Indian Economy Development

Chapter – 1

Indian Economy on the Eve of Independence

I. Choose the correct answers.

1. Whose estimate of per capita income of India during colonial period was considered very Significant?
a) Dadabai Navoroji b) V.K.R.V Rao
c) William Digby d) R.C. Desai

2. During British rule stagnation in agriculture sector was caused mainly because of
a) Mahalwari system b) Ryotwari system
c) Zamindari system d) Ceiling on land holdings

3. Tata Iron and Steel Company (TISCO) was incorporated in the year,
a) 1930 b) 1910 c) 1947 d) 1907

4. During British rule more than half of India's foreign trade was restricted to which
country?
a) Britain b) Iran c) China d) Srilanka

5. Railway transport was introduced in India in the Year.
a) 1835 b) 1776 c) 1850 d) 1853

6. In India census is carried out once in
a) 5 years b) 10 years c) 1 year d) 2 years

7. The present life expectancy of India is
a) 32.4 years b) 63 years c) 64.8 years d) 66.9 years

8. Tata & Sons inaugurated aviation sector in India in
a) 1990 b) 1947 c) 1968 d) 1932

9. The details about the population of British India were first collected through a census in

a) 1991 b) 1842 c) 1967 d) 1881

10. Expand TISCO

Ans: Tata Iron and Steel Company

II. Fill in the blanks:

1. Under colonial rule the cotton textile industries dominated by__________ (Indians)

2. Before Independence the India's Jute industries concentrated in __________part of the country. (Eastern)

3. The opening of Suez Canal intensified __________ control over India's foreign trade during colonial rule. (Britain)

4. ___________is the year of second stage of demographic transition of India.(1921)

5. __________transport is considered as the most important contribution of British Rule. (Railways)

6. Indian economy under the British colonial rule remained fundamentally _____ (agrarian)

III. Answer the following questions in a sentence / word.

1. Name the important `Revenue Settlement System' during British rule?

Ans: Zamindari System

2. What are Capital Goods Industries?

Ans: The industries which can produce machine tools which are in turn used for producing articles for current consumption.

3. When was the first census carried out in Pre-Independent India?

Ans: 1881

4. What do you mean by Occupational structure?

Ans: Occupational structure refers to the distribution of a population across different types of jobs or occupations within a society

5. Why did the colonial Government banned canal transport?
Ans: Though the canal was built at a huge cost, it failed to compete with the railways, which running parallel to the canal and had to be ultimately abandoned.

IV. Answer the following questions in about 4 sentences:

1. Name any two notable economists who estimated India's per capita income during the
colonial period?
Ans: V.K.R.V. RAO, William Digray, Dadabai Navoroji, R.C. Desai, Findlay Shirras
2. What was the objective of the economic policies pursued by the colonial Government in India?
Ans: The economic policies of the colonial government were concerned more with the protection and promotion of economic interest of their home country than the development of the Indian economy.

3. List out the important exports of India before independence?
Ans: Raw silk, cotton, wool, sugar, indigo, jute etc.,

4. Name the modern industries which were operating in India at the time of independence?
Ans: Cotton textile industry, jute mills, sugar industry, paper industry & cement industry.

5. List out any four socio economic challenges of India at the time of independence?

- Low agricultural productivity
- Poverty and inequality
- Lack of industrial development
- Inadequate infrastructure

6. What are the infrastructure facilities developed during colonial rule?

- Road transport
- Railways
- Trade and sea lanes
- Post and telegraphs

7. Which is regarded as the defining year to mark the demographic transition from its first to the second decisive stage?
Answer. 1921 is the defining year. It is called 'Year of Great Divide'.

<u>V. Answer the following questions in about 12 sentences.</u>
1. 'The traditional handicraft industries were ruined under British rule'. Justify this Statement?
Ans: India could not develop a strong industrial base under Colonial rule, because the economic policies pursued by the colonial government in India were concerned more with the protection and promotion of the economic interests of their home country than with the development of Indian economy. The primary motive of the colonial government behind this policy of systematically de-industrialising Indian was two-fold.

First, to reduce the country to being a raw material supplier for Great Britain's on rapidly expanding modern industrial base.

Second, to turn India into a market for the finished goods of Britain.
Such policies brought about a fundamental change in the structure of Indian economy. In the unfolding economic scenario the decline of the indigenous handicraft Industries created note only massive unemployment in India, but also a new demand in the Indian consumer market, which was now deprived of the supply of locally made goods. This demand was profitably met by the increasing imports of cheap manufactured goods from Britain. Consequently, the country's world famous handicraft industry declined under British rule

2. Indicate the volume and direction of India's foreign trade before independence?
Ans: India has been an important trading Nation since ancient times. But the restrictive policies of commodity production, trade and tariffs pursued by the colonial government adversely effective the structure, composition and volume of India's foreign trade. Consequently, India became my exporter of primary goods such as silk, cotton, wool, sugar, Indigo, etc and an importer of finished consumer goods like cotton, silk and woolen clothes and capital goods produced in the factories of Britain.

Britain maintain the monopoly control over India exports and imports. As a result more than half of the Indian foreign trade was restricted to Britain, while the rest was allowed with a few other countries like China, Sri Lanka and Iran. The opening of Suez Canal further intensified British control over India's foreign trade. The most important characteristics of India's foreign trade throughout the colonial period was the generation of large exports surplus. This surplus came at huge cost to the country's economy. Several essential commodities like food grain, clothes, kerosene etc were scarcely available in the domestic market. Furthermore, this into export surplus did not result in any flow of gold or silver into India. Rather, this was used to make payments for the expense incurred by an office setup by the colonial government in the Britain, expenses of war, and the import of invisible items all of which the led to drain of Indian wealth.

3. What do you understand by the 'Drain of Indian wealth' during colonial period?
Ans: The colonial government's restrictive policies of commodity production, trade and tariff adversely affected the structure, composition and volume of India's trade with other countries. Consequently, India became an exporter of primary products for the upcoming modern Industries in Britain at low prices and importer of finished consumer goods and capital goods produced in Britain at high cost. Britain maintained Monopoly control over India's exports and imports. The opening of Suez Canal further intensified British control over India's foreign trade.

The most important characteristics of India's foreign trade throughout the colonial period was the generation of a large export surplus. But the surplus came at a huge cost to the country's economy. This export surplus did not result in any flow of gold or silver into India. Rather, this was used to make payments for the expenses incurred by an office set up by colonial government in Britain, expenses on war and the import of invisible items.

All of this led to the "Drain of Indian wealth".

4. **What was the focus of the economic policies pursued by the colonial government in India? What were the impacts of these policies?**
Answer. The economic policies pursued by the colonial government in India were concerned more with the protection and promotion of the economic interests of their home country rather than with the development of the Indian economy. Thus, at the time of independence in 1947, India was a poor and underdeveloped country. At that time, agriculture was in a poor condition and mineral resources were not fully used. There were only a few industries and many of the cottage

and small-scale industries had declined under the British rule. Millions of people were unemployed, not because they were unwilling to work but because there were no jobs to be found. The per capita income of Indians was one of the lowest in the world, indicating that the average Indian was extremely poor and could not afford even the basic necessities of life. For instance, the staple food of average Indian consisted of rice, wheat and millets (like jowar and bajra). Most Indians could not afford to buy nutritious and balanced diet. The vast majority of people in India led a miserable life.

5. What were the main causes of India's agricultural stagnation during the colonial period?

Answer. Indian agriculture was primitive and stagnant. The main causes of stagnation of agriculture sector were as follows:

1. Land Tenure System. There were three forms of Land tenure system introduced by the British rulers in India. These were:
   (a) Zamindari system
   (b) Mahalwari system
   (c) Ryotwari system
   In the Zamindari system, Zamindars or landlords were the owners of land. The actual collections by Zamindars was much higher than what they had to pay to the Government. Zamindari system led to multiplication of middlemen between cultivators and Government, absentee landlordism, exploitation of peasants by unsympathetic agents and enmity between landlords and tenants. Under the system, intermediaries benefited at the cost of both actual cultivators and the state.
2. Commercialization of Agriculture. Commercialization of agriculture means production of crops for sale in the market rather than for self-consumption. Farmers were forced to cultivate commercial crops like Indigo. Indigo was required by the textile industry in Britain for dyeing of the textile. As a result, there was fall in the production of food crops. The farmers had to suffer from frequent occurrence of famine. Indian agriculture was transformed into a raw material exporting sector for England.
3. Partition of the Country. Partition of the country in 1947 also adversely affected India's agricultural production. The rich food producing areas of West Punjab and Sindh went to Pakistan. It created food crisis in the country. Also, the whole of fertile land under jute production went to East Pakistan. The jute industry was most severely affected due to partition.

Thus, Indian agriculture became backward, stagnant and non-vibrant under the British rule. Indian Economy on the Eve of Independence.

5.Name some modem industries which were in operation in our country at the time of independence.

Answer. The Tata Iron and Steel Company (TISCO) was incorporated in August 1907 in India. It established its first plant in Jamshedpur (Bihar). Some other industries which had their modest beginning after Second World War were: sugar, cement, chemical and paper industries.

6. What was the two-fold motive behind the systematic de-industrialization effected by the British in pre-independent India?

Answer. De-industrialization-Decline of India Handicraft Industry. Britishers followed the policy of systematically de-industrializing India. The primary motive behind the de-industrialization by , the British government was two-fold:

1. To get raw materials from India at cheap rates in order to reduce India to a mere exporter of raw materials to the British industries.
2. To sell British manufactured goods in Indian market at higher prices.In this way, they exploited India through the device of double exploitation.

7. Critically appraise some of the shortfalls of the industrial policy pursued by the British. colonial administration. Or 'India could not develop a sound industrial sector under colonial rule.' Justify the statement? Or 'The various social development indicators were not encouraging during British rule'. Discuss.

Answer. The state of Indian industrial sector on the eve of independence was as follows:

1. De-industrialization—Decline of Indian Handicraft Industry. Britishers followed the policy of systematically de-industrializing India. The primary motive behind the de-industrialization by the British government was two-fold.
   (a) To get raw materials from India at cheap rates in order to reduce India to a mere exporter of raw materials to the British industries.
   (b) To sell British manufactured goods in Indian market at higher prices.
   In this way, they exploited India through the device of double exploitation. It resulted in decline of world famous traditional handicrafts. Britishers followed dis-criminatory tariff policy. It allowed free export of raw materials from India and free import of British final goods to India, but placed heavy duty on the export of Indian handicrafts. In this way, Indian markets were full of manufactured goods from Britain which were low priced. Indian

handicrafts started losing both domestic market and export market. Ultimately, the handicraft industry declined.

2. Lopsided Modem Industrial Structure. Unbalanced and lopsided structure of Indian industries is again a legacy of the British rule in India. British rulers neither permitted modernization of industries nor did they encourage the growth of heavy industries in India. The period 1850-55 saw the establishment of the first cotton mill, first jute mill and the first coal mine. By the end of 19th century, there were 194 cotton mills and 36 jute mills. The cotton textile mills were located in the western parts of the country, in the states of Maharashtra and Gujarat.
   Jute mills in Bengal were established mainly by British capitalists. First iron and steel industry during British rule was Tata Iron and Steel Company (TISCO) incorporated in August 1907 in Jamshedpur (Bihar). Some other industries which had their modest beginning after Second World War were: sugar, cement, chemical and paper industries.
3. Capital Goods Industries were lacking. The policy of Britishers was simply to develop those industries which would never be competitive to the British industry. They always wanted Indians to be dependent on Britain for the supply of capital goods and heavy equipment's. Thus, the development of a few consumer goods industries was witnessed during the British rule. The heavy industries were, by and large, conspicuous by their absence. This resulted in an unbalanced and lopsided growth of industries in India.
   4. Limited Operation of the Public Sector. Public sector was confined to railways, power generation, communication, ports and some other departmental under-takings.

9. Give a quantitative appraisal of India's demographic profile during the colonial period.

Answer. The demographic condition on the eve of independence was as follows:

1. High Birth Rate and Death Rate. High birth rate and high death rate are treated as indices of backwardness of a country. Both birth rate and death rate were very high at 48 and 40 per thousand of persons respectively.
2. High Infant Mortality Rate. If refers to death rate of children below the age of one year. It was about 18 per thousand live births.
3. Low Life Expectancy. Life expectancy means the number of years that a new born child on an average is expected to live. It was as low as 32 years.

4. Mass Illiteracy. Mass illiteracy among the people of a country is taken as an indicator of its poverty and backwardness. The population census of 1941 (which was the last census under the British rule) estimated the literacy rate at 17 per cent. This means that 83 per cent of the total population was illiterate.
5. Low Standard of Living. At the time of independence, people used to spend between 80 to 90 percent of their income on basic necessities that is on food, clothing and housing. Even then, people did not get adequate quantity of food or clothing or housing and millions of people starved, went naked and lived in huts or in the open. Moreover, some parts of India came under severe famine conditions. The famines were so severe that millions died. One of the worst famines in India was the Bengal famine of 1943, when three million people d

10. Highlight the salient features of India's pre-independence occupational structure.

Ans: Occupational structure means the distribution of work-force among different sectors of an economy. The state of occupational structure on the eve of independence was as follows:

1. Pre-dominance of Agriculture Sector. The agricultural sector accounted for the largest share of work-force, which was 72 per cent. The manufacturing and service sectors accounted for 10 per cent and 18 per cent respectively.
2. Growing Regional Variations. There was growing regional variation. In the states of Tamil Nadu, Andhra Pradesh, Kerala, Karnataka, Maharashtra and West Bengal, the dependence of the workforce on the agricultural sector declined. On the other hand, there was increase in the share of work force in the agriculture sector in the states of Orissa, Rajasthan and Punjab.
   Thus, India's occupational structure was static and imbalanced.

11. **Were there any positive contributions made by the British in India? Discuss.**

Answer. British rule exploited India in many ways. But, the ways to achieve the motives sometimes yield positive effects. Their exploitative programs and policies resulted in some positive impact on India. Some of these positive effects were:

1. Commercialization of agriculture implied a good breakthrough in agriculture and resulted in self-sufficiency in food grain production.
2. The development of infrastructure, railways and roadways generated new opportunities for economic and social growth and broke cultural and geographical barriers.

3. Railways promoted commercialization of agriculture through long distance movement of goods and it enabled people to move from one place to another easily.
4. The supply of food and essentials could be made available to drought affected areas through transportation.
5. Indian economy witnessed a huge expansion of monetary system and growth in production through division of labor and specialization.

