigate pollution count as part of GDP but the pollution itself is not subtracted.

References: -

1. OCED: -
   https://data.oecd.org/gdp/gross-domestic-product-gdp.htm
2. Wikipedia: -
   https://en.wikipedia.org/wiki/Gross_domestic_product

3. Chapter 10 National Income: -Principle of Economics by Perm J. Bhutani, Taxaman Publications. Book.
4. https://www.sciencedirect.com/journal/journal-of-econometrics
5. https://www.sciencedirect.com/science/article/pii/S0140988302000099
6. file:///C:/Users/acer/Downloads/the-future-of-gdp-en.pdf
7. https://www.researchgate.net/profile/Marina-Fischer-Kowalski/publication/222430349_Growth_in_global_materials_use_GDP_and_population_during_the_20th_century/links/59e336b3a6fdcc7154db72b8/Growth-in-global-materials-use-GDP-and-population-during-the-20th-century.pdf
8. https://www.investopedia.com/articles/investing/121213/gdp-and-its-importance.asp#toc-why-gdp-is-important
9. https://courses.lumenlearning.com/atd-fscj-macroeconomics/chapter/limitations-of-real-gdp/
10. https://economictimes.indiatimes.com/opinion/et-commentary/with-85-trillion-how-india-can-become-worlds-largest-economy/articleshow/10699821.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst