

PART B:

INDIAN ECONOMIC DEVELOPMENT

Chapter 1: INDIAN ECONOMY AT THE TIME OF INDEPENDENCE

1. What was the condition of agriculture sector at the time of Independence?

Ans : 1) Low level of agricultural productivity :-

Agricultural productivity became very low and this stagnation in agriculture sector was mainly due to systems of land settlement that were introduced by the British Government. The Zamindari system, the profit accruing out of the agriculture sector went to Zamindaris instead of the cultivators. This led to discouragement amongst the cultivators to produce less.

2. High dependence on Monsoon :-

Agriculture sector was mainly dependent on monsoon. No effort was ever made under the British rule to develop permanent means of irrigation.

3. Lack of Proper Input:-

Low level of technology, lack of irrigation facility and negligible use of fertilizers, added to aggravate the plight of the farmers and contributed to the dismal level of agricultural productivity.

Q.2 What was the condition of Industrial sector at the time of Independence? Ans :- 1) Discriminatory Tariff Policy:-

The British Government allowed tariff free export of raw materials from India and tariff free import of British industrial products into India. But a heavy duty on the export of Indian handicrafts products. It leads to decay of handicrafts industry in India.

(ii) Competition from machine:-

Industrial revolution in Britain gave a stiff competition to the handicraft industries in India. Due to low cost and better quality product produced by machine forced the Indian craftsmen to shut down the handicraft Industry in India.

(iii) New Patterns of Demand:-

Owing to British rule in India, a new class of people emerged in India. This changed the pattern of demand in India against the Indian products and in favour of British products. As a result, the Indian Industry tended to Perish

(iv) More market for British Goods:-

An introduction of railways facilitated the transportation of the British products to different parts of the country. As a result, the size of the market for the low cost British product expanded while it started shrinking for the high cost Indian products. This led to decay of Industry in India.

Q3. What was the condition of foreign trade under the British rule?

Ans 1) Due to discriminative tariff policy adopted by the British Government, India became net exporter of raw materials and primary products.

On the other hand, it became net importer of finished goods reproduced by the British Industry.

(ii) Composition of exports and imports showed the backwardness of Indian economy. Exports and imports were largely restricted to Britain only due to monopoly control of India's foreign trade.

(iii) Surplus profit made and account of foreign trade during the British rule was distributed on administrative and as well as on war expenses. It was only used to increase the pursuits of the British Government.

Q4 Mention the demographic profile during the British rule.

Ans : 1) High birth and High death rate implied low survival rate, which was nearly 8 per thousand per annum.

2) Life expectancy was as low as 32 years which shows the lack of health care facilities, lack of awareness as well as lack of means for health care.

3) Literacy rate was as low as 16 percent, which reflects the social and economic backwardness of the country.

Q5. Mention the condition of occupation structure at the time Independence.

Ans:- (i) Agriculture was the principal source of occupation and about 72.7 percent of working population was engaged in agriculture.

(ii) Only 10.1% of the working population was engaged in the manufacturing sector, which showed the backwardness of Indian Industry at the time of Independence.

(iii) Only 17.2 percent of the working population were engaged in the service sector, which also proved the slow growth of tertiary sector at the time of Independence.

(iv) There was an unbalanced growth of Indian economy at the time of Independence

Q6 What was the condition of Infrastructure at the time of Independence.

Ans : 1) There was some infrastructural development during the British in the area of transport and communication.

2) Introduction of railways was a major breakthrough followed by the development of some ports and the construction of some roads.

3) But the main motive of the British government was to foster the interest of the British Government rather than to accelerate the growth of Indian economy.

4) There was transition from barter system of exchange to monetary system of exchange, which facilitated division of labour & large scale production.

Value Based Question

1. Under the colonial dispensation, the economic policies were the protection and promotion of British economic interests, yet we still follow certain values learnt from the British rule. Comment.

Ans.

1. Greater cultural affinity through spread of roadways and railways.
2. Spirit of Enquiry which changed the barter system into monetary system of exchange.
3. We also learnt a valuable system of organizational skills and efficient administrative set up.

HOTS

1. Evaluate Indian economy on the eve of independence.

Ans. The Economic policies pursued by the British government in the India were concerned with the promotion of their colonial interests. It was their exploitative policies that Indian economy was drastically backward. In the middle 18thcentaury India which was known as a golden bird and self reliant economy, transformed into a poor and stagnant economy.

By the time India won its independence, the impact of the two-century long British colonial rule was already showing on all aspects of the Indian economy. The agricultural sector was already saddled with the surplus labor and extremely low productivity. The industrial sector was crying for modernization, diversification, capacity building and increased public investment. Foreign trade was oriented to feed the Industrial Revolution in Britain. Infrastructure facilities, including the famed railway network, needed up gradation, expansion and public orientation. Prevalence of rampant poverty and unemployment required welfare of orientation of public economic policy. In a nutshell, the social and economic challenges before the country were enormous.

CHAPTER-2: DEVELOPMENT POLICIES AND EXPERIENCE **(1950-1990)**

1. What is Economic Planning?

Ans :- It means utilization of country's resources into different development. Activities in accordance with the national priorities.

2. When was planning commission set up?

Ans :- It was set up in 1950.

3. When was National development council set up?

Ans:- It was set up in 1952

4. Mention the objectives or goals of planning in India. Briefly explain

it. Ans :- The goals or objectives of planning in India are as follows:

i) Growth: -

It refers to increase in the country's capacity to produce the output of goods and services within the country. It implies either a large stock of productive capital or an increase in the efficiency of productive capital and services like transport, banking & communication etc. In other words, it means steady increase in the gross domestic product (GDP). It is necessary to produce more goods and services if the countries need to achieve higher growth level.

(ii) Modernization:-

It is necessary to adopt new technology in order to increase production of goods & services. Adoption of new technology is called modernization.

However, modernization does not refer only to the use of new technology but also to change in social outlook such as women empowerment. A modern society makes use of the talents of women in the work place so that the society will be more civilized and prosperous

(iii) Self-reliance:-

It refers to utilization of country's resources in order to promote economic growth and modernization without using the resources imported from other countries. It means avoiding imports of those goods which could be produced in India itself.

It is necessary in order to reduce our dependence on foreign countries in order to safeguard the sovereignty of our country and unnecessary foreign interference in our polices.

(iv) Equity:-

It means equal distribution of income and wealth among the societies. It is important to ensure that the benefits of economic development should reach the poor sections of the society as well instead of being enjoyed by the rich. It is necessary that every people of a country should be able

to meet their basic needs such as food, education, health facilities in order to reduce the inequality

5. Mention the development of Agriculture sector between 1950-1990

Ans : (i) Land reforms :

Land reforms were initiated in order to bring equity in ownership of landholdings. It was decided to establish intermediaries and to make the tillers of the owners of land. It gives the tillers the incentives to invest in making improvements in land provided sufficient capital was made available to them.

(ii) Land Ceiling:-

It refers to fixing the maximum size of land which could be owned by an individual. The purpose of land ceiling was to reduce the concentration of land ownership in a few hands and to promote equality in the agricultural sector.

(iii) Green Revolution:-

It refers to large increase in production of food grains resulting from the use of High yielding variety (HYV) seeds. The use of fertilizers, pesticides, irrigation facilities is important along with HYV seeds in order to increase agricultural productivity & production. The farmers should be provided adequate financial resources in order to purchase agricultural inputs.

Q6 Mention the development of Industrial sector between 1950-1990

Ans : 1) Public enterprises were played a central role in the process of Industrialization

2) Private enterprises were to play only a secondary role in the process of industrialization. It means private sector were to obtain a license for their industrial establishments and to produce goods within the prescribed limits of production capacity.

3) Major thrust was given to import substitution. It means production of such goods were to be accorded high priority which were imported from abroad. It was necessary to achieve the objective of growth with self-reliance.

4) Domestic industries were given protection from foreign competition and it was done through

(i) Heavy duty in imports (ii) Large – scale industry was to be developed with a view to build an infrastructural base in country.

Q7. Mention the development of foreign trade between 1950-1990

Ans :- Inward looking trade strategy was adopted as foreign trade policy . This strategy is called import substitution. It aims at replacing or substituting imports with domestic production. Domestic industry is offered protection from foreign competition through import duties.