12. Indicate the volume and direction of trade at the time of independence.
Answer. India has been an important trading nation since ancient times. But the restrictive policies of commodity production, trade and tariff pursued by the British government adversely affected the structure, composition and volume of India's foreign trade. The state of India's foreign trade on the eve of independence was as follows:

1. Net Exporter of Raw Material and Importer of Finished Goods. India became an exporter of primary products such as raw silk, cotton, wool, sugar, indigo, jute, etc. and an importer of finished consumer goods like cotton, silk and woolen clothes and capital goods like light machinery produced in the factories of Britain. UK was the chief supplier to India contributing to over 31 per cent of total import at the time of independence. The principal item of import was food grains and by 1947 food grain imports had touched the level of 3 million tons.
2. Britain had Monopoly Control on Foreign Trade. Opening of Suez Canal in 1869 served as a direct route for the ships operating between India and Britain. The canal connected Port Said on the Mediterranean Sea with the Gulf of Suez. It provided a direct trade route for ships operating between European or American ports and ports located in South Asia, East Africa and Oceania.

   It reduced the cost of transportation and made access to the Indian market easier. In other words, the exploitation of Indian market was now easier. British maintained monopoly control over India's foreign trade. More than half of India's foreign trade was with Britain. British allowed trade with few other countries like China, Ceylon (Sri Lanka) an

13. **Give a quantitative appraisal of India's demographic profile during the colonial period.**
Answer. The demographic condition on the eve of independence was as follows:

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Chapter - 2
Indian Economy
1950-1990

I. Choose the correct answer:

1. The Planning Commission was set up in the year,
 a) 1910 b) 1930 c) 1950 d) 1940
2. The low productivity of agriculture sector forced India to import food from,
 a) Britain b) USA c) Canada d) Australia
3. In India first phase of Green Revolution was achieved during,
a) Mid 1960 – Mid 1970 b) 1950 – 1960
 c) Mid 1970 – Mid 1980 d) 1970 – 1980
4. The Village and Small-Scale Industries Committee-1955 is also called as
a) Jain Committee b) Karve Committee
 c) Dave Committee d) Lodha Committee
5. Which is not the goal of five-year plan?
a) Growth b) modernization c) self-efficiency d) self-reliance

II. Fill in the blanks.

1. Adoption of new technology is called____________ (modernization)
2. Regional equality was the main purpose of______________ (Licensing system or Industrial Policy of 1956)
3. Small scale industries use more of _____________ than large scale industries. (Labor or human resource)
4. Chairperson of planning commission _______ (Prime Minister)

III. Match the following:

A	B
1. Prime Minister	b. Chairperson of the Planning Commission
2. Quota	c. quantity of goods that can be imported
3. Land reforms	e. Improvements in the field of agriculture to increase its productivity
4. HYV seeds	a. Seeds that give a large proportion of output
5. Subsidy	d. The monetary assistance was given by the government for production activities

IV. Answer the following questions in a word/sentence each:

1. Define planning.

Ans: Planning is an economic activity that guides us on how the resources of a nation should be put to use. It should have some general goals and certain specific objectives which are to be achieved within a specified period of time.

2. What do you mean by land reforms?
Ans: Land reforms refer to changes in the ownership of land holdings which include a ceiling on land holdings, abolition of intermediaries, etc.

3. What is marketed surplus?
Ans: Marketed surplus is that portion of agricultural produce which is sold in the market by the farmers after keeping for domestic consumption.

4. Give the meaning of land ceiling.
Ans: Land ceiling refers to the fixation of the maximum size of land which could be owned by an individual.

5. Mention any one public sector industry.
Ans: Hindustan Aeronautics Limited (HAL), Bharath Electronics Limited (BEL)

6. Give the meaning of the gross domestic product.
Ans: Gross domestic product (GDP) is the total money value of all the final goods and services produced within the country during a year.

V. Answer the following questions in four sentences
1. What are the goals of five-year plans?
Ans: The main goals of five-year plans are:
(a) Growth
(b) Modernization
(c) Self-reliance
(d) Equity.
2. What is the meaning of modernization?
Ans: The adoption of new technology is called modernization. To increase the production of goods and services, producers have to adopt new technologies. For example. a farmer can increase the output on-farm by using new seed varieties instead of using the old ones. Similarly, a factory can increase its output by busing new types of machinery.

3. Why do farmers need subsidies and what are their purposes?
Ans: It is generally agreed that it was necessary to use subsidies to provide an incentive for adoption of the new high yielding varieties technology by farmers in general and small farmers in particular. Subsidies were, therefore, needed to encourage farmers to test the new technology. The government should continue with agricultural subsidies because farming in India continues to be a risky business. Most of the farmers are very poor and they will not be able to afford the required inputs without subsidies.

4. Write the meaning of the land ceiling and mention its purpose.
Ans: Land ceiling refers to fixing the maximum size of land which could be owned by an

individual. The purpose of the land ceiling was to reduce the concentration of land ownership in only a few hands.

5. Write any two advantages of small-scale industries.
Ans: The advantages of small-scale industries are as follows:
(a) Small scale industries are labor intensive i.e.; they use more labor than large scale industries.
(b) They create employment.
(c) They require less capital.

6. What do you mean by the green revolution? How was it possible?
Ans: Green revolution refers to the large increase in production of food grains resulting from the use of high yielding variety seeds, particularly for wheat and rice. We could achieve a green revolution with a high yielding variety of seeds better irrigation facilities and financial resources to purchase fertilizer and pesticides. The benefits of the green revolution were restricted to only a few states like Punjab. Andhra Pradesh and Tamil Nadu.

7. Why the state had to play an extensive role in promoting the industrial sector?
Ans: At the time of independence, Indian industrialists did not have die capital to undertake investment in industrial ventures required for the development of our economy. There was no market base to encourage industrialists to undertake major projects even if they had the capital to do so. It is because of these reasons that the state had to plan an extensive role in promoting the industrial sector.

8. Give the meaning of tariffs and quotas.
Ans: Tariffs refer to the taxes on imported goods imposed by the government. Tariffs make imported goods more costly and discourage their usage.
Quotas refer to quantitative restrictions imposed by the government by specifying the number of goods that can be imported during a specified time.
The effect of tariffs and quotas is that they restrict imports and thereby protect domestic firms from foreign competition.

9. Why the state had to play an extensive role in promoting industrial sector?
Ans: At the time of independence industrialists did not have the capital to undertake investment in industrial ventures. The market was not big enough to encourage industrialists to invest even if they had the capital to do so. For these reasons the state had to play an extensive role in promoting the industrial sector.

VI. Answer the following questions in twelve sentences

1. Growth with equity is one of the objectives of planning. Justify.
Ans: Growth with equity is one of the objectives of planning. A country can have high economic growth, the most modern technology developed within the country itself and still have most of its people living in poverty. It is important to ensure that the benefits of economic prosperity reach the poorer sections as well, instead of being enjoyed only by the rich. So, in addition to growth, modernization and self-reliance, equity is also important. Every Indian should be able

to meet his or her basic needs such as food, a decent house, education and health care and so inequality in the distribution of wealth should be reduced.

2. Write a short note on land reforms in India.

Ans: Land reforms refer to changes in the ownership of landholdings. At the time of independence, the land tenure system was characterized by intermediaries like Zamindars, Jagirdars etc., who were just indulged in just collecting rent from the actual cultivators without contributing towards improvements on the agricultural land. The low productivity of the agricultural sector forced India to import food from the USA. At this juncture, land reforms were introduced. After the introduction of land reforms. Steps were taken to abolish intermediaries and to make the tillers the owners of the land. The idea behind this move was that ownership of land would give incentives to the tillers to invest in making improvements provided sufficient capital was made available to them. Abolition of the zamindari system and ceiling on land holdings were the major land reforms introduced immediately after independence.

3. Give the meaning and the importance of small-scale industries.

Ans: A small scale industry is defined with reference to the maximum investment allowed on the assets of a production unit. A small-scale industry is one where the investment is less than one crore rupees. Small scale industries play a very important role in the economic development of India. It is a known fact that small scale industries are more labor intensive i.e., they use more labor than large scale industries and therefore, generate more employment. Apart from the above, the small-scale industries require less capital as they are small units. They are free from industrial unrest. They also depend on indigenous resources and need not depend on foreign resources. Small scale industries were also given concessions like lower excise duty and bank loans at lower interest rates.

VII. Answer the following questions in twenty sentences:

1. Write a short note on the green revolution.

Ans: The green revolution refers to the spectacular increase in agricultural production during the 1960s. There was a large-scale production of food grains resulting from the use of high yielding. Variety seeds especially wheat and rice. The use of these seeds required the use of fertilizer and pesticides in correct quantities as well as a regular supply of water. The application of these inputs in correct proportions is very vital. The farmers who could benefit from HYV seeds required reliable irrigation facilities as well as the financial support to purchase chemical fertilizers and pesticides. As a result, in the first phase of the green revolution during the 1960s and 1970s. The use of HYY seeds was restricted to the more affluent states such as Punjab, Andhra Pradesh and Tamil Nadu. Further, the use of high yielding variety seeds primarily benefitted the wheat-growing regions only. During the mid-1970s to mid-1980s. The HYV technology spread to a larger number of states and benefited more variety of crops. The spread of green revolution technology enabled India to achieve self-sufficiency in food grains; we no longer had to be at the mercy of America or any other country for meeting our nation’s food requirements.

2. Write the economic justification of the policy of subsidies.

Ans: Subsidies refer to the monetary assistance given by the government for production activities. The economic justification of subsidies in agriculture is a highly debatable issue. It is generally agreed that it was necessary to use subsidies to provide an incentive for adoption of the new HYV technology by farmers in general and small farmers in particular. Any new technology will be looked upon as being risky by farmers. Subsidies were, therefore, needed to encourage farmers to test the new technology. Some economists believe that once the technology is found profitable and is widely adopted, subsidies should be phased out since their purpose has been served. Further, subsidies are meant to benefit the farmers but a substantial amount of fertilizer subsidy also benefits the fertilizer industry and among farmers, the subsidy largely benefits the fanners in the more prosperous regions. Therefore, it is argued that there is no need for continuing with fertilizer subsidies; it does not benefit the target group and is a huge burden on the government's finances. Some economist believes that the government should continue with agricultural subsidies because farming in India continues to be a risky business. Most farmers are very poor and they will not be able to afford the required inputs without subsidies. Eliminating subsidies will increase the inequality between rich and poor farmers and violate the goal of equity. These experts argue that, if subsidies are largely benefiting the fertilizer industry and big farmers, the correct policy is not to abolish subsidies but to take steps to ensure that only the poor farmers enjoy the benefits.

3. Briefly explain the goals of five-year plans.

Ans: The main goals of the five-year plans are Growth, modernization, self-reliance and equity. They can be illustrated as follows:

(a) Growth: It refers to the increase in the gross domestic product. It also implies that the increase in the country's capacity to produce the output of goods and services within the country. It includes larger stock of productive capital or a larger size of supporting services like transport and banking or an increase in the efficiency of productive capital land services. A good indicator of economic growth, in the language of economics, is a steady increase in the gross domestic product (GDP). The GDP is the market value of all the goods and services produced in the country during a year. The GDP of a country is derived from the different sectors of the economy, namely the agricultural sector, the industrial sector and the service sector.

(b) Modernization: Adoption of new technology is called modernization. To increase the production of goods and services producers have to adopt new technologies. For example, a farmer can increase the output on his farm by using new seed varieties instead of using the old ones. Similarly, a factory can increase output by using a new type of machinery. Modernization does not refer only to the use of new technology but also to changes in social outlook such as the recognition that women should have the same rights as men. In a traditional society, women are supposed to remain at home while men work.

(c) Self-reliance: The first seven five-year plans gave importance to self-reliance. Self-reliance refers to avoiding imports of those goods which could be produced in India itself. This policy was considered a necessity in order to reduce our dependence on foreign countries, especially for food. It is a well-known fact that people who were recently freed from foreign domination should give importance to self-reliance.

(d) Equity: Growth with equity is one of the objectives of planning. A country can have high economic growth, the most modem technology developed within the country itself but still have most of its people living in poverty. It is important to ensure that the benefits of economic prosperity reach the poorer sections as well instead of being enjoyed only by the rich. So, in addition to growth, modernization and self-reliance, equity is also important. Every Indian should be able to meet his or her basic needs such as food, a decent house, education and health care and so inequality in the distribution of wealth should be reduced.

4. Briefly explain the Trade Policy of the government during 1950-1990.
Ans: During tire first seven five-year plans, trade was characterized by what is commonly called as Inward-looking trade strategy. It is called import substitution. This policy was aimed at replacing imports with domestic production. For example, instead of importing vehicles made in a foreign country', industries would be encouraged to produce them in India itself. By this policy, the government protected domestic industries from foreign competition. Protection from imports took two types, tariffs and quotas. Tariffs are the taxes on imported goods; they make imported goods more expensive and discourage their use. Quotas specify the number of goods which can be imported. The impact of tariffs and quotas is that they restrict imports and protect domestic industries from foreign competition. The protectionist policy was adopted by the developing countries including India as they are unable to compete with the goods produced by more developed countries. It is assumed that if the domestic industries are protected, they will learn to compete in course of time.

5. Explain the effects of economic policies on industrial development.
Ans: The proportion of GDP contributed by the industrial sector increased in the period from 11.8% in 1950-51 to 24.6 % in 1990-91. The rise in the industry's share of GDP is an important indicator of development. The following points prove that the industrial growth was good during 1950-90:
(a) The 6% annual growth rate of the industrial sector during the period is commendable.
(b) Industrial sector became more diversified by 1990 mainly because of the public sector.
(c) The promotion of small scale industries gave opportunities to those people who did not have the capital to start large firms to get into business.
(d) Protection from foreign competition enabled the development of indigenous industries in the area of electronics and automobile sectors.
But some economists are critical of the performance of the many public sector enterprises. Following are few points which highlight incompetent performances:
(a) State enterprises continued to produce certain goods and services although this was no longer required. For example, telecommunications. This industry continued to be reserved for the public sector even after it was realized that the private sector can also provide it.

6. Explain the effects of economic policies on industrial development.
Ans: The proportion of GDP contributed by the industrial sector increased in the period from 11.8% in 1950-51 to 24.6 % in 1990-91. The rise in the industry's share of GDP is an important indicator of development. The following points prove that the industrial growth was good during 1950-90:

(a) The 6% annual growth rate of the industrial sector during the period is commendable.
(b) Industrial sector became more diversified by 1990 mainly because of the public sector.
(c) The promotion of small scale industries gave opportunities to those people who did not have the capital to start large firms to get into business.
(d) Protection from foreign competition enabled the development of indigenous industries in the area of electronics and automobile sectors. But some economists are critical of the performance of the many public sector enterprises.
Following are few points which highlight incompetent performances:
(a) State enterprises continued to produce certain goods and services although this was no longer required. For example, telecommunications. This industry continued to be reserved for the public sector even after it was realized that the private sector can also provide it.
(d) The need to obtain a license to start an industry was misused by industrial houses, a big industrialist would get a license not for starting a new firm but to prevent competitors from starting new firms. More time was spent by industrialists in trying to obtain a license or lobby with the concerned ministries.
(e) The protection from foreign competition is also being criticized on the ground that it continued even after it proved to do more harm than good.
(f) Some economists say that the public sector is not meant for earning profits but to promote the welfare of the nation. The public sector, on this view, should be evaluated on the basis of the extent to which they contribute to the welfare of people and not on the profits they earn.

