

WELCOME TO ECONOMICS CLASS

SUBJECT : ECONOMICS

CHAPTER: DEVELOPMENT

PERIOD: 3

**SUB-TOPIC: HOW TO COMPARE DIFFERENT COUNTRIES AND STATES?
STD-X**

CHANGING YOUR TOMORROW

WHAT WE EXPECT TO LEARN?

At the end of the class the students will understand

1. What are the different strategies to compare the individual and country or the state?
2. What are the other components used rather than income to compare the countries or states?
3. They will realise that per capital/average income is not the real criterion to measure the country's development.
4. They will come to know the limitation of the use of per capita income/average income.

Recapitulation of the previous class

1. Name the basic criterion that is used by World Bank for comparison of countries on the basis of development.
2. Which criterion is used in World Development Report in classifying countries?
3. Why is per capita income counted in dollar rather than our rupee?
4. Write one example of inequality in urban areas.
5. Countries with higher income are----- than others with less income.
6. Total income of the country divided by its total population is known as-----
7. Give four examples where an average is used for comparing situation.
8. Classify the country on the basis of per capita income.



- However for comparison between countries total income is not a useful measure.
- Since countries have different populations comparing total income will not tell us what an average person is likely to earn.
- Hence we compare the average income which is the total income of the country divided by its total population.
- The average income is also called per capita income.
- In World Development Reports brought out by the World Bank this criterion is used in classifying countries.
- Countries with per capita income of US\$12616 Per annum and above in 2012 are called rich countries and those with per capita income of US\$ 1035 or less are called low income countries.
- India comes in the category of low middle income countries because it's per capita income in 2012 was just US \$1530 per annum.
- The Middle East and certain other small countries are generally called developed countries.

HOW TO COMPARE DIFFERENT COUNTRIES/STATES?

Comparing U.S. States to Entire Countries by GDP



Article & Sources:

<https://howmuch.net/articles/comparing-us-states-to-entire-countries-by-gdp-2019>
GDP by U.S. State - Bureau of Economic Analysis - <https://www.bea.gov>
GDP by Country - International Monetary Fund - <https://www.imf.org>

AVERAGE INCOME- Total income of the country/total population

The average income also called PER CAPITA



RICH VS POOR



Limitation of average income

Comparison of two countries

MONTHLY INCOMES OF CITIZENS (in rupees)							
Country	I	II	III	IV	V	Total	Average
country A	9500	10500	9800	10000	10200	50,000	
Country B	500	500	500	500	48000	50,000	

A map of Europe with various countries highlighted in different colors: dark blue, light blue, orange, green, and yellow. The text 'THANKING YOU ODM EDUCATIONAL GROUP' is overlaid on the map.

THANKING YOU
ODM EDUCATIONAL
GROUP