Its main objective was to save foreign exchange by encouraging domestic production of such goods which could be imported from rest of the world. The Government protected the domestic industries from competition through tariffs and quotas. Through imposition of tariffs and quotas,

the government restricted the imports of goods and thereby protecting the domestic firms from foreign competition.

Q.8 what is marketed Surplus?

The excess portion of agriculture produce which is sold into the market by the farmers is called marketed surplus.

Multiple Choice Questions

1. Refers to an arrangement by which central problems of an economy are solved.
(a) **Economic system** (b) Mixed economy (c) Modernization (d) Socialist
2. The planning commission was set up in _____.
(a.) 1948 (b) **1950** (c) 1952 (d) 1961

Conceptual question

1. Name common goals of five year plans.

Ans. Growth, Modernisation, Self sufficiency and equity.

Hots questions

1. What are the objectives of industrial licensing?

Ans.

1. To utilize the scarce resources to the maximum.
2. To realize the objective of economic growth on the basis of priorities.
3. To generate more employment opportunities.
4. To achieve the objective of regional balanced growth.
5. To secure industrial efficiency.
- 6.** To develop strong infrastructural base.

CHAPTER- 3: ECONOMIC REFORMS SINCE 1991

Q1.What is economic reforms?

Ans. The new economic policy started by the government since 1991 in order solve the Economic crisis and to accelerate the rate of economic growth is called Economic Reforms. It is also known as new economic policy which consists of Liberalization, Privatization and Globalization (LPG).

Q2.Why there was need for economic reforms?

Ans. 1.Mounting fiscal deficit :

Fiscal deficit of the government had been mounting year after year on continuous increase in Non-development expenditure. Due to persistent rise in fiscal deficit there was corresponding

Rise in public debt and interest payment liability there was possibility that the economy might Lead to debt-trap situation. Thus it becomes essential for the government to reduce its non-development expenditure and restore fiscal discipline in the economy.

2. Adverse balance of payment: When receipts of foreign exchange fall short of their payments,

the problem of adverse balance of payment arises. Despite the restrictive policy adopted by the government till 1990 import substitution and export promotion the desired result could not be meet.

Our export could not compete in terms of price and quality in the international market. As a result there was slow growth of export and rapid increase in imports. Accordingly the burden

of foreign debt services increased tremendously and leading to depletion of foreign exchange reserves.

3.GulfCrises: On account of Iraq war in 1990-91 prices of petrol shot-up . Besides India used to receive huge amount of remittances from gulf countries in terms of foreign exchange.

4. Poor performances of PSU"s:

Due to poor performances of public sector undertakings degenerated in to a liability. Most of public sector undertakings were incurring loss and their performance was quiet satisfactory. On account of these factors, it becomes imperative for the government to adopt new economic policy or to initiate economic reforms.

5 .Rise in price:Due to rise in prices of food grains there was pressure of inflation Prior to 1991. Which deepen the economic crisis from bad to worse.

6 .Fall in foreign exchange reserves: In 1990-91 India"s foreign exchange reserves fall to such a low level that there was not enough to pay for an import bill of even10 days. In such situation

the government had to helplessly resort to policy of liberalization as suggested by the World Bank.

Q3 what is New Economic Policy? Briefly explain it.

Ans. New Economic Policy refers to adoption of Liberalisation,Privatisation and Globalization(LPG) which aims at the rendering the economy more efficient, competitive and developed.

ELEMENTS OF NEW ECONOMIC POLICY

After independence we were giving public sector a major role in the overall development of the economy. We had taken a 'u' turn from these policies in 1991 which promoted public sector. The immediate reason was that we were not having foreign exchange for imports for even 15 days. For eradication of crises we approached world bank and IMF.

Reasons:-

- Growth rates were not as high as expected.
- Fiscal deficit was very high in the tune of 5.4% of GDP.
- Inflation rates were in double digit.
- Corruption was rampant.
- Growth of Employment generation was less than 1%.