Chapter 3

Liberalisation, Privatisation and Globalisation – An Appraisal

I. Fill in the blanks:

1. Reforms were introduced during_____________ (1991)
2. RBI regulates the ____ sector. (Financial)
3. WTO was founded in_________ (1995)
4. Tax on the incomes of individuals is called______ (Direct tax)

II. Answer the following questions in a word/sentence:

1. What is liberalization?
Ans: Liberalization refers to the removal of restrictions and opening up various sectors of the economy by giving freedom to invest.

2. Give the meaning of privatization.
Ans: Privatization implies the shedding of the ownership or management of a government-owned enterprise. Here, government companies are converted into private companies.

3. What is globalization?
Ans: Globalization refers to the integration of the economy of the country with the world economy. It is an outcome of the set of various policies that are aimed at transforming the world towards greater interdependence and integration.

4. Expand IBRD.
Ans: International Bank for Reconstruction and Development.

5. Expand GATT.
Ans: General Agreement on Trade and Tariff.

6. Give the meaning of Direct Tax.
Ans: Direct tax is that tax where the incidence and impact of taxation falls on the same person. The burden of tax cannot be transferred. For example, income tax.

7. What do you mean by outsourcing?
Ans: It is a process where a company hires regular service from external sources, mostly from other countries, which was previously provided internally or from within the country.

8. Who regulates the financial sector?
Ans: The financial sector is regulated the Reserve Bank of India.

9. What is Privatisation?
Ans: Privatisation is moving a business or industry from the public to the private sector. This is referred to as Privatisation.

10. What is another name for the World Bank?
Ans: IBRD

11. What do economic reforms mean?
Ans: Economic reforms are classified as government policy adjustments intended to increase economic effectiveness. These processes are adjusted for production efficiency, competitive markets, and rapid economic growth.

III. Answer the following question in four sentences:

1. Give the meaning of industrial licensing.
Ans: Industrial licensing is a system in which every entrepreneur had to get permission from Government officials to start a firm, close a firm, or decide the number of goods that could be produced.

2. Mention four objectives of trade policy.
Ans: The four objectives of trade policy are as follows:

- To dismantle quantitative restrictions on imports and exports
- To reduce tariff rates
- Removal of licensing procedures for imports
- Removal of export duties.

3. What is fiscal policy?
Ans: Fiscal policy is the policy of the government in respect of taxation and public expenditure. Tax reforms are concerned with the reforms in government's taxation which we term generally public revenue which also includes non-tax revenue, the fiscal policy includes public revenue and public expenditure. The tax revenue consists of direct tax and indirect tax.

4. What are the services of outsourcing?
Ans: The major services of outsourcing are legal advice, computer service, advertisement, medical services, online teaching.

5. What do you mean by disinvestment?
Ans: Disinvestment refers to the sale of part of the equity shares of public sector enterprises to the general public. In other words, privatization of the public sector enterprises by selling off part of the equity of public sector undertakings to the public, in general, is called disinvestment. The main purpose of disinvestment is to improve the financial condition and facilitate modernization.

6. Industrial growth in India has recorded a slowdown in the period of economic reforms. What are the reasons for this?

a) Decreasing demand for domestic industrial products
b) Globalisation
c) India does not have access to different markets because of high non-tariff barriers.
d) All the above

Ans: d) All of the above

7. Why has the growth of the industrial sector slowed down in India?

a) Due to the availability of cheaper imports and lower investments
b) Due to the increase in public income
c) Due to the good response from exports
d) Due to the decreased workforce in industries

Ans: a) Due to the availability of cheaper imports and lower investments.

8. Give the example for direct tax and indirect tax?

Ans: Direct Taxes: personal income, corporation tax, wealth tax etc.…
Indirect Taxes: Central excise tax, customs duty, service tax, GST etc...

IV. Answer the following question in twelve sentences:

1. Briefly explain the background of economic reforms in India.

Ans: There was a financial crisis that persisted since 1980. We know that to introduce various policies, the government has to generate funds from various sources like taxation, running public sector enterprises, etc. When the expenditure is more than the income, the government takes loans to balance the deficit from banks and also from people within the country and from international banks.

- In 1991, India met with an economic crisis
- A steep fall in foreign exchange reserves: Foreign exchange reserves, which we generally maintain to import petroleum and other important items, dropped to levels that were not sufficient for even a fortnight.
- An unfavorable Balance of Payments (BOP): Imports grew at a very high rate without matching the growth of exports.
- A huge burden of external debt: The government was not able to make repayments on its borrowings from abroad. There was also not sufficient foreign exchange to pay the interest that needed to be paid to international lenders.
- High rate of price inflation: Prices of many essential goods rose sharply.
- A huge burden of fiscal deficit in the government budget: When expenditure is more than income, the government borrows to finance the deficit from banks and also from people within the country and from international financial institutions. The revenue from taxation and public sector undertakings was lower than the expenditure incurred on developmental policies.

In this situation, India approached the International Bank for Reconstruction and Development and International Monetary Fund and received seven billion dollars as a loan to manage the crisis. To avail loans, these international banks expected India to liberalize and open up its economy by removing restrictions on the private sector, reduce the role of government in many areas and remove trade restrictions between India and other countries. India had to agree to these conditions of IBRD and IMF and announced the new economic policy which included liberalization, privatization, and globalization.

2. Write a note on WTO.

Ans: The World Trade Organisation was founded in 1995 as the successor organization to the General Agreement on Trade and Tariff which was established in 1948.

The main objectives of WTO are as follows:

- To establish a rule-based trading system in which nations cannot place arbitrary restrictions on trade
- To enlarge production and trade of services
- To ensure optimum utilization of world resources
- To protect the environment.

The various WTO agreements cover trade in goods and services to facilitate international trade i.e., both bilateral and multilateral, through the removal of tariff and non-tariff barriers and providing greater market access to all the member countries. India, being a founder member, has been in the mainframe in framing fair global rules, regulations, and safeguards and advocating the interests of the developing world.

3. Why is it necessary to become a member of WTO?

Ans: Being a member of the World Trade Organisation (WTO) has many benefits for the following reasons:

1. Every country gets equal rights to trade in the international market when they become part of the WTO. This can ensure visibility to nations while also making sure no country is left out of the market.
2. It allows its member countries to produce on a grander scale to meet people's demands across international borders. This gives enough opportunity to make the most use of global resources and increases market accessibility.
3. The WTO strives to eliminate tariff barriers to promote healthy competition among producers from various nations.
4. Members of the WTO from nations with similar economic conditions can sort out their problems to protect their shared interests.

Hence the nations can significantly benefit from being a part of the World Trade Organisation (WTO).

4. Briefly explain the financial sector reforms.

Ans: The financial sector consists of financial institutions like commercial banks, investment banks, stock exchange operations, and foreign exchange markets.

The financial sector in India is regulated by the Reserve Bank of India. The RBI decides the amount of money that the banks can keep with themselves, fixes interest rates, nature of lending to various sectors, etc.

The major objective of financial sector reforms is to reduce the role of RBI from the regulator to facilitator of the financial sector. That means the financial sector may be allowed to take decisions on many matters independent of RBI.
The financial sector reform policies led to the establishment of private sector banks both Indian and foreign. The foreign investment limit in banks was raised to around 50%. The banks which fulfill certain conditions have been given the freedom to set up new branches without the approval of the RBI. Foreign institutional investors (FII) like merchant bankers, mutual funds, and pension funds are now allowed to invest in Indian financial markets.

5. Explain briefly the merits and demerits of the economic reforms introduced in 1991.
Ans: In India's post-independence economic history, 1991 is a pivotal year. A significant Balance of Payments scenario led to a severe financial crisis in the nation. The main goal of the NEP, or New Economic Policy, has been to increase economic competition to raise overall efficiency and effectiveness.
The merits of the New Economic Policy are as follows:

1. The New Industrial Policy destroyed the system of industrial licensing through a number of provisions. There has been a move away from strict physical constraints and a focus more on the function of financial incentives in steering investments in the right direction.
2. Significant internal deregulation was occurring to support more effective domestic businesses and motivate them to invest and grow.
3. The gradualist nature of India's policy change process, as opposed to other countries' "big bang" methods, makes it unique. Although at a slower rate, the system is under considerably greater effort to become more efficient and contemporary.
4. Additionally, efforts have been undertaken to improve the legal system. The Securitization, Reconstruction of Financial Assets, and Enforcement of Security Interest Act of 2002, or SARFAESI Act, 2002, gives banks and other financial institutions the authority to enforce their claims on collateral for past-due secured credit without having to go through a drawn-out and time-consuming legal process.

The demerits of the New Economic Policy are as follows:

1. The slow rate of investment in several fundamental and important industries, including engineering, power, machine tools, and others, is causing concern. This is primarily because of these sectors' low rates of return, which are lower than rates of return in emerging or "sunrise" businesses (e.g., IT sectors).
2. Labor displacement usually happens due to the new industrial policy's restructuring and modernisation of industries. This would call for the redistribution of work through rehabilitative initiatives.
3. As a result of the new industrial policy, industries routinely undergo restructuring and modernisation, frequently resulting in workforce displacement. Redeploying workers through rehabilitation programs would be necessary as a result.
4. Instead of "investment-led growth" or "export-led development," "consumption-led growth" was the result of a concentration on internal liberalisation without placing enough attention on trade policy reforms. As a result, the growth process that followed was not long-term sustainable.

5. One of the key objectives of the liberalisation strategy was the growth of innovative enterprises. This appears to have not been achieved.

6.What is outsourcing? How has India benefited from it? or write a note on outsourcing?
Ans: India is the top location for outsourcing because it has been able to grow in response to changing needs. India's share of the worldwide outsourcing market moved from 51% to 55%, according to the National Association of Software and Services Companies (NASSCOM), the apex body for the country's top IT software and service (IT and BPO) companies. India excels at providing excellent customer service and effectiveness, attracting many companies to outsource to India.
Here is a list of benefits India has due to outsourcing:

1. Customers today are looking for business outsourcing solutions that are not only cost-effective but also excellent in terms of service quality, productivity growth, and business processes. India will continue to be the preferred destination for backend and frontend outsourcing due to its large population and experienced and skilled workforce.
2. India continues to lead the world with a talented and skilled workforce. Roughly 1.2 billion people live there, and over 3.1 million graduates start working every year. India is also the largest English-speaking nation in the world, more significant than the combined populations of the United States and the United Kingdom.
3. One of the reasons India continues to be a top outsourcing supplier is the considerable cost reductions that businesses can accomplish in the nation. The significant difference in personnel expenses between India and industrialized countries is the leading cause. For instance, a good developer might bill between $50 and $80 per hour in the United States (for a full-time staffer depending on skills and experience). In contrast, companies may negotiate down the developer's hourly pricing in India to as little as $15.
4. The Indian outsourcing sector is encouraged by a stable pro-IT administration, whose policies on GDP development, taxation, power, telecom, industrial parks, and special zones have helped strengthen the country's infrastructure and communications networks.
5. The Information Technology Act was passed by the Indian government, which recognizes electronic contracts, outlaws cybercrime, and promotes document e-filing and other tax-related and non-tax benefits.

V. Answer the following questions in twenty sentences.

1. Briefly explain the important areas of liberalization.
Ans: Liberalization was one of the reforms of the New Economic Policy of 1991. It was introduced to put an end to the restrictions and open up various sectors of the economy.
The following are the important areas of liberalization:
(a) Deregulation of the industrial sector: The liberalization policy removed many restrictions enforced on the industrial sector. Industrial licensing was abolished for almost all but product categories like alcohol, cigarettes, hazardous chemicals, industrial explosives, electronics, aerospace and drugs, and pharmaceuticals. The only industries which are not reserved for the

public sector are defense equipment, atomic energy generation, and railway transport. Many goods produced by the small-scale industries have now been deserved.

(b) Financial sector reforms: The financial sector consists of financial institutions like commercial banks, investment banks, stock exchange operations, and the foreign exchange market.

The financial sector in India is regulated by the Reserve Bank of India. The RBI decides the amount of money that the banks can keep with themselves, fixes interest rates, nature of lending to various sectors, etc.

The major objective of financial sector reforms is to reduce the role of RBI from the regulator to facilitator of the financial sector. That means the financial sector may be allowed to take decisions on many matters independent of RBI.

The financial sector reform policies led to the establishment of private sector banks both Indian and foreign. The foreign investment limit in banks was raised to around 50%. The banks which fulfill certain conditions have been given the freedom to set up new branches without the approval of the RBI. Foreign institutional investors (FII) like merchant bankers, mutual funds, and pension funds are now allowed to invest in Indian financial markets.

(c) Tax reforms: These are the reforms that are concerned with the government's taxation and public expenditure policies which are collectively known as its fiscal policy. There are two types of taxes, direct and indirect.

Since 1991, there has been a continuous reduction in the taxes on individual incomes as it was felt that high rates of income tax were an important reason for tax evasion. It is now widely accepted that moderate rates of income tax encourage savings and voluntary disclosure of income.

The rate of corporation tax (tax on income of companies) which was very high earlier has been gradually reduced. A new tax called Goods and Services Tax (GST) has been introduced from 1.7.2017 to bring uniformity in indirect taxes.

In order to encourage better compliance on the part of taxpayers, many procedures have been simplified and the rates also substantially lowered.

(d) Foreign exchange reforms: During 1991, the Government took an immediate measure to resolve the balance of payments crisis, the rupee was devalued against foreign currencies. This led to an increase in the inflow of foreign exchange. It also set the tone to free the determination of rupee value in the foreign exchange market from government control. At present, the market forces i.e., demand and supply, determine the exchange rates.

(e) Trade and investment policy reforms: A new trade and investment policy under liberalization strategy were made to increase the international competitiveness of industrial production and foreign investments and technology into the economy. The aim was also to promote the efficiency of the local industries and the adoption of modem technologies.

To protect Indian industries, the government was following quantitative restrictions on imports which encouraged tight control over imports. At the same time, tariffs were very high. These policies reduced efficiency and competitiveness which led to slower growth of the manufacturing sector.

The main objectives of the Trade and Investment Policy were:

- To remove quantitative restrictions on imports
- To reduce quantitative restrictions in exports

- Reducing tariff rates
- Removal of the licensing system.

