Twitter Thread by Agenda Buster

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Which is real indicator of economy - GDP, GDP Per Capita, GDP PPP (Explained)

In this thread, I will explain in simplest language abt what is difference in-
GDP Real
GDP nominal
GDP per capita
GDP PPP
GNI
GNP

after reading this thread, U urself will be able to find out

1/21

which indicator is more significant

where does India stands

n Why opposition leaders n leftist talking only abt GDP per capita

Recently India left UK behind n became 5th biggest country of world in real GDP

As this news came out few of Indians who r suffering from a disease

called - colonial mindset, started tweeting that Real GDP is not imp parameter n we sud judge India n UK on the basis of GDP per capita where

In real GDP
India - 5th rank
UK - 6th rank

In GDP per capita
India - 144th rank
UK - 26th rank

They wanted to say-

Raghav Chadha ✓
@raghav_chadha

Yes, India is now 5th largest economy & pips UK, but let's understand numbers.

India's GDP of $3.5 trillion has to feed 140crore ppl, while UK's $3.2 trillion has to feed only 6.8crore ppl.

Per capita GDP of India is less than $2,500 against UK's $47,000- which is 20 times more

6:40 PM · 04 Sep 22 · Twitter for iPhone

don't be happy, GDP per capita is real indicator n UK is way ahead than India in this.

Their claim is right or wrong. lets check

Let me explain all these terms in very simple language by giving an example

Just go 10000 years ago n imagine a jungle
two family lives there

Ur family
Ur neighbor family

Ur family have 10 members
Ur neighbor family have 2 members

U both daily go to Jungle, search apples, n bring apples n eat that apples.
That's ur life

U get 10 apples daily
Ur neighbor get 4 apples daily

So
Ur daily GDP = 10 apple
Neighbor GDP = 4 apple

That's the GDP, Ur total work efforts n consumption

So Ur GDP is way bigger than ur neighbor's GDP but don't forget u have 10 members n ur neighbor have only 2 members

so in ur family -
every one gets - 1 apple (10/10)
but in ur neighbor family, every one gets = 2 apples (4/2)

So GDP Per capita
Ur = 1
Ur neighbor = 2

So here interpretation change completely.
It seems ur neighbor is more happy than u

But here is the twist

Suppose ur family members r thin n have very less appetite n even half apple is sufficient for them and one apple daily is more than sufficient

Ur neighbor r fat, they have huge appetite n every member need atleast 4 apples in a day but they r getting only two

now who is more happy ?

Ur neighbor getting only 0.5 of what they need (2 apple in place of 4)

U r getting double of what u need (1 apple in place of 0.5)
This is GDP PPP
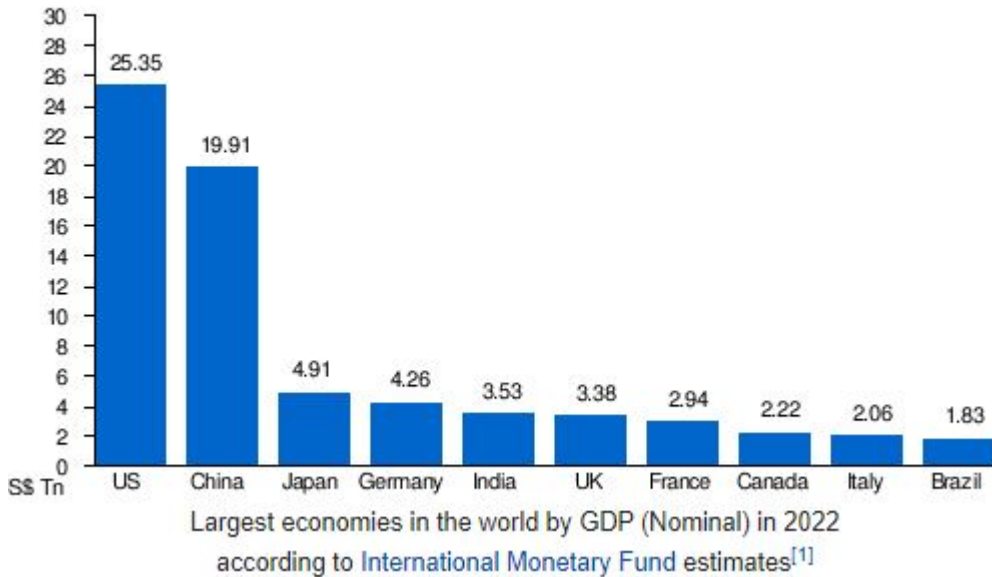
So in GDP PPP u r 2/0.5 = 4 times bigger than ur neighbor

So these r GDP, GDP per capita and GDP PPP

GDP is total market value of finished good n service in a country
India's GDP = 3.2 lac crore dollar
That means in a year we made goods n service worth of $ 3.2 lac crore
So if a tea seller sold tea of Rs 50000 in a year then his contribution in nation's GDP is Rs 50K (roughly)

Largest economies in the world by GDP (Nominal) in 2022
according to International Monetary Fund estimates[1]

A Barbour did hair cutting of Rs 1 lac in a year then his contribution is Rs 1 lac

If ur company sold finished goods (manufactured in India) of Rs 100 crore n then contribution of ur company is Rs 100 crore (roughly)

So GDP tells abt work output of country. GDP increasing means

work output of country in increasing.
India GDP fell in 2020-21 coz there was lockdown n people cud not work.
People r doing more work mean income is increasing n country is growing.

