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COMPARISION OF FINANCIAL ANALYSIS OF GDP

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ABSTRACT

The agricultural sector, the industrial sector, and the service sector are the three main pillars that make up India's economy, which is characterised by a broad mix of economic activity. Alternately, the Indian economy can be broadly broken down into three major sectors: the primary sector, the secondary sector, and the tertiary sector, which are more commonly known as the agricultural sector, the industrial sector, and the service sector, respectively. This is possible when looking at the economy from a macroeconomic perspective. The Indian economy underwent a paradigm change when the New Economic Policy was implemented in 1991. This policy was responsible for diluting the mixed economy model and opening the Indian economy to the rest of the globe. The implementation of economic liberalisation policies like as the deregulation of industry, the privatisation of state-owned firms, and the loosening of prohibitions on international trade and investment assisted to expedite the economic development of the country.

Keywords: *Indian Economy, GDP, Agricultural Sector, Industrial Sector, Service Sector.*

INTRODUCTION

Indian Economy

In the years leading up to India's independence, the country's economy was in a terrible state. Due to the fact that it was a colonial economy, it catered to the expansion and development requirements of Britain and the British. The state that ought to have been accountable for advances in the agricultural and industrial sectors refused to play any part in these areas, not even a small one. On the other hand, the world was witnessing an accelerated development and expansion in agriculture and industry in India during the half century prior to India's independence as a result of an active role being played by the independent Indian states. This was due to the fact that India was a part of the British Empire at the time. The productive potential of the economy was hindered as a result of the failure of British authorities to implement any important changes that would have been of value to the social sector. As a result, after India achieved its independence, the Indian government faced a significant obstacle in the form of the need to systematically organise and restructure the economy. The greatest need of the hour at that time was for growth and development, and it was also the greatest challenge facing the political leadership of that time because the nation was riding on the promises and vibes of nation-building. To deliver growth and development was the greatest need of the hour at that time. By 1956, India had already made a number of crucial and strategic choices that continue to have an impact on the country's economic trajectory. The implementation of the New Economic Policy in 1991 marked a significant turning point in the history of the Indian economy. This policy, which was intended to open up the Indian economy to the rest of the world, watered down the mixed economy model and the licencing raj structure.

Even though India is transitioning toward a market economy, vestiges of its authoritarian history may still be seen throughout the country. Beginning in the early 1990s, the country implemented economic liberalisation measures such as industrial deregulation, privatisation of state-owned enterprises, and reduced controls on foreign trade and investment. These measures helped to accelerate the country's growth, which averaged nearly 7% per year from 1997 to 2017.

Because of its youthful population and low dependence ratio, robust savings and investment rates, and rising integration into the global economy, the overall forecast for India's long-term economic development is fairly favourable. This is due to the fact that India's population is relatively young. Discrimination against women and girls, an inefficient power generation and distribution system, ineffective enforcement of intellectual property rights, decades-long civil litigation dockets, inadequate transport and agricultural infrastructure, limited non-agricultural employment opportunities, high spending and poorly targeted subsidies, inadequate availability of quality basic and higher education, and accommodations are just some of the long-term challenges that still need to be addressed.

Major Sectors of Indian Economy

Every day, there are a plethora of economic activity taking place in our immediate environment. Every moment of every day, we are surrounded by activities of this kind, which range from gardening to production to the provision of services. All activities that are connected to the consumption, production, and exchange of commodities and services are included in an economy. It is applicable to all parties, from people to institutions such as governments and businesses. The culture, laws, history, and geography of a nation, along with a plethora of other elements, all have an impact on the economy of that nation, which develops through time in response to the requirements of its people. This is the primary reason why no two economies are ever exactly the same. The economy of India is also one of a kind. Primary, secondary, and tertiary sectors make up its composition. These are the three most important sectors. These are the three primary categories into which all of the numerous economic activities may be placed. The following provides a descriptive explanation of each of these three markets:

Primary Sector (i.e. Agricultural Sector) — When products are generated via the extraction of natural resources, this activity falls within the purview of the primary sector. The process includes converting raw materials from natural sources into basic goods. It serves as the foundation for everything else that we will ultimately manufacture. In India, the primary sector is the sector that is most heavily reliant on the availability of natural resources in order to produce products and also to carry out a variety of activities. This is because the availability of natural resources is essential for the primary sector. The majority of the natural items that we use come from farming, dairy production, fisheries, and forestry respectively. Agriculture is the most relevant topic to cover in this area as an example. Dairy production, fishing, and forestry are some additional examples that fall within this sector; nonetheless, agriculture is the one that makes up the highest share of this sector. This is the reason why people often refer to this industry as the Agricultural Sector.

Underemployment, people working under false pretences, and poor production are the primary issues plaguing this industry. This sector was responsible for the largest part of India's GDP when the country first gained its freedom. However, its contribution continued to decrease year after year, and by 2009-2010, it contributed just 14.64 percent to the GDP of the nation. In the years 2009-2010, the agricultural sector employed 51% of the country's labour force, which is something that should be mentioned as well.