Import licensing was abolished except in the case of hazardous and environmentally sensitive industries. Quantitative restrictions on imports of manufactured consumer goods and agricultural products were also fully removed.
Export duties have been removed to increase the competitive position of Indian goods in the international markets.
A process of disinvestment was also initiated by selling part of equity shares of public sector enterprises to the public.

2. Briefly explain the effects of reforms on the agricultural sector.
Ans: The economic reforms of 1991 have not been able to benefit agriculture, where the growth rate is not up to the expected level.

- The public sector investment in the agricultural sector, particularly in infrastructural development like irrigation, power, roads, market linkages, and research and extension has fallen during the reform period.
- The removal of fertilizer subsidies has led to an increase in the cost of production, which has severely affected the small and marginal farmers.
- This sector has been experiencing a number of policy changes such as reduction in import duties on agricultural products, removal of minimum support price, and lifting of quantitative restrictions on agricultural products.
- These have adversely affected Indian farmers as they now have to face increased international competition.
  Further, due to export-oriented policy strategies in agriculture, there has been a shift from production for the domestic market towards production for the export market focusing on cash crops in steel of production of food grains. This has resulted in an increase in the prices of food grains.

3. Do you think the Navaratna policy of the government helps in improving the performance of public sector undertakings in India? How?
Ans: In 1997, Navaratna designation was granted to PSEs or PSUs (Public Sector Enterprises or Public Sector Undertakings) that were profitable in the market and had a comparative advantage. The government gave these organisations complete freedom regarding finances, operations, and management. As a result of this decision, the business increased its market share globally and achieved operational and financial independence. Receiving navaratna rank encouraged them to perform better.
The following nine Public Sector Undertakings were awarded the navratna status:

1. Indian Oil Corporation Ltd (IOCL)
2. Bharat Petroleum Corporation Ltd (BPCL)
3. Hindustan Petroleum Corporation Ltd (HPCL)
4. Oil and Natural Gas Corporation Ltd (ONGC)
5. Steel Authority of India Ltd (SAIL)
6. Indian Petro-chemicals Corporation Ltd (IPCL)
7. Bharat Heavy Electricals Ltd (BHEL)

8. National Thermal Power Corporation (NTPC)
9. Videsh Sanchar Nigam Ltd (VSNL)

4. The agricultural sector appears to be adversely affected by the reform process. Why?

Ans: The agricultural sector was adversely affected by the Economic Reforms of 1991 because of the following reasons:

1. After 1991, there was a decline in public investment in the agricultural sector. The Indian government also cut back on funding for rural Research & development activities and supported services that had a negative impact on agriculture.
2. Fertilizer subsidies were withdrawn, which increased the cost of production, increased the cost of farming and impacted impoverished farmers.
3. The Indian government decreased import taxes on agricultural items due to adherence to WTO agreements, forcing poor and marginal farmers to compete with foreign competitors on global marketplaces. The poor farmers suffered greatly from traditional farming practices and fierce competition on the worldwide market.
4. The production of food grains was replaced by cash crops, including cotton, jute, and other fibers, resulting from export-oriented production techniques. As a result, food grains were less readily available and had lesser nutritional contents, which further decreased their productivity.
5. The production of food grains was subjected to inflationary pressures due to the switch to cash crops and the elimination of subsidies. In turn, this had a negative impact on the performance of the agriculture sector which increased the cost of producing food grains.

5. Discuss economic reforms in India in the light of social justice and welfare.

Ans: India can now access worldwide markets and engage in competition thanks to economic reforms. This made it easier for commodities and services to go across international borders. The lack of foreign currency needed to finance the importation of complex and advanced technology into India has also been eliminated due to the growing inflows of foreign money and investment into India. Moreover, India's economic growth and GDP increased by multiples due to the boom in outsourcing and the service industry. However, on the flip side, the agricultural sector, which employed a sizable section of the population, did not reap the benefits of these economic changes. The reforms also favored the high-income group population at the expense of their less fortunate counterparts.

The following points can summarize the effects of the economic reforms:

1. During the 10th five-year plan, the GDP rose to 8 per cent from 6.1 per cent.
2. Small-scale industries witnessed growth as well.
3. India became a pioneer in producing engineering goods, telecommunications, readymade clothes, etc.
4. The economic reforms saw that inflation came into control.
5. The economic reforms also widened inequalities between people as well as certain states.
6. The agricultural sector was also affected severely due to the reforms.

7. The economic reforms also resulted in the growth of the service sector. Due to this, India saw a structural transformation from the primary to the services sector.

6. What do you mean by the term disinvestment? How is it done in public sector enterprises in India?

Ans: Disinvestment is the term for reducing the government's ownership position in a public company. There are two ways to do this. Disinvestment occurs when the government sells less than 50% of its shares in a public company; in this case, the government retains control and management of the company. When the government sells more than 50% of its equity or disinvests, the firm is privatized, giving the private sector predominant ownership and control and management. As a result, in many disinvestment schemes, the government keeps ownership and management of public firms while holding onto 51% or more of the total equity capital. Because of the limited resources available to the government, the public sector is underinvested. To close its fiscal deficit, the government needs resources. Second, the government desperately needs funding for investments in infrastructure, public health and education, and initiatives to combat poverty. Many economists have suggested paying off a portion of the national debt using the income from disinvestment. Disinvestment, especially the Privatisation of public-sector businesses, will ensure that professionals will run them under the guidance of market forces rather than bureaucrats.

The disinvestment of public enterprises can be made in several ways: -

- The entire public company may be sold to the highest bidder or to a different company in the private sector. In this scenario, the private firm acquires both ownership and control or management.
- Selling a portion of the government ownership to a private company is the second way to withdraw from a public enterprise. A strategic business can effectively manage the public sector and has a strategic interest in it.
- Finally, a small number of government shares in a public company may be sold through a share auction between a small number of private companies. A company's shares for auction may have a reserve price that merchant bankers can help set.

7. Why were reforms introduced in India?

Ans: The reforms were introduced for the following reasons:

1. To manage the country's current economic difficulties.
2. During that time, the fiscal deficit saw its worst phase, leading to national debt growth.
3. India was experiencing a poor situation with its Balance of Payments (BOP). The former Soviet Union's collapse and the Gulf War prompted borrowing from the international market. To have a balanced economy, a new economic policy was created as a result of this.
4. PSUs were created to eradicate poverty and create jobs. However, the PSUs were loss-making organisations, which weighed down the nation's fragile economy.
5. A high degree of budget imbalance caused the RBI to raise the inflation rate, which increased the cost of products and sparked an internal movement.

8. Why did RBI have to change its role from the controller to facilitator of the financial sector in India?

Ans: The financial sector in India is regulated by the Reserve Bank of India. The various norms laid down by the RBI control the functioning of the country's banks and financial institutions. The Reserve Bank decides the interest rates, the amount of money that the bank can keep with itself and the nature of lending to various sectors.

Before liberalisation, the RBI governed and had authority over the financial sector, which comprises institutions like commercial and investment banks, stock exchanges, and the foreign exchange market. The RBI had to change its focus from being a controller to a facilitator of the financial industry in light of the economic liberalisation and financial sector reforms. This suggests that the financial institutions were free to decide on their own regarding various issues without consulting the RBI. As a result, private players had access to the financial sectors. The primary goals of the economic reforms were to boost competition, promote private sector involvement, and let market forces take effect in the banking sector.

CHAPTER – 4

HUMAN CAPITAL FORMATION IN INDIA

I. Choose the correct answer:

1. Who can work better an any in the following?
(a) A sick person
(b) An unhealthy labourer
(c) A person with sound health
(d) None of the above

2. India's literacy rate in 2013
(a) 70%
(b) 71%
(c) 74%
(d) 73%

3. What per cent of GDP as estimated by the Tapas Majumdar Committee should be spent for education.
(a)4%
(b)6%
(c) 8%
(d) 5%

4. Education for all,
(a) Still not a distant dream
(b) Still a distant dream
(c) Dream only
(d) None of the above

II. Fill in the blanks:

1. Investment in education is considered as one of the main sources of________

2. The government of India has also started levying a 2% of________ on all union taxes.

3. The revenue from education cess has been earned for spending on_________

4. Health expenditure directly increases the supply of _______

5. The contribution of an educated person to economic growth is more than that of a ___________ person.

III. Match the following:

1. More contribution to national income	(a) Global growth to centres
2. Deutsche Bank	(b) India and the knowledge economy
3. World Bank	(c) Literacy rate
4. Educational achievements	(d) Illiterate person
5. Better gender equity	(e) A positive development
	(f) Skilled labourer
	(g) A negative development

IV. Answer the following questions in a word/ sentence:

1. Expand NCERT.

2. State the reasons for migration.

3. Expand UGC.

4. Expand ICMR.

5. What was the literacy rate of India as per the 2001 census?

V. Answer the following questions in four sentences:

1. State the need for investment in human capital.

2. Why individuals spend money on education?

3. State the meaning of human capital.

4. What are the two major sources of human capital in a country?

5. What are the indicators of educational achievement in a country?

6. What factors contribute to human capital formation?

7. Bring out the differences between human capital and human development.

8. What are the various forms of health expenditures?

VI. Answer the following questions in twelve sentences:

1. Education is considered to be an important input for the development of the nation. How?

2. How does investment in human capital contribute to growth?

3. Bring out the need for on-the-job training for a person.

4. How government organisations facilitate the functioning of schools and hospitals in India?

5. Explain the need for acquiring information relating to health and education expenditures.

6. Discuss the need for promoting women's education in India.

VII. Answer the following questions in twenty sentences"

1. Discuss the following as a source of human capital formation.
(a) Health infrastructure
(b) Expenditure on migration.

2. Examine the role of education in the economic development of a nation.

3. Trace the relationship between human capital and economic growth.

Chapter – 5
Rural development

I. Choose the correct answers:

1. Most of the agricultural laborers are
(a) Rich
(b) Middle class
(c) Poor
(d) Upper class
Ans:(c) Poor

2. The leather industry and tourism are
(a) non-farm sectors
(b) Farm sectors
(c) other sectors
(d) Productive activities
Ans:(a) non-farm sectors

3. The increased milk production can be mainly attributed to the successful implementation of
(a) Operation food
(b) Operation flood
(c) Operation blue
(d) Operation fruit
Ans:(b) Operation flood

4. It is an agricultural allied activity
(a) Poultry
(b) Cottage industry
(c) Small scale industry
(d) Tourism
Ans:(a) Poultry

II. Fill in the blanks:

1. The growth of real India is possible only from the development of _______ (Villages)
2. At the time of independence ______ exploited the small and marginal farmers. (Moneylenders and traders)

3. __________farming is free from chemicals. (Organic)
4. The fishing community regards the water bodies as ___________ (Mother or provider)

III. Match the following:

A	B
1. NABARD	(b) Institutional source
2. 'Moneylender	(d) Non-institutional force
3. Green revolution	(e) Food Production
4. Golden revolution	(C) Fruit production
5. White revolution	(a) Milk production

IV. Answer the following questions in a word/sentence:

1.What is rural development?

Ans: Rural development means improvement of the socio-economic lives of rural people by providing basic infrastructures which make them engage in productive activities. In simple words, the term rural development refers to the overall development of the rural economy.

2.Give the meaning of agricultural marketing.

Ans: It refers to a process of assembling, storing, processing, grading, packing and distributing agricultural products throughout the country.

3. What is organic farming?

Ans: It is that farming that relies on crop rotation, green manure. compost and biological pest control for growing crops. It is the whole system of farming that restores, maintains, and enhances the ecological balance.

4. Expand PDS.

Ans: Public Distribution System.

V. Answer the following questions in four sentences:

1. Name the areas which are challenging and need fresh initiatives for rural development?

Ans: The areas which are challenging and need fresh initiatives for rural development are as follows:

- Development of human resources
- Land reforms
- Development of the productive resources of each locality
- Infrastructure development
- Special measures for alleviation of poverty.

2. Give the meaning of rural development.

Ans: Rural development means improvement of the socio-economic lives of the rural people by providing basic infrastructures which make them engage them in productive activities. In simple words. the term rural development refers to the overall development of the rural economy.

3. How did moneylenders exploit the rural farmers?

Ans: Money lenders and traders exploited small and marginal farmers and landless laborers

- Charging very high rates of interest
- Manipulating the accounts to keep them permanently in a debt trap
- Trespassing the agricultural lands by misusing their illiteracy
- Making debtors into bonded laborers.

4. Name the institutional sources of rural credit.

Ans: The institutional sources of rural credit are as follows:

- NABARD
- Commercial Banks
- Regional Rural Banks (RRBs)
- Cooperative Societies and land development banks
- Self Help Groups (SHG's)

5. Give two examples for the alternative markets.

Ans: The examples for the alternative market are:

- Raitha Santhe in Karnataka.
- Rythle Bazaar in Andhra Pradesh (Vegetable and Fruit markets)

- Apni Mandi in Punjab. Haryana and Rajasthan.
- Hadaspar Mandi – Pune
- Uzhavar Sandies – Tamil Nadu
- National and Multinational Fast-Food Chains

6. Name the two life-giving sources of the fishing community.
Ans: The major life-giving sources for the fishing community are rivers, lakes, oceans, natural and aquatic ponds.

7. Mention the Merits and Demerits of organic farming.
Ans: It contributes to generating income through export as the demand for organically grown crops is rising.
Merits:
- Since organically cultivated food contains more nutrients than food produced through chemical farming, it provides more nutritious food.
- Organic farming has the potential to create more jobs in India as it requires more labourers to grow organic crops than chemically generated crops.
- Since organic food is produced in an environmentally sustainable way and is pesticide-free, organic farming positively contributes to society.
- Organic farming offers good returns on investment as it replaces more expensive agricultural inputs like chemical fertilizers, HYV seeds, and herbicides with locally generated organic inputs that are less expensive.

Demerits:
- Lack of awareness: Most farmers in India are unaware and uneducated. Therefore, they aren't very aware of organic farming. However, increasing farmer awareness and willingness to adopt new methods can improve this situation.
- Lack of infrastructure: There is a lack of sufficient marketing facilities or infrastructure to support the growth of organic crops. Organic farming needs to be supported by an adequate agricultural policy.
- Production costs: The high production cost for growing organic crops and the lack of sufficient subsidies in this sector are yet another hindrance to developing this sector.

8. What is the role of self-help groups in providing rural credit?
Ans: The major role of self-help groups is to encourage small savings from each

member and the pooled money is given as loans and advances to the needed member at a very low rate of interest and also at easy repayment installments.

VII. Answer the following questions in twelve sentences:

1. List out the major problems of rural development.

Ans: The major problems which need fresh initiatives for development in rural India are as follows:

(a) Development of human resources: The development of human resources includes promotion of literacy particularly female literacy, education, and skill development, providing health care by addressing both sanitation and public health.