Suggestions:-

- Stabilisation measures :- maintain sufficient foreign exchange reserve and keep the rising prices under control
 - Structural measures:- Introduce Liberalisation and privatization.
- 1. Liberalization:** It means to free the economy from the direct and physical control imposed by the government.
 - Removal of restrictions which were governing private sector.
 - And allowing private sector to produce in those areas which was earlier prohibited.

Measures adopted for Liberalization:

- Abolition of industrial licensing.
- DE reservation of production areas
- Expansion of production capacity
- Freedom to import capital goods

Deregulation of industrial sector:-

- Abolition of licensing.
- Private sector was allowed in many industries.
- Earlier many goods were reserved for small scale industries now it has been de- reserved.
- Now market is allowed to determine prices.

FINANCIAL SECTOR REFORM

Financial sector is controlled through various rules and regulation of RBI. The major aim of this reform is to reduce the role of RBI from regulator to facilitator. Financial sector is allowed to take decisions on many matters without consulting RBI.

TAX REFORM

Tax reforms are concerned with fiscal policy. There are two types of taxes:
Direct tax and indirect tax

DIRECT TAX:

The taxes on individual's income as well as on the profits earned by the business enterprise. The effect of whose cannot be shifted to other.

INDIRECT TAX

The effect of whose can be shifted to other.

FOREIGN EXCHANGE REFORM

It includes devaluation of Indian rupee in foreign markets so as our goods become cheaper in foreign market and Our Export may increase and imports may fall.

TRADE AND INVESTMENT POLICY REFORM

This policy aims at:

- Removal of quantitative restrictions on imports as well as on exports
- Reduction of tariff rates
- Removal of licensing procedure for imports
- Import licensing was abolished
- Export duties have been removed to increase competition

PRIVATISATION

Converting public companies into private companies by Withdrawal of government ownership or management

or

Outright sale of government companies

DISIVESTMENT

Privatisation of public sector undertaking by selling off part of the equity of PSUs to public

GLOBALISATION

It means integration of the economy of country with world's economy.

OUTSOURCING

When work is done outside the country due to low wage rate, reasonable degree of skill and accuracy, it is known as outsourcing.

WORLD TRADE ORGANISATION {WTO}

The organization administers all multilateral trade agreements by providing equal opportunities to all countries in the market for trading purpose. The share of India in world trade is 0.5 to 0.7%

Effect of these reforms on :

(a) AGRICULTURE

The growth rate of agriculture has been decelerating.

Reasons

- Public investment in infrastructure became low.
- Removal of fertilizer subsidy has led to increase in the cost of production.
- Removal of MSP and lifting of quantitative restriction have adversely affected farmers as they have to face increased international competition.

(b) INDUSTRY:

- It has decrease the demand of industrial products because of cheaper imports, in adequate investment in infrastructure.
- Domestic manufacturers are facing competition from imports.
- Free movement of goods and services adversely affected the local industries and employment opportunities.

2. **Privation:** It refers to general process of involving the private sector in the ownership or management of state owned enterprises. It imply partial or full ownership and management of public sector enterprises by the private sector.

Measures adopted for Privatization:

- (i) Contraction of public sector
- (ii) Disinvestment of public sector undertaking
- (iii) Selling of shares of public enterprises

3. **Globalization:** It means integrating the economy of a country with the economies of other countries under condition of free flow trade and capital and movement of persons across borders.

Measures adopted for Globalization:

- (i) Increase in equity limit of foreign investment
- (ii) Partial convertibility of Indian rupees
- (iii) Long –term trade policy
- (iv) Reduction in tariffs.

Q4. Mention the positive impact of LPG policies

- 1. a vibrant Economy
- 2. Stimulant to Industrial production
- 3. Check on fiscal deficit
- 4. Check on inflation
- 5. Improvement in consumers sovereignty
- 6. A substantial increase in foreign exchange reserves.
- 7. Flow of private foreign investment.
- 8. India as an emerging economic power
- 9. Shift from monopoly market to competitive market

Q5. . Mention the negative impact of LPG policies.

