

State the limitations of National Income estimation in India: (MPPSC)

National Income indicates the financial situation of a country and it is also required to calculate per capita income, but there are a few limitations in the calculation of national income in India —

1. Only measures economic performance and not social welfare.
2. Only quantitative aspects is considered, qualitative is ignored.
3. Home makers service and do-it-yourself projects are not considered for the calculation of national income.
4. National Income estimation doesn't consider the impact on environment, only considers productivity.
5. Problem of double counting.
6. Non monetary transactions (Barter system) are not considered for calculation.
7. Underestimated because of intangible goods transaction and services.

Above points somehow hinders accurate national income estimation in India.