(b) Land reforms: The land reforms include a ceiling on land holdings, prevention of fragmentation and subdivision of land, and making the tiller the owner of the land.

(c) Infrastructure development: The development of infrastructure like provision of electricity, irrigation, banking, marketing, transportation (village roads, feeder roads to nearby highways), agricultural research centers, information, etc.

(d) Poverty alleviation measures: Special measures for poverty alleviation and bringing progress among weaker sections of the population and giving importance to productive employment opportunities are also part of the major issues of the rural economy.

2. Explain the drawbacks of the agriculture market.

Ans: Agricultural marketing is a process that involves the assembling, storage, processing, transportation, packaging, grading, and distribution of different agricultural commodities across the country.

The farmers used to face a number of problems. Some of them are as follows:

- **Manipulations by Big Traders:** Before independence, the big traders used to manipulate farmers by making them suffer from the faulty weighing of goods and manipulation of accounts while buying produce from them.
- **Lack of Storage Facilities:** To keep their produce in storage to sell them later at a better price, the farmers didn't also have proper storage facilities. This problem is still present, as 10% of the goods produced by farmers in the farms get wasted due to lack of storage.

- **Lack of Market Information:** As the farmers didn't have proper information on the prevailing prices for their goods, they were forced to sell at low prices.

Because of these problems faced by the farmers, it became essential to regulate the activities of private traders.

3. Write a short note on alternative markets.

Ans: The example Farmers directly sell their agricultural produce to consumers.
Example: Apni Mandi in Punjab, Haryana, and Rajasthan, Rythu Bazars (vegetables and fruits markets) in Andhra Pradesh, Uzhavar Sandhai – (a farmers' market) in Tamil Nadu.

Agricultural contracts several domestic and multinational companies entering agreements with Indian farmers in which farmers are encouraged to grow farm products (vegetables and traits) of desired quality by providing them with not only seeds and other inputs but also assured procurement of the produce at predecided prices.

The main benefits of alternative agricultural marketing channels are:

- Tire fanners get seeds and other agricultural inputs
- Farmers are assured of procurement of agricultural products at predecided prices
- Help in reducing price risk of farmers
- Expansion of markets for farm products in India and abroad.
-

VII. Answer the following questions in twenty sentences:

1. Explain the measures taken by the government to improve the agricultural marketing system.

Ans: The Government of India has undertaken the following steps to improve the agricultural market in India. They are as follows:

(a) Establishment of regulated markets: The regulated markets are those markets that are controlled and managed by the government to provide orderly and transparent marketing conditions like better storage facilities, fair prices, removing middlemen, etc. This has benefited many farmers and consumers.

(b) Provision of infrastructural facilities: The provision of physical infrastructural facilities like roads, railways, warehouses, go downs. cold storage and processing units will make the agricultural sector a commercial and profit-oriented sector in India. The current infrastructural facilities are not adequate.

(c) Establishment of Cooperative Marketing Societies: These societies are encouraged by the government to realize fair prices for agricultural products and ensure better income for the farmers. The success of Milk Cooperative Societies in transforming the social and economic conditions of Gujarat is worth mentioning.

(d) The other measures are:

- Assurance of minimum support prices (MSP) for agricultural products to safe guard the farmers against losses
- Maintenance of buffer stocks of wheat and rice by the Food Corporation of India
- Distribution of essential commodities like wheat, rice, sugar, and kerosene under Public Distribution System.

2. Write short notes on the following.
(a) Horticulture
(b) Fisheries

Ans**: (a) Horticulture**: It is one of the types of farming in which cultivation of land is undertaken to grow crops like fruits, vegetables, flowers, medicinal plants, spices, and plantation crops. India is the second-largest producer of fruits and vegetables. The economic condition of many farmers engaged in horticulture has improved and horticulture has become a means of improving livelihood for many poor families of rural India.

- Flower harvesting, nursery maintenance, hybrid seed production, and tissue culture, propagation of fruits and flowers, and food processing are highly remunerative employment for women laborers in India.

(b) Fisheries: The fishing community regards the water bodies as their mother. The major sources of life for the fishing community are rivers, lakes, oceans, natural and aquatic ponds. In India, after a progressive increase in budget allocation, we can see the development of fisheries. About 49% of fish production comes from inland sources and the remaining from the ocean and sea. Among the states, Kerala, Gujarat, Maharashtra and Tamil Nadu are the major producers of marine products.

3. Write a note on animal husbandry.

Ans: Animal husbandry i.e., livestock rearing includes cattle breeding, goats, fowl rearing, etc. Livestock production provides stable income, food security, fuel, and

nutrition for the family, in rural areas. In India, more than 70 million small and marginal farmers have got alternate livelihood options from animal husbandry.
If the distribution of livestock rearing is taken into consideration, poultry accounts for the largest share. The other animals which include camels, asses, horses, etc., are also found remunerative. In India, we have about 28.7 crores of cattle including 9 crores of buffaloes.
The performance of the Indian dairy sector has been remarkable in the past few decades. This is mainly because of the implementation of 'Operation Flood'. It is a system whereby all the farmers can pool their milk produced according to different gradings and the same is processed and marketed to urban centers. In this, the farmers are assured of fair price and minimum income from the supply of milk to urban areas.
Animal husbandry is undertaken to develop organic farming by developing green manure and the animal waste is being used to produce gobar gas in rural areas. Meat, eggs, wool, and other byproducts are also emerging as important productive sectors in animal husbandry.

4. List out the benefits of organic farming.

Ans: It is that farming that relies on crop rotation, green manure, compost, and biological pest control for growing crops. It is the whole system of farming that restores, maintains, and enhances the ecological balance.
The main benefits of organic farming are as follows:

- It offers a means to substitute costlier agricultural inputs (chemical fertilizers, pesticides) with cheaper ones.
- It generates income through exports.
- It contributes to ecological balance.
- Provides healthy and chemical-free food.
- organic farming contributes to higher production and productivity.
- It enhances the quality and quantity of agricultural products.
- Provides alternative employment opportunities to rural people.
- Helps in the prevention of deterioration infertility and conservation of soil.

5. What Are the Vital Issues of Rural Development?

The vital issues of rural development discussed in Chapter 6 of Indian Economic Development Class 11 are as follows:

a) There are fewer crop production risks and crop diversification. However, the commercialization of farming remains to be a vital issue.

b) To make crop cultivation environment-friendly, organic farming is highly promoted.
c) Advancement of human resources in areas such as health, that includes public health and sanitation.
d) In search of alternative ways of sustainable living without crop cultivation, production activity is also diversified.
e) Developing the ideal market for the farmer to guarantee proper pricing of the goods they generate.

6. What is Rural Credit, and What are the Sources of Rural Credit?

Rural credit is the credit possessed by farming communities. The farmers need such credit for many purposes like digging wells and tube wells, buying agricultural equipment and machines, buying seeds, pesticides, fertilizers, and so on.

Sources of Rural Credit

There are two sources of rural credit:

- Non-institutional sources (example: money-lenders, relatives, traders, etc.)
- Institutional sources (example: land development banks, NABARD, RRBs, commercial banks, etc.)

Non-institutional Sources: They are the traditional sources of agricultural credit in India and include taking credit from money lenders, traders, relatives, commission agents and landlords.

Institutional Sources: They include cooperative credit, commercial banks, the government, land development banks, National Bank for Agriculture and Rural Development (NBNR), regional rural banks, self-help groups etc.

7. What Is the Agricultural Marketing System?

Agricultural Marketing System refers to the process that includes transportation, grading, packaging, gathering, storage, processing and allocation of various agricultural goods over the country.

Methods to Progress in Agricultural Marketing

Agricultural marketing is progressed by the following methods:

- **Regulated Markets:** Regulated markets operate in orderly and transparent marketing conditions. These markets safeguard the farmers from the misdeeds of sellers and brokers.
- **Cooperative Marketing:** It refers to marketing organisations created by farmers to sell their products jointly to benefit from collective bargaining for a higher price. However, cooperatives have not been able to operate

effectively in recent years due to ineffective management, insufficient coverage of farmer members, etc.

- **Infrastructural Facilities:** The Government of India provides various infrastructural facilities like roads, railways, warehousing and processing units for developing the rural sector of India.
- **Standardization and Grading:** Grading and quality control helps farmers fetch good prices for their quality agricultural output. Also, it simplifies farmers' tasks and enhances their efficiency by proper segregation and bifurcation of the production of different grades and standards.

Policy Instruments:

- **Minimum Support Price (MSP):** It is the price set by the government of India to protect the interest of farmers in terms of the prices of their agricultural outputs like cotton, wheat, rice, sugarcane, pulses, and others. To help farmers recover their losses, the government buys grain directly from them at a price more than the market price.
- **Buffer Stock:** The Food Corporation of India holds stock of crops such as wheat and rice to balance the price differences due to the market forces of demand and supply and emergencies.
- **Public Distribution System (PDS):** It is used to distribute food grains and sugar. These tools are designed to ensure good revenue to farmers while delivering food grains to the poor at a reduced price.

8. What Is the Diversification of Agricultural Activity?

The chapter Rural Development also defines the diversification of agricultural activity. Diversification of agricultural activity generally includes:

1. **Diversification of Crop Production:** Diversification of crop production entails switching from a single cropping system to various cropping systems. It also involves shifting cropping patterns from food grains to cash crops. The main aim of such diversification is to promote the shift from subsistence farming to commercial farming.
2. **Diversification of Productive Activities:** Because the agricultural sector is already overburdened, most of the expanding labour force looks for employment in non-agricultural businesses and related sectors like poultry, cattle, fisheries, etc. This offers them a stable source of income in addition to an alternative source. The following are included:

- **Animal husbandry:** It is the practice of raising livestock, breeding animals, caring for cattle, etc. to make money.

- **Fisheries:** Aquatic ecosystems support and nurture the fishing communities. Consequently, water sources are essential to their way of life. Due to improved financial support and the implementation of new technologies in fisheries and aquaculture, India's fisheries have advanced tremendously in recent years.
- **Horticulture:** It is the area of agriculture that deals with the cultivation of plants for ornamental, culinary, and medicinal uses.
- **Other Alternatives:** IT has been crucial in helping farmers find alternatives to farming and other agricultural pursuits that will support them in maintaining a sustainable way of life.

9. What is Organic Farming?

The procedure of producing food naturally is known as organic farming. Making synthetic chemical fertilizers and genetically modified organisms is avoided in organic farming. Any adverse impact on the environment due to organic farming is completely nil.

Merits:

- It contributes to generating income through export as the demand for organically grown crops is rising.
- Since organically cultivated food contains more nutrients than food produced through chemical farming, it provides more nutritious food.
- Organic farming has the potential to create more jobs in India as it requires more labourers to grow organic crops than chemically generated crops.
- Since organic food is produced in an environmentally sustainable way and is pesticide-free, organic farming positively contributes to society.
- Organic farming offers good returns on investment as it replaces more expensive agricultural inputs like chemical fertilizers, HYV seeds, and herbicides with locally generated organic inputs that are less expensive.

Demerits:

- **Lack of awareness:** Most farmers in India are unaware and uneducated. Therefore, they aren't very aware of organic farming. However, increasing farmer awareness and willingness to adopt new methods can improve this situation.
- **Lack of infrastructure:** There is a lack of sufficient marketing facilities or infrastructure to support the growth of organic crops. Organic farming needs to be supported by an adequate agricultural policy.

- **Production costs:** The high production cost for growing organic crops and the lack of sufficient subsidies in this sector are yet another hindrance to developing this sector.

CHAPTER – 6
EMPLOYMENT: GROWTH INFORMATION AND OTHER ISSUES

I. Choose the correct answer:

1. Those activities which contribute to the gross national product are called
(a) Social activities
(b) Cultural activities
(c) Political activities
(d) Economic activities.
Ans: (d) Economic activities

2. GDP stands for
(a) Gross domestic product
(b) Gross domestic price
(c) Gross dollar price
(d) None of the above
Ans: (a) Gross domestic product

3. Which of the following activities is not considered productive work?
(a) Household activities
(b) Agricultural activities
(c) Service sector
(d) Industrial activities
Ans: (a) Household activities

4. Workers who own and operate an enterprise to earn their livelihood are called
(a) Ministers
(b) Public servant
(c) Self-employees
(d) Government doctor
Ans: (c) Self-employees

5.Urban people are mainly engaged in the
(a) Primary sector
(b) Service sector
(c) Mining
(d) Agriculture
Ans: (b) Service sector

6.India is an
(a) Industrial country
(b) Scientifically developed country
(c) Agrarian nation

(d) Service developed country
Ans:
(c) Agrarian nation

7. Those who are working in the formal sector enjoy
(a) Economic benefits
(b) Social security benefits
(e) Educational advantages
(d) Cultural benefits
Ans:(b) Social security benefits

8. Owing to the effort of the following organization Indian government-initiated modernization and also a provision of social security measures to informal sector workers.
(a) GNP
(b) NSSO
(c) ILO
(d) LPG
Ans: (c) ILO

II. ***Fill in the blanks***:
1.…………………. insisted upon education and training through a variety of works including
Ans: Mahatma Gandhi
2. The nature of employment in India is………………
Ans: Multifaceted
3. The majority of workforce reside in………………areas in our country
Ans: Rural
4. For every 100 rural females about………………..participate in the employment market.
Ans: 25 persons
5. The Construction workers are known as
Ans: Casual wage labourers
6. When a worker is engaged by someone and paid his/her wages on a regular basis he/she is known as
Ans: Regular salaried employee.
7………………is the main source of employment for the majority of workers in India.
Ans: Primary sector
8. The government protects the rights of workers through…………….
Ans: Labour laws
9. In India, disguised unemployment can be seen more in the………… sector
Ans: Agricultural.

III. Answer the following questions in a word/sentence
1. Why do people work?
Ans: People work to get some earning for a living.

2. Give the meaning of workforce.
Ans: All those who are engaged in economic activities are workers or one part of the workforce.

3. Define worker population ratio.
Ans: The worker-population ratio can be obtained by dividing the total number of workers of India by the population and multiplied by 100.

4. What is in formalization of the workforce?
Ans: In-formalization of the workforce is the process where fund companies or employers are trying to employ workers without assuring them job security, provident, gratuity, ESI, periodical pay hike etc. Some well, established firms are converting their structure of employment from formal to informal to avoid the risk of labour laws. This is known as the in-formalization of the workforce.

5. Define jobless growth.
Ans: During the late 1990s, employment growth started declining and reached the level of growth that India had in the early stages of planning. During these years, we also find a widening gap between the growth of GDP and employment. This means that in the Indian economy, without generating employment, we have been able to produce more goods and services. This is known as jobless growth.

6. What is meant by casualization of the workforce?
Ans: The process of moving from self-employment and regular salaried employment to casual wage work is called as casualization of the workforce.

