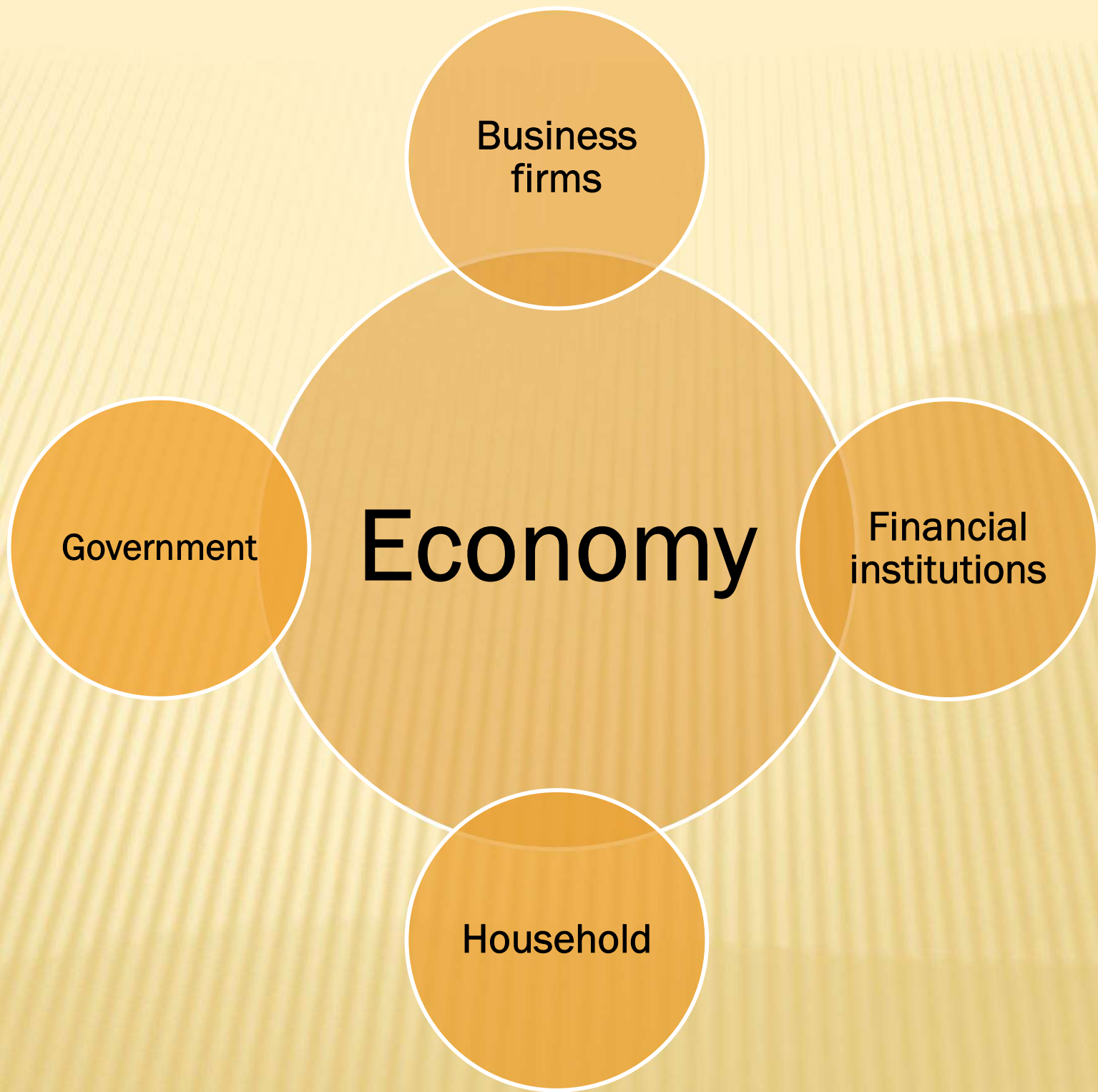


RELATIONSHIP OF CLAIMS AMONG THE FOUR PILLARS OF ECONOMY



**Business
firms**

Government

Economy

**Financial
institutions**

Household

DEFINITIONS

- (i) Business firm is an organization designed to provide goods, services or both to consumers.
- (ii) Financial institutions are those institutions which collect money and place it in assets such as stocks, bonds, bank deposits, or loans. There are two types of financial institutions.
 - (a) Depository institution
 - (b) Non-Depository institution
- (iii) Household is a person or a group of people living in the same residence. It is the basic unit of analysis in many social, microeconomic and government models.
- (iv) Government refers to the particular group of people, the administrative bureaucracy, who control a state at a given time.