Secondary Sector (i.e. Industrial Sector) — The activities that include transforming raw materials into different forms or completed products via the manufacturing process and then putting those items to use for human consumption make up the secondary sector of the economy. Because the product has to be manufactured, it follows that there must be at least one production process. The production might take place at a factory, a workshop, or even in someone's house. For instance, utilising cotton fibre to spin yarn and weave fabric or using sugarcane to produce jaggery and refined sugar. Another example would be using sugarcane to manufacture refined sugar. As a result of the fact that the process of manufacturing is often connected to the several types of industries that might emerge, this is also referred to as the Industrial Sector. Light industry and heavy industry are the two typical subcategories that make up the Secondary Sector or Industrial Sector. The manufacturing of goods such as clothing, footwear, and furniture are examples of items that fall under the category of "light industry." These goods need less initial investment and are focused more on the end user. The term "heavy industry" refers to manufacturing processes and goods that are either physically or conceptually burdensome. They need enormous amounts of cash in addition to highly developed resources or facilities, such as heavy machinery, heavy equipment, and cranes, among other things.

To reiterate, the mining industry, quarrying industry, manufacturing industry, electrical industry, construction industry, and water supply industry are all included in this sector. This industry contributed 28.27% to the nation's GDP in 2009-2010, and it was also determined to be responsible for the employment of roughly 22% of the whole workforce in the country. It is expected that this industry would serve as the primary support system for any economy.

Tertiary Sector (i.e. Service Sector) — The growth of the primary and secondary economic sectors is assisted by the activities that are included in the tertiary sector of the economy. Although they do not result in the creation of a tangible product, these actions are still helpful or supportive to the manufacturing process. For instance, borrowing money from banks in order to assist in production and commerce, or having items that were created in either the primary or secondary sector need a transportation facility in order for them to be sold in retail stores. The terms "transportation," "storage," "communication," "banking," "insurance," "trade," "hospitality," "tourism," "entertainment," and "management consulting" are all included in the "tertiary sector." It is sometimes referred to as the Service Sector since the activities that make up the Tertiary Sector result in the creation of services rather than products.

This industry is leading the pack in terms of India's overall economic growth. It makes the greatest possible contribution to the country's gross domestic product. During the 2009-2010 fiscal year, this industry was responsible for 57.09% of the whole country's GDP. It is also important to note that during the 2009-2010 fiscal year, the Service sector employed just 27% of the country's labour force. Agricultural Sector during 2009-10. At the moment, this industry is the pillar that supports the Indian economy.

Measurement of an Economy

The term "Gross Domestic Product" (GDP) refers to an all-encompassing assessment of a whole nation's economic activity. When attempting to assess the state of an economy, it is a major indication that is taken into consideration. Alternately, the Gross Domestic Product (GDP) is one of the most used metrics of the output or production of an economy. It is the monetary worth of all of the completed products and services that are produced within the boundaries of a nation during a certain time period. This value is known as the gross domestic product (GDP). The total amount of both private and public consumption, as well as government expenditures, investments, the growth of private inventories, paid-in building expenses, and the balance of international commerce are all included in GDP (i.e. exports are added and imports are subtracted).

In their textbook "Economics," Samuelson and Nordhaus provide a concise explanation of the significance of both the national accounts and the GDP. They compare the capacity of GDP to offer an overall picture of the status of the economy to that of a satellite in orbit that can scan the weather over a whole continent. In other words, GDP can give an accurate representation of the state of the economy. GDP helps policymakers and central banks to determine whether the economy is shrinking or increasing, whether it needs a boost or restraint, and if a danger such as a recession or inflation lurks on the horizon such as a recession or inflation.

In point of fact, Gross Domestic Product is a reliable indicator of the state of an economy. In light of recent developments in research and the quality of available data, statisticians and governments are attempting to identify ways to improve GDP in order to transform it into an all-encompassing measure of national income.

The Gross Domestic Product (GDP) is calculated using a few different factors. Either the income method or the expenditure approach may be used to get a figure for a nation's gross domestic product (GDP). The expenditure approach looks at the total amount of money spent over a certain time period by all residents of an economy (the total of what everyone earned during a particular period). The end result of using either approach need to be the same. The value-added technique is the third method that is used in the process of calculating GDP by industry.

The gross domestic product (GDP) that is calculated based on expenditures results in both real (inflation-adjusted) and nominal values, while the GDP that is calculated based on income only generates results in nominal terms. The expenditure technique is the one that is used the most often, and it calculates GDP by adding up the spending of consumers, businesses, the government, and net exports.

The differences between GDP and welfare

The gross domestic product (GDP) in its traditional sense is quite different from wellbeing in a variety of ways, as several pieces of research have pointed out over the years. Economists who contributed to the development of the contemporary idea of GDP were well aware of this difference. For instance, in a report that Kuznets submitted to Congress in 1934, he claimed that "the health of a country... can rarely be derived from a measure of national income." [Citation needed] (Bureau of Foreign and Domestic Commerce and Kuznets, 1934).