7. What Is Seasonal unemployment?
Ans: Seasonal unemployment is a situation where people get employment only during a particular season. For example, agricultural labourers get jobs only during the rainy season.

8. Expand ILO.
Ans: International Labour Organisation.

9. What do you mean by Formal Sector Establishment?
Ans: It refers to that sector where all the Public Sector Establishments and those private sector establishments employ 10 or more hired workers.

10. What do you mean by Informal Sector Establishment?
Ans: It is that sector where less than 10 workers are employed without job security, provident fund, ESI, etc. For example, agricultural labourers.

11. Expand GDP.
Ans: Gross Domestic Product.

12. Expand GNP.
Ans: Gross National Product.

IV. Answer the following questions in four sentences

1. Who are all included in the labour force?
Ans: All those who are engaged in economic activities, in whatever capacity-high or low are called workers. Even if some of them temporarily abstain from work due to illness, injury or other physical disability, bad weather, festivals, social or religious functions are also workers. Apart from these, the labour force also consists of those who help the main workers and the self-employed workers.

2.What is the difference between the labour force and the workforce?
Ans:

Labour Force	**Workforce**
1. It includes all the workers who are engaged ¡n economic activities	1. It includes all those workers who are engaged in both economic and non-economic activities
2. It does not include the work by women at home as cooks. fetching water, fuel, wood etc. as they are not paid for that.	2. It includes women carrying out works like cooking. fetching water, participating in farm labour. etc., though it is not paid for.

3. Why are regular salaried employees more in urban areas than in rural areas?
Ans: In regular salaried employment, men are found to be so engaged ¡n greater proportion. They form 20% whereas women form only 13 %. The main reason is skill requirement. Since regular salaried jobs require skills and a higher level of literacy. more employees can be seen from urban areas than rural areas.

4. Name the four kinds of unemployment.
Ans: The kinds of unemployment are as follows:

- Open unemployment
- Disguised unemployment
- Seasonal unemployment
- Underemployment
- Technical unemployment
- Frictional unemployment.

5. What are net earnings? How do you get GNP?
Ans: If the total value of exports is greater than the total value of imports. it is called net earnings.
When we add the net earnings from foreign transactions to the value of total goods and services produced. we get Gross National Product (GNP). All those activities which contribute to the GNP are called economic activities.

6. Who is not included in the labour force?
Ans: The women who carry out household works like cooking. fetching water and fuelwood and participating in farm labour are generally not included in the labour force. This is mainly because they are not paid wages in cash or in the form of grains mostly there is no payment for them.

7. Who are self-employed? Give two examples.
Ans: The self-employed are those workers who own and operate an enterprise themselves to earn their livelihood.
The best examples for self-employed are as follows:

- People running petty shops
- People having their own transport enterprises.
- Farmers working in their own farmland
- Engineers running their own construction companies.
- Teachers running their own tutorial or coaching centres.
- People having their own autos and cabs.

8. Name the types of rural unemployment.
Ans: The main types of rural unemployment are as follows:

- Disguised unemployment
- Seasonal unemployment
- Open unemployment
- Technological unemployment.

9. Why does the rural workforce migrate to urban areas during some part of the year?
Ans: Many people migrate to an urban area, pick up a job and stay there for some time, but come back to their home villages as soon as the rainy season begins. This is mainly because work in agriculture is seasonal there are no employment opportunities in the village for all the months of the year. So, when there is no work to do on farms, people go to urban areas and look for jobs.

10. Name the three sectors of the economy.
Ans: The three sectors of the economy are as follows:

- Primary sector: It includes agriculture, mining, fishing, forestry, etc.
- Secondary sector: It includes all manufacturing industries.
- Service sector: It includes, transport, communication, banking, insurance, health, education, warehousing, etc.

11. Distinguish between formal and informal sector labour.

Formal Sector Labour	Informal Sector Labour

1. It includes all the public sector establishments and those Private Sector Establishments which employ 10 or more hired workers	1. The informal sector is that sector where we see less than 10 workers employed in different establishments.
2. The examples for formal sector workers are workers in Public Sector Industries like HMT, HAL, BHEL, KSRTC, BMTC, etc.	2. The examples for the informal sector are agricultural labourers, owners of small enterprises, non-farm casual wage labourers
3. They get social security measures like pension, gratuity, bonus, maternity benefits etc.,	3. They do not get social security measures like pension, bonus, maternity benefits etc.,
4. Employment is regular and permanent	4. Employment is seasonal and temporary

12. What is unemployment according to NSSO?
Ans: According to National Sample Survey Organisation (NSSO), 'Unemployment is a situation in which all those who, owing to lack of work, are not working but either seek work through employment exchanges, intermediaries, friends or relatives or by making applications to prospective employers or express their willingness or availability for work under the prevailing condition of work and remunerations.

13. Name the three sources of data regarding unemployment in India.
Ans: There are three sources of data on unemployment, they are as follows:
1. Reports of Census of India.
2. Reports of National Sample Survey Organization on Employment and Unemployment situation and
3. Directorate General of Employment and Training Data of Registration with Employment Exchanges.

V. Answer the following questions in twelve sentences:
1. Write a note on the informal sector.
Ans: The informal sector is that sector where we see less than 10 workers employed in different establishments. The informal sector includes millions of farmers, agricultural labourers, owners of small enterprises and people working in those enterprises as also the self-employed who do not have any hired workers. It also includes all non-farm casual wage labourers who work for more than one employer such as construction workers and headload workers.
About 6% of the total workforce is under the formal sector and 94% are in the informal sector.
Male workers account for 69% of the workforce in the informal sector.
The following are major issues with the informal workforce:
- It does not ensure job security
- Poor working conditions
- Does not ensure social security measures like pension, bonus, maternity benefits
- Employment is seasonal and temporary
- Low wages.

2. Name the different types of economic activities.
Ans: Generally, we can divide all economic activities into eight different categories. They are as follows:

- Agriculture
- Mining and quarrying
- Manufacturing industries
- Electricity, gas and water supply
- Construction industry
- Trade-both internal and external
- Transport and storage
- Services.

For simplicity, all the working persons engaged in these divisions can be clubbed into three major sectors viz.,
(a) Primary sector: it includes agriculture, forestry, fishery, horticulture etc.
(b) Secondary sector: it includes mining, quarrying, manufacturing etc.
(c) Service sector: it comprises all the services such as trade, transport, storage, banking, insurance, marketing, communication etc.

3. What are the types of unemployment in Indian? Discuss any two.
Ans: The kinds of unemployment are as follows:

- Open unemployment
- Disguised unemployment
- Seasonal unemployment
- Underemployment.
- Technical employment
- Frictional employment

Disguised unemployment: It is the unemployment, where we can come across an excess number of workers engaged in some work but actually a smaller number of workers required. For instance, suppose a farmer has four acres of land and he actually needs only two workers and a half to carry out various operations on his farm in a year, but if he employs five workers and his family members such as his wife and children, this situation is called disguised unemployment.
Seasonal unemployment: It is the type of unemployment, where the rural people get employment only during a particular season. We have noticed that many people migrate to urban areas, pick up a job and stay there for some time, but come back to their home villages as soon as the rainy season begins. This is because work in agriculture is seasonal; there are not many employment opportunities in a village for all the months of a year. When there is no work to do on farms, people go to urban areas and look for temporary jobs. This is one of the instances of seasonal unemployment.

4. Write a short note on self employed and hired workers?

5. Why are regular salaried employees more in urban areas than in rural areas?

6. Raj is going to school. When he is not in school, you will find him working in his farm. Can you consider him as a worker? Why?

VI. Answer the following questions in twenty sentences:

1. What role does the government play in generating employment opportunities in India?

Ans: The government is making efforts to generate employment opportunities for unemployed persons through two categories i.e., direct and indirect.

In the first category, the government is directly providing job opportunities by employing people in various departments for administrative purposes, industries, hotels, transport corporations etc.

In the second category, the Government had introduced a New Economic Policy in 1991 in the form of LPG i.e., Liberalization, Privatisation and Globalisation which has provided a sample; opportunities for private entrepreneurs to start their own production center which is creating employment opportunities for millions of people in India.

Further, when the output of goods and services from government enterprises increase, then private enterprises which receive raw materials from government enterprises will also raise their output and hence increase the number of employment opportunities in the economy. For instance, when a government-owned steel company increases its output, it will result in a direct increase in employment in that government company, simultaneously, private companies, which purchase steel from it will also increase their output and thus employment. This is the indirect generation of employment opportunities by the government initiatives in the economy.

There are many programs that successive governments have implemented to alleviate poverty through employment generation. They are known as Employment Generation Programs.

They are as follows:

Self-employment programs: The major Self Employment Programs are:

1. Swarna Jayanti Gram Swarozgar Yojana (SGSY): This program aims at providing financial assistance to self-help groups which then decide whom the loan is to be given to for self-employment activities among the members.
2. Swarna Jayanthi Shahari Rozgar Yojana (SJSRY): It aims at creating employment opportunities, for both self-employment and wage employment opportunities in urban areas. Under self-employment programs, financial assistance is given to families or individuals. Now, programs are encouraged to form self-help groups.
3. Pradhana Mantri Rozgar Yojana (PMRY): The educated unemployed from low-income families in rural and urban areas can get financial help to set up some enterprise that generates employment under this scheme.
4. Wage employment programs: The major national programs to generate wage employment are as follows:
5. National Food for Work Programme (NFWP)
6. Sampoorna Grameen Rozgar Yojana (SGRY)
7. Mahatma Gandhi National Rural Employment Guarantee Programme (MGNREGP): It provides guaranteed wage employment to every household whose one adult volunteer will get unskilled labour for a minimum of 100 days in a year.

All these programs aim at providing not only employment but also services in areas such as primary health, primary education, rural drinking water, nutrition, assistance for people to buy income and employment generating assets, development of community assets by generating wage employment, assistance for constructing houses, laying of rural roads, development of wastelands.

2. Discuss the in-formalization of the Indian workforce.
Ans: In-formalization of the workforce is the process where companies or employers are trying to employ them, workers, without assuring job security, provident, gratuity, ESI, periodical pay hike, etc. – Some well-established firms are converting their employment structure from formal to informal to avoid the risk of labour laws. This is known as the in-formalization of the workforce.
The following is a live incident of formalization which happened in Ahmedabad during the 1980s.
Like, Bengaluru, Ahmedabad is a well-developed city with more than 65 cotton textile mills having more than 1,60,000 workers. These workers had job security with decent wages and also all the workers were covered by Social Security Schemes protecting their health and old age. There was also a strong labour union to resolve disputes and to provide welfare measures to the mill workers.
During the 1980’s textile, mills all over the country began to close down. In some places, like Mumbai, the mills closed rapidly. In Ahmedabad, the process of closure was long drawn out and spread over 10 years. Over this period, about 80,000 permanent workers and about 50,000 casual workers lost their jobs and were driven to the informal sector. The city experienced an economic recession and public disturbances, especially communal riots. A whole class of workers was thrown back from the middle class into the -informal sector, into poverty. There was widespread alcoholism and suicides, children were withdrawn from school and sent to work.
The following are the major problems faced by workers in informal workers:

- It does not ensure job security
- Workers and enterprises do not get regular income
- The workers do not have any protection of regulation from the government
- Workers are dismissed without any compensation
- The technology used is outdated
- They concern not maintain any accounts
- Workers in this sector live in slums and are squatters
- Poor working conditions
- It does not ensure social security measures like pension, bonus, maternity benefits
- Employment became seasonal and temporary.

3. What do you mean by organized sector? Discuss the reasons for fall in employment in the organized sector?
Ans: The organized sector is that sector which includes all the Public Sector Establishments and those Private Sector Establishments which employ 10 or more hired workers. They are called formal sector or organized sector establishments and those who work in such establishments are formal sector workers or organized labour.

The following are the major reasons for the decline in employment opportunities in the organized sector:

- Lack of initiative from the government in creating new employment opportunities
- Industrial sickness has made Public Sector Industries cut down on their vacancies
- The migratory character of the workforce
- The strict labour laws have made Public Sector Enterprises go for in-formalization of labour which has resulted in a decline in employment opportunities
- Privatisation and Disinvestment have made a decrease in jobs in the public sector.
- Amalgamation and merger among large scale industries have led to a decrease in employment opportunities business process outsourcing is also one of the reasons for the decline in employment opportunities
- The risk of loss and economic recession is forcing the public sector companies to reduce the working staff.

4. Write the importance of employment.

Ans: Work or employment plays an important role in our lives as individuals and as members of society. People work for earning and living only some people get or have money by inheriting it, not working for it. This does not completely satisfy everybody.

It is well understood that being employed in work gives us a sense of self-worth and enables us to relate ourselves meaningfully with others. Every working person is actively contributing to national income and hence, the development of the country, by engaging in various economic activities that are the real meaning of earning a living.

We do not work only for ourselves; we also have a sense of accomplishment when we work to meet the requirements of those who are dependent on us. Having recognized the importance of work, Mahatma Gandhi rightly said that education and training should be given importance for self-reliance.

Studying about working people gives us insights into the quality and nature of employment in our country and helps in understanding and planning our human resources. It helps us to analyze the contribution made by different industries and sectors towards national income. It also helps us to address many social issues like exploitation of marginalized sectors of society, child labour, etc.

5. Write a note on the changing structure of employment formation in India?

6. Analyze the growth and changing structure in the employment in India.

7. Victor is working only for two hours in a day, rest of the day, he is looking for work. Is he unemployed? Why? Name any two jobs Victor could be doing?

