KAGZI · ORIGINAL STUDY SERIES

STUDY BOOK 04 · ENGLISH EDITION

Indian Economy

National Income, Banking, Budget and Development

Initial English Edition · 7 November 2026

Initial edition · Chapter-wise expansion in progress

For UPPSC / UPSSSC, UPSC, SSC and Railway examination preparation.
This is an initial, chapter-wise edition. It does not claim to cover the complete syllabus. Check changing administrative and current-affairs facts against official sources before an examination.

About this book

Economics studies production, income, consumption, investment, employment, prices and government policies. Understanding the basic concepts makes it easier to read budgets and economic news.

Chapter 01 · National Income and GDP

Learning objective: *Understand basic concepts, identify key terms and answer factual as well as conceptual examination questions.*

1. Meaning of GDP

Gross Domestic Product (GDP) measures the market value of final goods and services produced within a country's domestic territory during a specified period. Intermediate goods are not added separately because doing so can result in double counting; the focus is on final output.

2. Nominal and Real GDP

Nominal GDP is measured at current prices. Real GDP uses the prices of a base year to try to separate the effect of price increases. It is therefore more useful for understanding changes in the volume of production.

3. Inflation

Inflation is a sustained rise in the general price level. The Consumer Price Index (CPI) measures changes in the prices of consumer goods and services at the retail level. Possible causes include rising demand, higher production costs and supply constraints.

4. RBI and Monetary Policy

The Reserve Bank of India plays an important role in the monetary and financial system. Through policy interest rates and liquidity management, it seeks to influence inflation and economic activity. Consult official RBI releases for current rates and policy decisions.

Quick Revision

- GDP: value of final output produced within domestic territory
- CPI: a key measure of retail inflation
- RBI: India's central bank

Practice and Self-Assessment

What does GDP measure?

Answer and explanation: The market value of final goods and services produced within a country's domestic territory during a specified period.

What effect does real GDP try to separate?

Answer and explanation: The effect of price changes, including inflation, by using base-year prices.

Which index is a key measure of retail inflation in India?

Answer and explanation: The Consumer Price Index (CPI).

Sources and further study

This is an original KAGZI explanation translated and adapted from the corresponding Hindi study edition. For verification, consult official NCERT textbooks, relevant Government of India and state-government departments, and examination commission notifications. Administrative and current-affairs facts may change and should be checked against current official sources. No unauthorised coaching book or copyrighted PDF has been reproduced. Official PYQ labels are used only when the exact examination year and official question-paper source have been verified.

© KAGZI Learning Hub · Original Study Series · English Edition