This study won't go into some of the distinctions between GDP and wellbeing since they go beyond its scope. For instance, the GDP does not take into account significant aspects of society like racial inequality or criminal activity. In addition, as GDP is a notion that applies to the whole economy, it does not give any information regarding the distribution of income, which is a factor that has a significant impact on the quality of life for people within an economy. The GDP also does not take into account aspects of the environment, such as fluctuations in the temperature or the availability of natural resources.

Objective of the Study

1. The present study is to analyze and compare the contribution of the three major sectors of Indian Economy in the overall GDP of the country.
2. To study comparision of financial analysis of GDP.

Research Methodology

This is an analytical kind of research study that was conducted using secondary sources of data. This research is concerned with the statistical analysis of secondary data on India's gross domestic product (both overall and sector-wise) over a certain time period, which is 1990-91 to 2009-10. The time span covered by this study is mentioned. In addition, the statistical tools and analyses, such as correlation analysis, analysis of variance, and the F test, have been used in order to derive helpful conclusions from the secondary data that has been made accessible.

Results & Discussion

Table 1 : The Individual Roles Played by Each Sector in the Total GDP (1990-91 to 2009-10)

Financial Year	Contribution of various sectors in overall GDP (%)		
	Agricultural Sector	Industrial Sector	Service Sector
1990-91	29.53	27.63	42.55
1991-92	28.54	27.33	43.91
1992-93	28.89	26.77	44.05
1993-94	28.24	26.73	44.76
1994-95	27.80	27.42	44.52
1995-96	25.73	28.44	45.69
1996-97	26.19	28.03	45.51
1997-98	24.47	27.95	47.53

1998-99	24.39	27.28	48.24
1999-2K	23.27	26.87	49.85
2000-01	22.31	27.32	50.37
2001-02	22.42	26.57	51.02
2002-03	20.13	27.39	52.48
2003-04	20.32	27.20	52.48
2004-05	19.03	27.93	53.05
2005-06	18.27	27.99	53.74
2006-07	17.37	28.65	53.98
2007-08	16.81	28.74	54.45
2008-09	15.77	28.13	56.11
2009-10	14.64	28.27	57.09

Source: CSO Data on GDP

Table 2: Descriptive Statistics

Column1		***Column2***		***Column3***	
Mean	22.70648443	Mean	27.6315547	Mean	49.56755862
Standard Error	1.057782055	Standard Error	0.144436936	Standard Error	1.012536301
Standard Deviation	4.730545162	Standard Deviation	0.645941616	Standard Deviation	4.528199998
Sample Variance	22.37805753	Sample Variance	0.417240571	Sample Variance	20.50459522
Standard Deviation	4.730545162	Standard Deviation	0.645941616	Standard Deviation	4.528199998
Count	20	Count	20	Count	20

Source: MS Excel Output

Table 3: Correlation Matrix

	Column 1	*Column 2*	*Column 3*
Column 1	1		
Column 2	-0.53459	1	
Column 3	0.99188	0.423308	1

Source: MS Excel Output

The above correlation matrix reveals that the value of the correlation coefficient between Column 1 (Agricultural Sector) and Column 2 (Industrial Sector) is - 0.53459, also known as r12= - 0.53459, while the value of the correlation coefficient between Column 2 (Industrial Sector) and Column 3 (Service Sector) is -0.53459, also known as r23 = + 0.423308, and the value of the correlation coefficient between Column 1 (Agricultural Sector) and Column 3 The fact that r13 = - 0.99188 in this instance indicates that there is a very high negative correlation (i.e. nearly absolutely negative correlation) between the contributions to GDP made by the Agricultural Sector and the Service Sector indicates that there is a very strong negative connection. Again, the fact that r12 = - 0.53459 suggests that there is a somewhat negative correlation between the contributions to GDP made by the industrial sector and the agricultural sector is important. In addition, the fact that r23 = + 0.423308 indicates that there is a positive connection, although a small one, between the contributions to GDP made by the Industrial Sector and the Service Sector

We are now using the method of Analysis of Variance (ANOVA) and the F-test in order to evaluate whether or not the population means are equal to one another (i.e. whether or not the average contribution to GDP by the three sectors from 1990-1991 to 2009-2010 is also equal).

CONCLUSION

This study is an attempt to analyse and compare the contribution of the three major sectors of the Indian economy (namely, the Agricultural Sector, the Industrial Sector, and the Service Sector) to the overall GDP of the country during the period 1990-91 to 2009-10; and as a result, draw some useful conclusions. The relevant GDP statistics were obtained from the Open Government Data Platform India, and the results of this retrieval are shown in Tables 01 and 02 below. Table-02 demonstrates quite clearly that the contribution of the Agricultural Sector to the total GDP has seen a precipitous decline. In 1990-1991, this sector's share of the GDP was 29.53%, but by the end of 2009-2010, it had dropped to 14.64%. On the other hand, a large increase in the contribution of the service sector to the total GDP can also be seen. For example, in the fiscal year 1990–1991, this number was 42.55%, but by the end of the fiscal year 2009–2010, it had risen to 50%.

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