NET WORTH

- is the total assets minus total outside liabilities of an individual or a company

FINANCIAL ASSETS

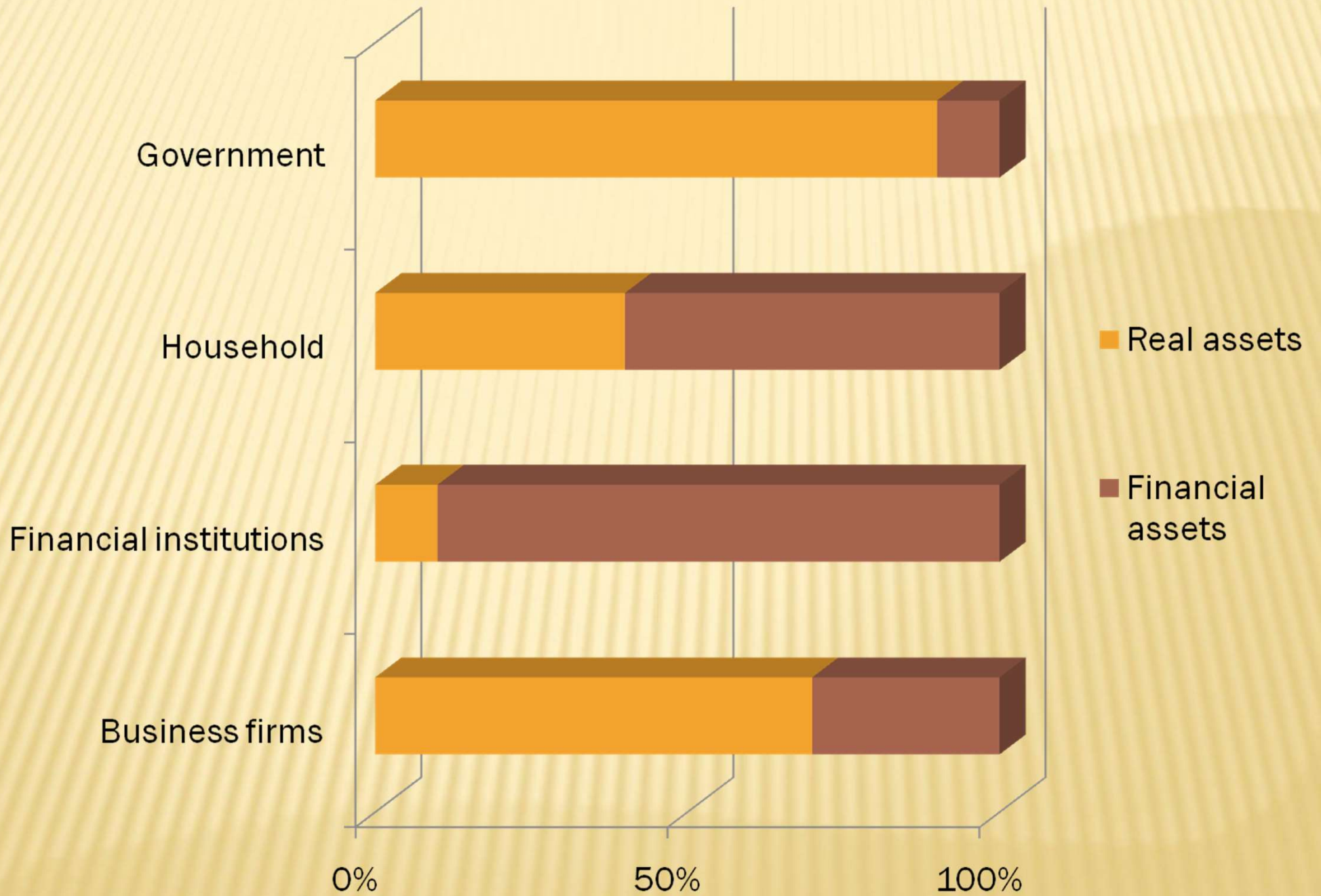
- represents a claims to the payment of a sum of money sometime in future (repayment of principal) and or a periodic (regular or not so regular)payment in the form of interest or dividend, e.g. cash, securities, debtors,