- 1. Neglect of agriculture
- 2. Urban concentration of growth process
- 3. Economic colonialism
- 4. Spread of consumerism
- 5. Lopsided growth process
- 6. Cultural erosion

Multiple Choice questions

1. RBI was setup in
- (a) 2006 (b) 1971 (c) 1963 (d) 1935

Conceptual questions

1. Define Disinvestment

Privatisation of the public sector undertakings by selling off part of the equity of PSUs to the private sector is known as disinvestment

Value Based Questions

1. Various fiscal reforms were initiated in the New economic policy of 1991. One fiscal measure undertaken was to reduce taxes. How in your views is it justifiable?

Ans. Before 1991, both direct and indirect taxes were high. According to New economic policy of 1991, taxes were reduced to

- ➔ Discourage tax evasion
- ➔ Provide incentive to honest tax payers
- ➔ Inculcate good values among the tax payers to cooperate with the govt. in meeting its public expenditure.

Chapter 4: POVERTY

Learning Objectives

- Introduction
- Meaning of Poverty
- Who are poor?
 - Poor in Urban & Rural Areas.
 - Common characteristics of poor people.
- Measures of poverty: relative & Absolute
 - Relative poverty
 - Absolute poverty
- Concept of poverty line.
- Magnitude of poverty.
- Causes of poverty.
- Measures to remove poverty.
- Government approach to remove poverty.
- Poverty alleviation programs (PAP) in India.
- Critical evaluation of poverty Alleviation programs (PAP)

1 Mark questions

1. Define poverty?

Ans. poverty refers to a state in which an individual is unable to fulfill even the basic necessities of life.

2. Name two measures to determine the extent of poverty?

Ans. The two measures to determine the extent of poverty are:

- I. Relative poverty
- II. Absolute poverty

3. What is the minimum calorie intake estimated for rural & urban areas?

Ans. The minimum calorie intake estimated in rural areas is 2400 & in urban areas 2100 calorie.

4. Why has higher calorie intake fixed for rural areas?

Ans. Higher calorie intake has been fixed for rural areas because the rural worker has to do greater physical work as compared to urban worker

5. How can creation of income earning assets address the problem of poverty?

Ans. If poor people are provided with high income earning assets, then they will be assured of minimum income. It would help them in coming above the poverty line.

6. What is meant by absolute poverty?

Ans. Absolute poverty refers to the total number of people living below poverty line.

7. The poverty has shifted from overall to urban areas. Why?

Ans. The poverty has shifted from overall to urban areas because of the migration of the rural people to urban areas in search of alternative employment & livelihood.

8. Name the program initiated by government to help the elderly people & poor & destitute women?

Ans. National social assistance program (NSAP)

9. What is meant by head count ratio?

Ans. When the number of poor is estimated as the proportion of people below the poverty line, it is known as "Head Count Ratio"

10. What is the amount of consumption expenditure to determine poverty line in India?

Ans. Rs. 328 per month in rural areas & Rs. 454 per month in urban areas at 1990-00 prices.

11. Which Organization collects data on poverty in India?

Ans. National Sample Survey Organization (NSSO)

12. Distinguish between absolute and relative poverty.

Ans. Absolute poverty refers to the total number of people living below poverty line, whereas relative poverty refers to poverty of people in comparison to other people, regions or nations.

13. Where do you think the incidence of poverty is greater? Rural areas or urban areas?

Ans. Rural areas.

14. What percentage of population was below the poverty line in the year 2004-05?

Ans. 21.8 per cent.

Meaning of poverty

Poverty refers to a state in which an individual is unable to fulfill even the basic necessities of life. The minimum requirement includes food, clothing, shelter & health facilities.

3 & 4 Marks questions

15. What are the characters of poor people?

- i. Hunger, starvation & malnutrition:- Hunger & starvation are the basic problems of the poorest households. Malnutrition is alarming high among the poor.

- ii. Poor health:- they are generally physically weak due to ill health disability or serious illness. Their children are less likely to survive or be born healthy.
- iii. Limited economic opportunities:- they have very Limited economic opportunities due to lack of literacy and skills.
- iv. Debt trap:- they borrow from money landless who charge high rate of interest.
- v. Lack of facilities of electricity & water:- most poor household do not have access to electricity. Their primary cooking fuel is fire wood & cow dung cake.
- vi. Bigger families:- the poor families are bigger in size, which make their economic condition worse.