8. Why do people work? Explain the importance of studying about working people.

VII. Assignment and Project Oriented Question. (5 Marks)

1. Identify the formal and informal workers in the following list.

a) A bakery owner
b) Handloom weaver
c) SBI manager
d) A street vendor
e) Government hospital nurse
f) Government school teacher
g) Carpenter
h) Revenue inspector
i) Police
j) Agricultural labourers

CHAPTER – 7
ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

I. Choose the correct answer:

1. The capacity of the environment to absorb waste and pollution is known as its:
a) Carrying capacity
b) Absorptive capacity
c) Biotic potential
d) Resource capacity
Ans: b) Absorptive capacity

2. Which of the following is NOT considered a primary function of the environment?
a) Supplying resources
b) Assimilating waste
c) Generating non-renewable energy
d) Sustaining life through biodiversity
Ans: c) Generating non-renewable energy

3. The concept of 'Sustainable Development' was popularized by which report?
a) Rio Declaration
b) Kyoto Protocol
c) Brundtland Commission Report ('Our Common Future')
d) Agenda 21
Ans: c) Brundtland Commission Report

4. Major environmental problems faced by India include:
a) Land degradation and biodiversity loss
b) Air and water pollution
c) Solid waste management issues
d) All of the above
Ans: d) All of the above

5. Which of the following is a major cause of global warming?
a) Ozone depletion
b) Emission of greenhouse gases like Carbon Dioxide
c) Acid rain
d) Water pollution

Ans: b) Emission of greenhouse gases like Carbon Dioxide
6. Using CNG in urban vehicles is primarily a strategy to combat:
a) Water pollution
b) Noise pollution
c) Air pollution
d) Land degradation
Ans: c) Air pollution

7. Which strategy promotes sustainable agriculture by avoiding synthetic inputs?
a) Use of Mini-hydel plants
b) Organic farming
c) Promoting LPG use
d) Installing wind turbines
Ans: b) Organic farming

8. The Montreal Protocol is an international agreement aimed at tackling:
a) Global warming
b) Ozone layer depletion
c) Biodiversity loss
d) Deforestation
Ans: b) Ozone layer depletion

9. Which of the following represents a non-conventional source of energy?
a) Coal
b) Petroleum
c) Solar energy
d) Natural Gas
Ans: c) Solar energy

10. The Brundtland Commission definition of sustainable development emphasizes:
a) Maximizing present economic growth
b) Prioritizing environmental protection over development
c) Meeting present needs without compromising future generations' ability to meet their needs
d) Rapid industrialization using any available resources

Ans: c) Meeting present needs without compromising future generations' ability to meet their needs

II. Fill in the blanks:

1. India supports approximately 17% of the world's population on a mere ………… percent of the world's geographical area.

Ans: 2.5 percent

2. Forests are ______ resource.

Ans: Natural / Renewable

3. Thermal power plants emit large quantities of ……….

Ans: Carbon dioxide

III. Match the following:

A	B
1) Non-renewable resource	(e) LPG
2) Bio pest control	(a) Sustainable development
3) Encroachment into the forest	(d) Land degradation
4) Industrialization	(b) Air pollution
5) Renewable resource	(c) Water resource

IV. Answer the following questions in a word/sentence:

1. What is meant by environment?

Ans: Environment refers to the totality of the physical conditions on the earth or a part of it. In other words, it refers to physical surroundings, conditions, circumstances, etc., in which a person lives.

2. What happens when the rate of resource extraction exceeds that of their regeneration?

Ans: When the rate of resource extraction exceeds that of their regeneration, the environment fails to perform its vital function of life sustenance, and this results in an environmental crisis.

3. Give the meaning of renewable resources.

Ans: Renewable resources are those resources that can be used again and again. There will be a continuous supply of resources. For example, water, forest, land, etc.

4. Give the meaning of renewable resources.

Ans: Renewable resources are those resources that can be used again and again. There will be a continuous supply of resources. For example, water, forest, land, etc.

5. What is sustainable development?

Ans: According to Brundtland Commission, sustainable development is the "process of development which meets the needs of the present generation without compromising the ability of future generations to meet their own needs".

6. Expand CNG?

Ans: Compressed natural gas.

V. Answer the following questions in four sentences:

1. Mention any four functions of the environment.

Ans: The major functions of the environment are as follows:

(a) The environment supplies both renewable and non-renewable resources. Renewable resources are those resources that can be used again and again. There will be a continuous supply of resources. For example, water, forest, land, etc. Non-renewable resources are those which get exhausted with extraction and use. For example, mineral resources like petrol, coal, iron ore, etc.

(b) The Environment assimilates waste. That means that the environment absorbs the solid and liquid wastes created by humans and other living beings.

(c) The environment sustains life on earth by providing both genetic and bio-diversities.

(d) Environment also provides aesthetic services like beautiful scenery of forest land, waterfalls, mountains like the Himalaya ranges, lagoons, glaciers, valleys, etc.

2. What are non-renewable resources? Give two examples.

Ans: Non-renewable resources are those which get exhausted with extraction and use. For example, mineral resources like petrol, coal, iron ore, etc.

3. Classify the following into renewable and non-renewable resources.
(a) Trees
Ans: Trees: renewable resource
(b) Fish
Ans: Fish: renewable resource
(c) Petroleum
Ans: Petroleum: non-renewable resource
(d) Coal
Ans: Coal: non-renewable resource
(e) Iron ore
Ans: Iron ore: non-renewable resource
(f) Water
Ans: Water: renewable resource

4. List out any four biotic factors of the environment.
Ans: The biotic factors of the environment are birds, animals, plants, forests.

5. What do you mean by the carrying capacity of the environment?
Ans: Carrying capacity implies that the resource extraction is not above the rate of regeneration of the resource and the wastes generated are within the assimilating capacity of the environment.

6. Government expenditure on health is increasing. Why?
Ans: The decline in air and water quality has resulted in an increased incidence of respiratory and water-borne diseases. This has contributed to the increase in government expenditure on health.

7. Write any two threats to the environment in our country.
Ans: The major threats to the environment in India are as follows:

- The threat of poverty induced environmental degradation
- The threat of pollution from the rapidly growing industrial sector, air pollution, water contamination, soil erosion, deforestation, and wildlife extinction.

8. Mention any four strategies to achieve sustainable development.
Ans: The major strategies for sustainable development are as follows:

- Utilization of non-conventional sources of energy
- Use of liquefied petroleum gas and gobar gas in rural areas.
- Use of compressed natural gas (CNG) in public transport.
- Use of solar energy.
- The practice of traditional knowledge in healthcare and other fields.

9. Give the meaning of bio-pest control. Give examples.

Ans: Bio-pest control is a method of using pesticides based on plant products and spreading awareness about various animals and birds which help in controlling pests.

For example,

- Neem trees are useful to control pests, mixed cropping, and growing different crops in successive years on the same land also helps.
- Snakes are one of the important groups of animals that devour rats, mice, and various other pests, as their food.

Similarly, large varieties of birds like owls and peacocks, pray upon vermin and pests. If these are allowed to dwell around the agricultural land, they can clear a large number of pests including insects. Frogs and lizards are also useful in this regard.

10. Name the types of medical systems included in AYUSH.

Ans: The types of medical systems included in AYUSH are Ayurveda, Yoga, Unani, Siddha, Homeopathy, and Naturopathy.

11. Explain the functions of the environment.

Ans: Environment refers to the totality of the physical conditions on the earth or a part of it. In other words, it refers to physical surroundings, conditions, circumstances, etc., in which a person lives.

The environment is defined as the total planetary inheritance and the totality of all resources and includes biotic (birds, animals, and plants, forests (fishes) and abiotic (air, water, land, rocks, and sunlight) factors.

Offers resources: The environment offers resources for production. It includes

- Supplies Resources: Provides renewable resources (like forests, fisheries, which can regenerate) and non-renewable resources (like fossil fuels, minerals, which get exhausted with extraction).

- Assimilates Waste: Absorbs and neutralizes the waste generated by production and consumption activities. This capacity is known as the absorptive capacity or carrying capacity of the environment.
- Sustains Life: Provides essential genetic and biodiversity, crucial for the continuation of life.
- Provides Aesthetic Services: Offers scenic beauty, recreation, and other aesthetic benefits.

12. Is the environmental crisis a recent phenomenon? If so, why?

Ans: Yes, the environmental crisis is a recent phenomenon. It is due to the supply-demand reversal. In recent years, the population has increased. This has resulted in an increase in demand for natural resources while the supply of natural resources is fixed. It creates excess demand and exerts pressure on natural resources. These resources are overused and usage goes beyond the earning capacity leading to environmental degradation.

The developmental activities in India have created excessive pressure on natural resources. There is a threat to India's environment which has posed a dichotomy threat to poverty-induced environmental degradation and threat of pollution from industrialization.

The major issues identified in India in respect of threat to the environment are as follows:

- Land degradation
- Bio-diversity loss
- Air pollution with special reference to vehicular pollution in urban areas
- Management of freshwater
- Solid waste management.

The land in India suffers from varying degrees and types of degradation stemming mainly from unstable use and inappropriate management techniques. The high density of population and livestock and competing uses of land for the forest, agriculture, pastures, human settlements, and industries have created maximum pressure on the meager land resources of the country.

Every year, the soil erosion in India has estimated at the rate of 5.3 billion tons and the country loses about 0.8 million tons of nitrogen, 1.8 million tons of phosphorus, and 26.3 million tons of potassium.

Air pollution is widespread in India particularly in urban areas due to the usage of a large number of vehicles, the concentration of industries, and thermal power

plants. The personal transport vehicles (two-wheelers and cars) constituted about 80% of the total traffic contributing the highest to total air pollution.
Thus, India is facing major challenges as for as the environmental issues are concerned and if proper measures are not taken India is going to face a severe environmental crisis in the near future.

13. Explain the supply-demand reversal of environmental resources?
Ans: The environment can perform its functions without any interruption as long as the demand for environmental resources is less than its supply. When the demand is more than the supply, it results in an environmental crisis. This is known as a supply-demand reversal of environmental resources. In other words, when the demand for resources, both production and consumption go beyond the rate of regeneration of this resource leading to an increase in pressure on absorptive capacity, it is called supply-demand reversal of environmental resources.
That means, we are now faced with increased demand for environmental resources and services but their supply is limited due to overuse and misuse of resources.
The major causes are:

- Population Explosion: Increasing population puts immense pressure on resources and generates more waste.
- Advent of Industrial Revolution & Industrialization: Large-scale production leads to increased resource extraction and pollution.
- Intensive and Extravagant Consumption: Affluent consumption standards in developed countries and rising standards in developing countries increase resource use and waste.
- Urbanization: Growth of cities concentrates population and economic activities, leading to localized pollution (air, water, noise, waste).
- Poverty: Poor populations often overuse marginal resources for survival (e.g., cutting forests for fuel), leading to degradation.

14. Explain the suggestions given by Herman Daly to achieve sustainable development.
Ans: Herman Daly has given the following suggestions to achieve sustainable development are as follows:
(a) Limiting the population to a level within the carrying capacity of the environment. If the population is not controlled, the human scale grows beyond

the carrying capacity of the earth and deviates from sustainable development.
(b) Technological progress should be environment friendly.
(c) Use of renewable resources should not supersede their availability.
(d) There should be optimum utilization of non-renewable resources, i.e., the rate of extraction of these should not exceed substitute resources.
(e) The adverse effects of pollution should be corrected immediately.

15. Write a note on eco-friendly traditional knowledge and practices of our country.
Ans: During the ancient period, people in India were living very close to the environment. They were a part and parcel of the environmental system, and they did not try to control the environmental factors. All our economic and social activities like agriculture, healthcare, housing, transport, etc. were environment friendly.

- But, in recent times, there is a shift from traditional systems to the modem which is causing considerable damage to the environment and also to our rural economy. This is mainly because of the indiscriminate use of modem techniques in the agricultural sector, rapid industrialization, advanced medical science, etc.
- The time has come to go back the to traditional system of living in order to sustain the environment. For instance, in the field of healthcare, India is a country with 15,000 species of plants that have medicinal contents. About 8,000 species are already being used in various systems of treatment.
- The healthcare system like AYUSH (Ayurveda, Yoga and Naturopathy, Unani, Siddha, and Homeopathy) is gaining importance nowadays. The healthcare systems including Tibetan and folk systems are again in great demand for the treatment of chronic health problems.
- Apart from these, at present. In India, consumer products like hair oil, toothpaste, toilet soaps, body lotion, perfumes, facial creams, etc. have herbal composition. These products are not only environmentally friendly but also free from side effects.

VI. Answer the following question in twenty sentences:

1. How do the following factors contribute to the environmental crisis in India? What problem do they pose for the government?
Ans: **(a) Rising population**
The rising population has resulted in an increase in demand for natural resources

while the supply of natural resources is constant. It has created excess demand and exerts beyond earth's carrying capacity leading to environmental degradation. They pose a threat to the environment.

(b) Air pollution

The pollution caused by industrialization and vehicular emissions have created diseases like asthma, lung cancer, tuberculosis, and many air-borne diseases and posing a problem for the environment in the form of increased expenditure of government on health.

(c) Water contamination

The water pollution out of industrialization and urbanization has led to many diseases like cholera, malaria, diarrhea, and other water-borne diseases. This has also resulted in an increase in the expenditure of the government on health.

(d) Urbanization

The unsystematic development of large cities and towns i.e., urbanization, has increased the demand for natural resources, while the supply of natural resources is constant. It has created excess demand oversupply. There is over-extraction of resources beyond the carrying capacity of the environment. There is a mismatch in the absorptive capacity of the environment also. There is the problem of the rich wasting food and other resources while the poor are struggling to get the same.

(e) Deforestation

The reckless cutting down of trees has led to deforestation. It is causing an increase in carbon dioxide in the environment. The increased carbon dioxide has added to global warming. This has resulted in an increase in the expenditure of the government on health and increasing the financial commitments of the government even for the future.

(f) Affluent consumption standards

It has increased the demand for natural resources while supply remains the same. The people recklessly using agricultural land for commercial and industrial purposes. The construction of these on agricultural and forest lands has become a big threat to the environment.

2. India has abundant natural resources. Substantiate this statement.

Ans: India is favorably located in the northeastern hemisphere, with abundant natural resources in terms of the rich quality of soil, many rivers, vast forest area, plenty of mineral resources, ranges of mountains, oceans, etc.

The richness of India in many resources can be listed as follows:
(a) The black of the Deccan Plateau is best suitable for cotton and the same has encouraged the concentration of textile industries.
(b) The northern plains are highly fertile contributing maximum towards employment generation and agricultural production.
(c) India has about 69 million hectares of forest area covering the majority of population and wildlife.
(d) India has large deposits of iron ore, coal, and natural gas. Bauxite, diamonds, gold, lead, manganese, zinc, uranium, etc. are also available.
India has a coastline of 75000 km. Which is food for developing ports and also in helping fisherman to earn their livelihood. It can also be useful in harnessing wind – power, which is renewable and pollution-free.

3. Explain any six strategies for sustainable development.
Ans:

- Use of Non-conventional Sources of Energy: Promoting solar energy (photovoltaic cells), wind power, tidal power, geothermal energy to reduce reliance on fossil fuels.
- LPG, Gobar Gas in Rural Areas: Providing clean cooking fuel (LPG under Ujjwala Yojana, biogas plants) to reduce indoor air pollution and deforestation for fuelwood.
- CNG in Urban Areas: Mandating Compressed Natural Gas (CNG) for public transport and vehicles in cities to curb air pollution.
- Wind Power: Harnessing wind energy, particularly in coastal and hilly areas. India is one of the leading countries in wind power installation.
- Solar Power: Utilizing solar energy through photovoltaic cells for electricity generation, water heating, etc. The National Solar Mission aims to boost solar power capacity.
- Mini-hydel Plants: Developing small hydroelectric power projects on streams, which are generally more environmentally friendly than large dams.
- Traditional Knowledge and Practices: Reviving and utilizing traditional systems like Ayurveda, traditional water harvesting methods, and agricultural practices that are inherently sustainable.
- Bio composting: Promoting composting of organic waste to produce manure, reducing landfill burden and providing natural fertilizer.
- Bio-pest Control: Using natural predators or biochemicals derived from plants to control pests, reducing reliance on harmful chemical pesticides.