GDP per capita is abt what is individual output

There may be some people doing more work n some doing nothing

India is at 5th rank in GDP but 144th at GDP per capita.

Suppose someone pay Rs 10000 to dig a farm.
If someone has JCB, he alone will dig n get Rs 10000
while 100 labor will dig manually n get Rs 100 each

#	Country	GDP (PPP) per capita (2017)
1	Qatar	$128,647
2	Macao	$115,367
3	Luxembourg	$107,641
4	Singapore	$94,105
5	Brunei	$79,003
6	Ireland	$76,745
7	United Arab Emirates	$74,035
8	Kuwait	$72,096
9	Switzerland	$66,307
10	San Marino	$63,549
11	Norway	$62,183

So as ur technological advancement will increase ur GDP per capita will also increase

Ur population is ur strength also n will be utilized with time as economy will grow

But GDP n GDP Per capita both r incomplete coz they don't include cost of living

India's GDP per capita is $2500
UK's GDP per capita is $ 47,000
Claim of liberals is correct

but cost of living differs in India n UK
In India u can fulfill ur basic needs at $ 2500 (Rs 2 lac) but UK is very costly u cant fulfill their at $47000

Suppose USA GDP is $5
India GDP is $1

but in India cost of one burger is 0.5$ and in USA cost of same McD burger is $7

then which country is better in GDP ?
n here comes the GDP PPP

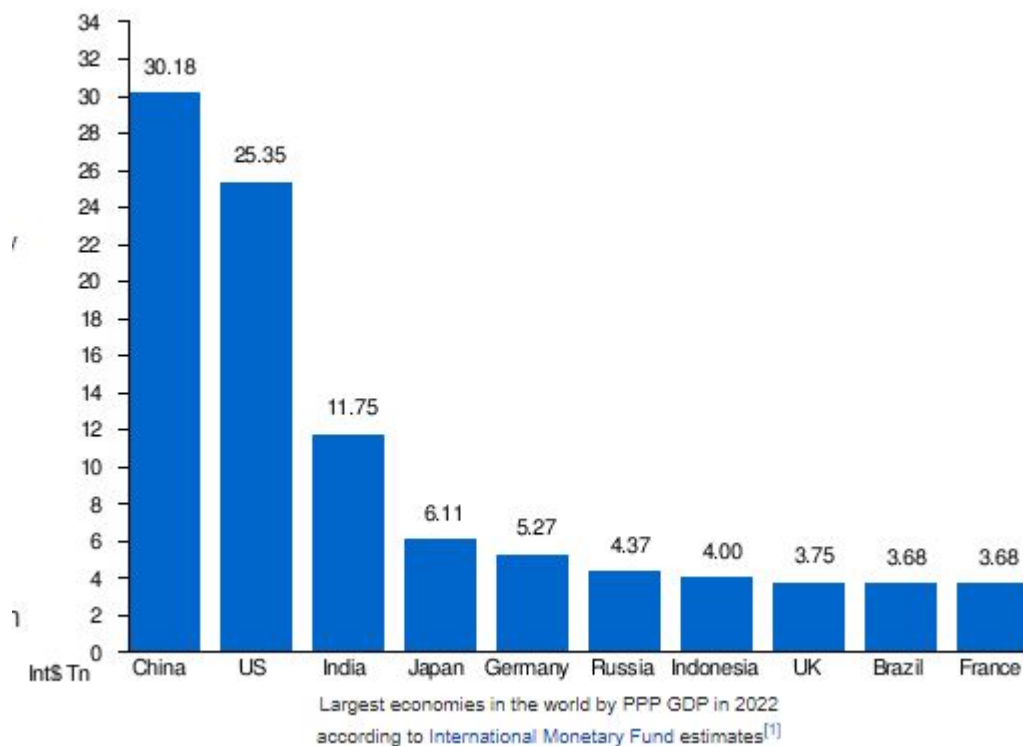GDP PPP take care cost of purchasing power of money in that country

n In GDP PPP
India is not at 5th rank

India is at 3rd rank in the world
N their fav UK is at 9th rank

So British Indians if u want to compare India n UK then compare it on GDP PPP which is true indicator of cost of living.

Largest economies in the world by PPP GDP in 2022
according to International Monetary Fund estimates[1]

GDP = total value of finished good n service in a country in a year or quarter (subtract import)

GDP Per capita = individual share in GDP

GDP nominal = don't count inflation

Real GDP = count inflation factor also, a base year is selected

GDP PPP = count purchasing power of money in that country like cost of food items, rent, land, cloths etc

GNP = difference between GDP n GNP is GDP counts country output and GNP counts output of natives so in GNP, output of a foreigner working in India wont be counted

but output of an Indian working in America or any country will be counted.

GNI = same as GNP, GNP talks about production, GNI talks about income.

Now u know basics of economic indicator now u decide which is best indicator n where does India stand-

GDP = 5th

GDP PC = 144th

GDP PPP = 3th

End of thread

21/21