16. Explain the measures of poverty – relative & absolute.

- a. Relative poverty:- when we compare the incomes of different people, & we find that some people are poorer than other , it is called relative poverty.
 - Relative poverty does not consider, how poor the poor persons are or whether he is deprived of the basis minimum requirement of life or not.
 - It compares the inequality of income & assets ownership. It helps in understanding the relative position of different segment of the populations.
 - The defect in the relative measure of poverty is that it only reflect the relative position of different segment of the population in the income hierarchy.
- b. Absolute poverty:-It refers to the total number of people living below poverty line. In poverty line a standard is fixed in terms of minimum level of consumption.
 - Absolute poverty refers to a situation when a person fails to reach this minimum consumption.

How to measure absolute poverty?

- Poverty line is used as a measure.
- The people below poverty line are absolutely poor.

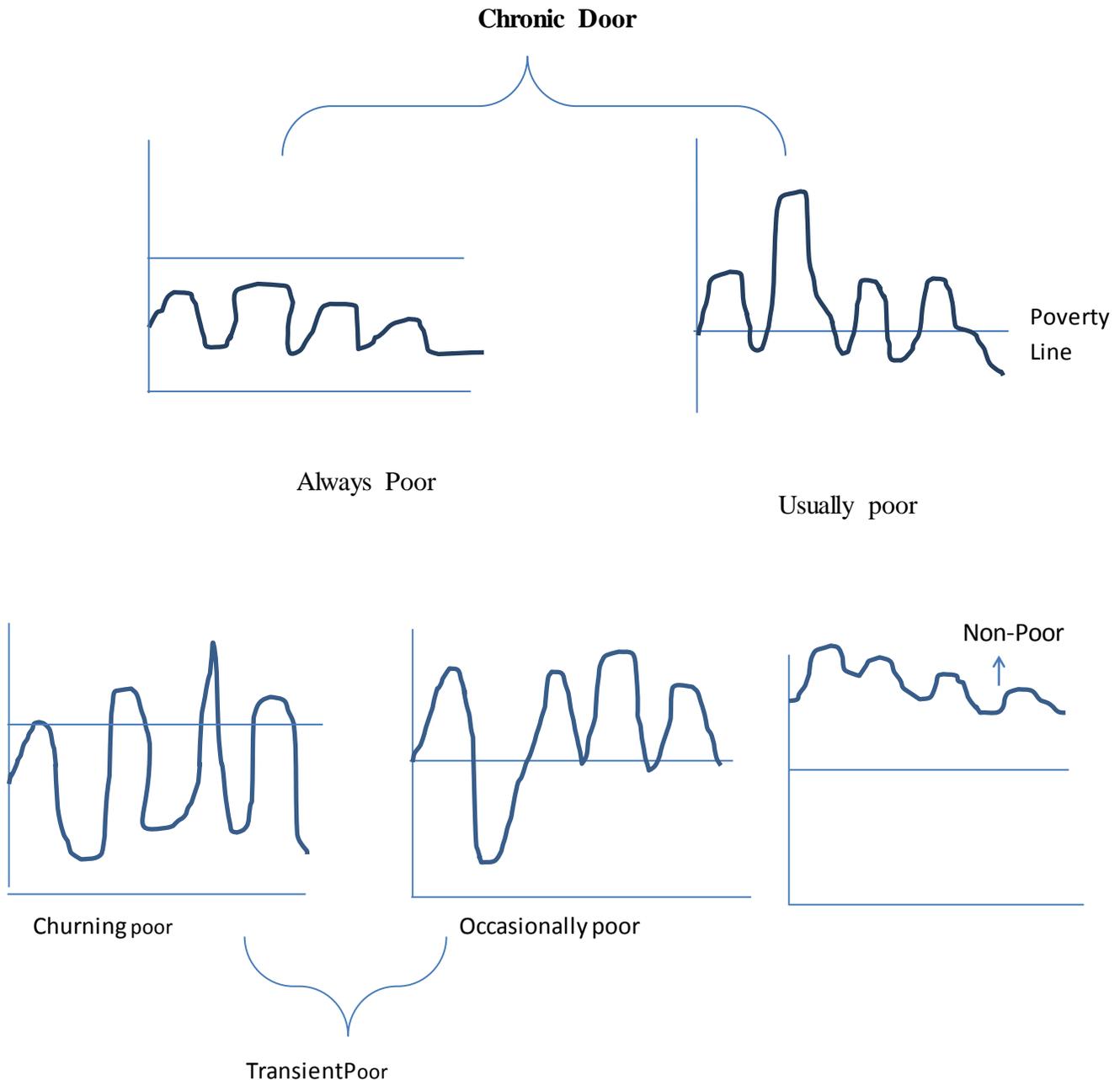
17. Explain the concept of poverty line?