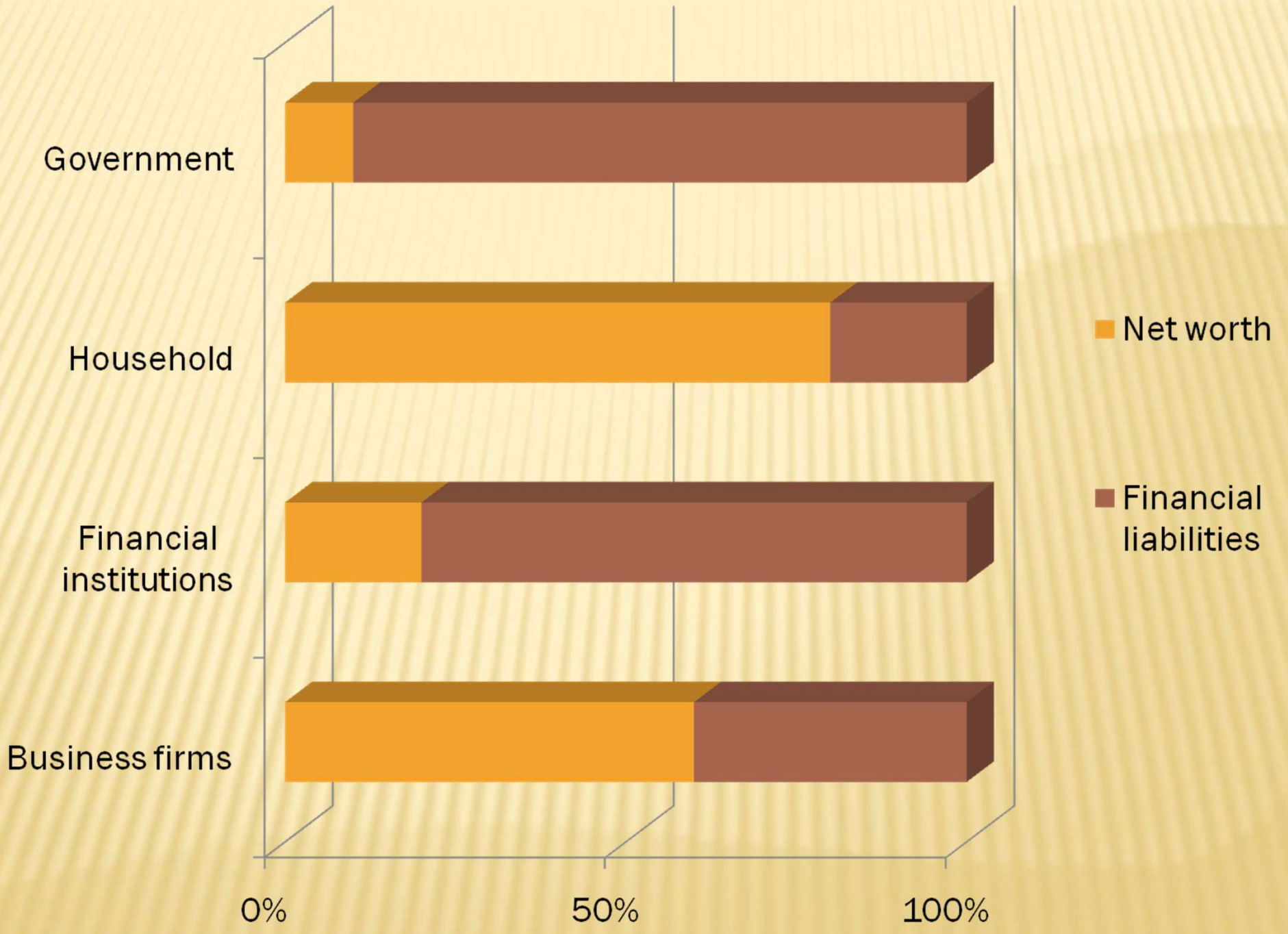
FINANCIAL LIABILITIES

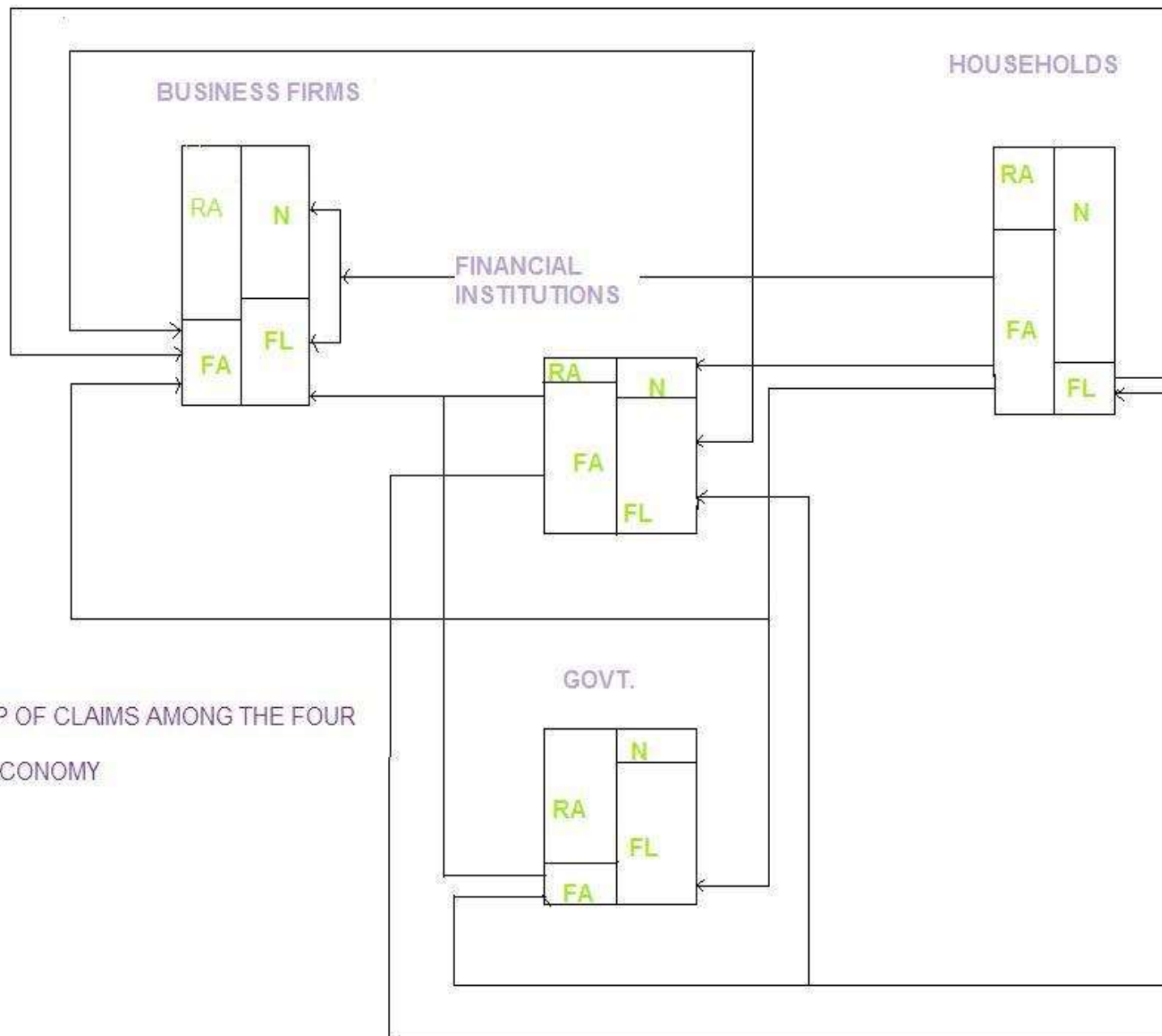
- are those claims of outsiders which are expected to mature for payment. e.g. creditors, bill payables etc.

REAL ASSETS

- are assets that includes plant, machinery, technology, patents etc.







INDICATORS

RA: REAL ASSETS

N: NETWORTH

FA: FINANCIAL ASSETS

FL: FINANCIAL LIABILITIES

RELATIONSHIP OF CLAIMS AMONG THE FOUR PILLARS OF ECONOMY

TABLE 1

PAYMENTS	RECEIPTS (BILLION Rs)				
	BUSINESS	HOUSEOLD	GOVT.	SAVINGS	TOTAL
BUSINESS	--	625	50	0	675
HOUSEHOLD	475	--	75	100	650
GOVT.	100	25	--	0	125
INVESTMENT	100	0	0	--	100
TOTAL	675	650	125	100	--

TABLE 2

PAMENTS	RECEIPTS (BILLION Rs)				
	BUSINESS	HOUSEHOLD	GOVT.	SAVINGS	TOTAL
BUSINESS	--	575	40	25	640
HOUSEHOLD	440	--	65	105	610
GOVT.	100	35	--	-30	105
INVESTMENT	100	0	0	--	100
TOTAL	640	610	105	100	--

TABLE 3

FUNDS	HOUSEHOLD		BUSINESS		GOVT.		Fls	
	U	S	U	S	U	S	U	S
SAVING		105		25		-30		
INVESTMENT			100					
Fls	40							40
GOVT.	30					30		
BUSS.FIRMS	35			75			40	
TOTAL	105	105	100	100	0	0	40	40
FINANCIAL FLOW SURPLUS (DEFICIT)	105		(75)		(30)		0	

U: USE OF FUNDS , S: SUPPLY OF FUNDS

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THANK YOU