For example,

- ✓ Neem seeds and oil are used to control pests. Mixed cropping also helps in these smaller birds eat insects.
- ✓ Snakes are one of the important groups of animals that devour rats.
- Shift towards Organic Farming: Encouraging farming practices that avoid synthetic fertilizers and pesticides, improving soil health and reducing water pollution.

4. Prepare a list of causes of land degradation in India.

Ans: Land in India suffers from varying degrees and types of degradation. These are increasing mainly due to the factors mentioned below:

(a) Deforestation, i.e. reckless cutting down of trees resulting in loss of vegetation.

(b) Indiscriminate and over-exploitation of forest products such as fuelwood and overgrazing.

(c) Conversion of forest lands into agricultural lands.

(d) Forest fire and faulty methods of cultivation.

(e) Excessive application of pesticides and insecticides.

(f) Disproportionate and excessive use of chemical fertilizers in Indian agriculture.

(g) The irrigation systems in India are not properly planned and managed.

(h) Overexploitation of groundwater for various competing utilities like human settlement, industrialization, etc.

(i) No proper introduction of crop rotation techniques and organic farming.

(j) Illiteracy and ignorance of rural population in respect of causes and effects of land degradation.

The land is indispensable for human settlement. If proper care is not taken for the conservation of land and water, there shall be a severe scarcity of water and natural resources in the future which may lead to conflict among the countries.

CHAPTER – 8

DEVELOPMENT EXPERIENCE OF INDIA A COMPARISON NEIGHBOURS

I. Fill in the blanks:

1. The Great Leap Forward campaign was initiated in the year_________
Ans: 1958.

2. _____has the largest workforce in agriculture.
Ans: India

3. Both India and Pakistan have followed __________models of development.
Ans: Five-year plan

4. Life expectancy at birth (years) is highest in__________
Ans: China

II. Answer the following questions in a word /sentence:

1. What type of economic system is followed in Pakistan?

Ans: Pakistan is following a mixed economic system.

2. Mention some examples of regional and global economic groupings.
Ans: SAARC, European Union, ASEAN, G-8, G-20, BRICS.

3. When were reforms introduced in all three economies India, China and Pakistan?
Ans: China in 1978, Pakistan in 1988 and India in 1991.

4. Give the meaning of infant mortality rate.
Ans: The infant mortality rate is the death of babies per thousand live births.

5. Who introduced the Great Proletarian Cultural Revolution?
Ans: Mao in China introduced the Great Proletarian Cultural Revolution.

6. Between India and China, which country has a higher value of the human development index?
Ans: China has a higher value of the human development index.

7. Mention the major reason for the low population growth in China.
Ans: The major reason for the low population growth in China was the introduction of the one-child norm.

8. Name the campaign initiated in China with the aim of industrialization.
Ans: The Great Leap Forward campaign was initiated in 1958 with the aim of industrialization.

9. Which country has the highest life expectancy?
Ans: China has the highest life expectancy.

10. Among China, Pakistan and India, which country has the largest contribution of the service sector to the GDP?
Ans: India has the largest contribution of the Service Sector to the GDP.

III. Answer the following questions in four sentences each:

1. Why are regional and economic groupings formed?
Ans: The major reasons for forming regional and economic groupings were as follows:

- Nations have been primarily trying to adopt various means which will strengthen their own domestic economies
- There is an increasing eagerness on the parts of various nations to try and understand the developmental processes pursued by their neighboring nations
- To comprehend their own strengths and weakness with neighboring countries
- Understanding of the other economies in our neighborhood is also required as all major common economic activities in the region impinge on overall human development in a shared environment.

2. What is a commune system?
Ans: Under the commune system, all individual ownerships of lands were done away with in favor of communal ownership. People collectively cultivated lands. People were encouraged to set up industries in their backyards. In rural areas, communes were started.

3. Give the meaning of liberty indicator.
Ans: Liberty indicator is defined as the measure of the extent of demographic participation in social and political decision making. Examples are:

- Measures taken towards constitutional protection rights
- The extent of protection of the independence of the judiciary.

4. Write two implications of the 'one child norm' in China.
Ans: The important implications of one child norm for China are as follows:

- It has successfully reduced the growth rate of the population
- After a few decades in China, there will be more elderly people in proportion to young people
- This will force China to take steps to provide social security measures with fewer workers.

IV. Answer the following questions in twelve sentences:

1. What are the various indicators of human development?
Ans: The various indicators of human development are as follows:
(a) Human development index: It consists of the standard of living index, life expectancy at birth and educational attainment. If the HDI is high it is a good indicator of human development.

(b) Life expectancy at birth: It is the average number of years a person is expected to live. In other words, it is the longevity of life. A high value of life expectancy better indicates a quality of human development.

(c) Adult literacy rate: It is the average number of persons who have reading and writing skills with basic local knowledge. It is expressed in percentages. The high literacy rate shows high human development.

(d) GDP per capita: The gross domestic product per head is also one of the indicators of human development. The high value of GDP per capita indicates better human development.

(e) Infant mortality rate: It means the death of babies per thousand live births. If the IMR. is high its indicator's low human development.

(f) Maternal mortality rate: It shows the death of mothers per 1 lakh live births. If MMR is low, it indicates better human development.

(g) Population using improved sanitation: If the percentage of the population using improved sanitation is more, it is a good indicator of human development.

(h) Population with sustainable access to improved water sources: If the percentage of the population using sustainable access to an improved water source is high, it is a good indicator of human development.

(i) People living below the poverty line: If fewer people are living below7 the poverty line, then it is a good indicator of human development.

(j) Percentage of children undernourished: If the number of undernourished children is diminishing, then it is a good indicator of human development.

2. What similar development strategies have India and Pakistan followed for their respective development paths?
Ans: India and Pakistan have been following similar developmental strategies for their respective developmental paths.

They are as follows:
(a) Both the countries have started their path of economic development after 1947 by starting five-year plans. India started its first five-year plan in 1951 and Pakistan started in 1956.
(b) Both the countries are following a mixed economic system
(c) Both the countries have given importance to the public sector with huge investments.
(d) Both the countries introduced economic reforms rear about the same time, India in 1991 and Pakistan in 1988.
(e) Both the countries have adopted economic policies as per the instructions of IMF.

3. Compare and contrast the development of India, China and Pakistan with respect to some salient human development indicators. (N-2018)
Ans: The development of India, China and Pakistan in respect of salient human development indicators can be explained with the help of the following table.

	Indicators	India	China	Pakistan
•	Human development index	0.6	0.7	0.5
•	Rank (based on HDI)	130	90	147
•	Life expectancy at birth (years)	68.2	75.8	66.2
•	Adult literacy rate (%)	72.2	96.4	56.4
•	GDP per capita (US dollars)	5730	13572	4706
•	People below poverty line	58	32	44
•	Infant mortality rate (per 1000)	38	9	66
•	Maternal mortality rate (per lakh)	174	27	178
•	Population using improved sanitation (%)	40	77	64
•	Population with sustainable access to improved water source	94	96	91
•	Percentage of children undernourished	15	9	22

It is clear from the above table, that China is moving ahead of India and Pakistan. This is true for many indicators viz., income indicators such as GDP per capita or proportion of population below the poverty line or health indicators such as mortality rates, access to sanitation, literacy, life expectancy or malnourishment.

Pakistan is ahead of India in reducing the proportion of people below the poverty line and also its performance in sanitation.

But neither India nor Pakistan is able to save women from maternal mortality. In China, for lakh births, only 27 women die whereas, in India and Pakistan, about 178 and 174 women die respectively. Surprisingly all three countries report providing improved drinking water sources for most of their population.

4. Write a note on the Great Leap Forward Campaign of China.

Ans: The Great Leap Forward campaign aimed at industrializing the country on a massive scale. People were encouraged to set up industries in their backyards. In rural areas, communes were started. Under the commune system, people collectively cultivated lands. In 1958, there were 26,000 communes covering almost all the farm population.

The Great Leap Forward campaign met with many problems. A severe drought caused havoc in China killing about 30 million people. When Russia had conflicts with China, it withdrew its professionals who had earlier been sent to China to help in the industrialization process.

The Great Leap Forward was initiated in 1958 by the Communist Party of the Peoples' Republic of China. After the establishment of the people's Republic of China under one-party rule, all the critical sectors of the economy, enterprises, and lands owned and operated by the individuals were brought under government control.

5. Give the reasons for the slow growth and re-emergence of poverty in Pakistan.
Ans: The proportion of poor in Pakistan during 1960 was more than 40% which was reduced to 25% in the 1980s and started rising again in 1990.

The main reasons for the growth and re-emergence of poverty in Pakistan are as follows:

- **Harvest based food supply**: In Pakistan, agricultural growth and food supply situation were based not on an institutionalized process of technical change
- **Decrease in foreign exchange earnings**: In Pakistan, maximum foreign exchange earnings came from Pakistani workers in the Middle East and export of highly volatile agricultural products
- **Increased dependence on foreign loans**: There was also growing dependence on foreign loans and increasing difficulties in their repayment.

<u>V. Answer the following questions in twenty sentences</u>:

1. China's rapid industrial growth can be traced back to its reforms in 1978. Do you agree? Elucidate.
Ans: The present-day fast industrial growth in China can be traced back to the reforms introduced in 1978. The leadership at that time in China was not happy with the slow pace of growth and lack of modernization in the Chinese economy under Maoist rule. They felt that the Maoist vision of economic development based on decentralization, self-sufficiency and shunning of foreign technology, goods and capital had failed.

Despite extensive land reforms, collectivization, the great keep forward and other initiatives, the per capita grain output in 1978 was the same as it was in the mid-1950s.

The following points prove that China's rapid industrial growth can be traced back to its reforms in 1978:
(a) China introduced reforms in phases: In the initial phase, reforms were initiated in agriculture, foreign trade and investment sectors. In agriculture, for instance, commune lands were divided into small plots which were allocated to individual households. They were allowed to keep all income from the land after paying stipulated taxes.

(b) In a later phase, reforms were initiated in the industrial sector: Private sector firms, in general, and township and village enterprises, i.e., those enterprises which were owned and operated by local collectives, in particular, were allowed to produce goods. At this stage, enterprises owned by the government which w e. in India call public sector enterprises were made to face competition.

(c) The reform process also involved dual pricing: This means fixing the prices in two ways i.e., farmers and industrial units were required to buy and sell fixed quantities of inputs and outputs on the basis of prices fixed by the government and the rest were purchased and sold at market prices. Over the years, as production increased, the proportion of goods or inputs transacted in the market also increased. In order to attract foreign investors, special economic zones were established.

2. What are the various factors that led to the rapid growth in economic development in China?
Ans: China's economic growth can be attributed to two factors viz.,

- Large scale investments financed by domestic savings and foreign investment
- A rapid growth in productivity.

The economic reforms have increased economic efficiency and the capacity to acquire resources necessary for the growth in agricultural and industrial output. The benefits to productivity were due to the reallocation of resources in sectors, once they were state-run, such as agriculture, commerce and the service sector.

The major factors which led to rapid growth in the economic development of China are as follows:
(a) Structural changes: The Republic of China shifted from being an agricultural country into a highly productive industrial economy and a significant exporter.

(b) Foreign capital: Technological innovation developed abroad was brought by importing industrial equipment and from foreign direct investment.

(c) Dual pricing: China adopted a price equalization mechanism, i.e., dual pricing. This means fixing the prices in two ways farmers and industrial units were required to buy and sell fixed quantities of inputs and outputs on the basis of prices fixed by the government and the rest were purchased and sold at market prices. Over the years, as production increased, the proportion of goods or inputs transacted in the market also increased. In order to attract foreign investors, special economic zones were established.

Further, it was found that the establishment of infrastructure in the areas of education and health, land reforms long existence of decentralized planning and the existence of small enterprises had helped positively in improving the social and income indicators in the post-reform period.

Through the commune system, there was a more equitable distribution of food grains. Experts also point out that each reform measure was first implemented at a smaller level and then extended on a massive scale. The experimentation under decentralized government enabled us to assess the economic, social and political costs of success or failure.

For instance, when reforms were made in agriculture, as pointed out earlier, handing over plots of land to individuals for cultivation, brought prosperity to a vast number of poor people. It created conditions for the subsequent phenomenal growth in rural industries and built up a strong support base for further economic reforms.

3. Explain the path of developmental strategies followed in Pakistan.
Ans: The path of development strategies taken by Pakistan can be pointed out as follows:
(a) Pakistan followed a mixed economic system with the coexistence of public and private sectors.

(b) Between 1950-60, Pakistan introduced a variety of regulatory policy framework for the growth of domestic industries. In agriculture, they adopted green revolution technology to increase agricultural production and thereby increasing industrial production.
(c) There was an increase in public investment in agriculture, which led to rising in the production of food grains.
(d) In the 1970s, capital goods industries were nationalized. But, few industries were again de-nationalized. During the 1980s, encouragement was given to increase the role of the private sector through many incentives. At the same time, Pakistan received financial support from the USA, UK, IMF and World Bank, which helped the country in increasing economic growth.
(e) During 1988, much before India, Pakistan adopted new economic reforms.

4. Compare and contrast India and China's sectoral contribution towards GDP in 2013. What does it indicate?
Ans: The structural contribution towards GDP in India and China during 2013. can be explained with the help of the following table.

Sector	Contribution to GDP	
	India	China
Agriculture	17	9
Industry'	30	43
Services	53	48

From the above table, we can conclude as follows:

- In India, agriculture contributes more towards GDP when compared to China.
- Agricultural contribution to the GDP of China is very low when compared to other sectors like industry and services.
- The contribution of the industrial sector to GDP in China is more than that of India
- The contribution of services to GDP in India is more than that of China
- The contributions of industry and services to GDP in both India and China are almost similar.

VI. Project-oriented question:

1. Group the following features pertaining to the economies of India, China and Pakistan under three heads.
(a) Single child norm
(b) Low fertility rate
(c) High rate of urbanization
(d) Mixed economy
(e) High fertility rate
(f) Large population growth.
(g) High density of population
(h) Growth due to manufacturing sector.
(i) Growth due to service
(j) Low rate of literacy

Ans:

India	**China**	**Pakistan**
Mixed economy	Single child norm	Mixed economy
Large population growth	Low fertility rate	High fertility rate
High density of population	High rate of urbanization	Low rate of literacy
Growth due to service	Growth due to manufacturing sector.	