- Poverty line is a cutoff point on the line of distribution, which usually divides the population of the country as poor & non poor.
- People having income below the poverty line are called poor & people with income above poverty line are called non poor.
- The planning commission has defined poverty line on the basis of recommended nutritional requirement of 2400 calories per person in rural areas and 2100 for a person in urban areas.
- While fixing the poverty line, consumption of food is considered as the most important criteria.
- The consumption worth of Rs. 328 per person a month in rural area and for urban area it was Rs. 454 also considered for poverty line.

Categorizing poverty

Chronic poor's:- transient poor may be classified as churning poor (who regularly move in & out of poverty, like small farmer) & occasionally poor (who are rich most of the time & poor sometimes)

Non-poor:- they are never poor



Criticism of the poverty line.

- This method does not differentiate between the very poor and the other poor.

- There are many factors, other than income & assets, which are associated with poverty, like accessibility to basic education, health care drinking water etc which have been ignored.
- This method does not consider social factors that generate & are responsible for poverty, like illiteracy, ill health, lack of access to resources discrimination or lack of resources discrimination or lack of civil & political freedom.

18. How to measure number of poor? (tools to measure poverty)

Ans. The simplest method to determine number of poor is the head count ratio (HCR). Head count ratio is calculated by dividing the number of people below the poverty line by the total population.

- Amartyasen a Noble Laureate developed Sen Index to measure poverty.
- Other tools to measure poverty are Gap Index and squared poverty gap.
- Official data of poverty is collected by NSSO.

Causes of poverty

Underdevelopment of the Indian economy:- the root cause of poverty is the under development of the Indian economy. The underdevelopment is manifested by the relative backwardness of agriculture & industrial sector. Widespread infrastructural bottle necks are presented & as a result of slow pace of development nearly 20% of the population is still living below the poverty line.

Population explosion:-Rapid growth of population, particularly among the poor, is responsible for the problem of poverty in the country.

High level of un-employment:- poverty is caused by unemployment or unemployment coupled with a low rates of wages. More than six decades economic planning has failed to generate adequate employment opportunities in the industrial & service sector & employment is stagnant sector. Employment & unemployment have resulted in low levels of income & a large share of population lies below the minimum subsistence levels.

Inequalities of income:- (an important cause of poverty in India is the existence of large inequalities in distribution of national income & concentration of economic power, both in rural & urban sectors of the economics) efforts to reduce inequalities have been ineffective. The benefits of growth have been appropriated by the rich section & have not reached the poorest of the poor. So the rich become richer as their income rise & assets expanded.

Social factors:- Joint family system, laws of inheritance, strong belief in destiny & fate are some social factors that have presented individuals from taking initiative & risk.

In short narrow & pessimist attitude is responsible for inertia, lack of imitative & dynamism. People believe that their present state is due to their destiny & it keeps the individual in a vicious circle of poverty.

Political factors:-Before Independence, India was exploited under the British rule. After Independence other political factors have adversely affected economic progress. Economic policies are formulated to promote the interest of the richer section of the society & poor people are suffers in the process.

Inflation:- The steep & continuous rise in price, particularly of essential commodities has added to the miseries of the poor.

High illiteracy rate:-lower education result in lower income as there is a positive correlation between the two.

Poor state of agriculture:-Labour & land productivity continue to be low in India. Consequently, most of the farmers live in a state of poverty.

Underutilization of resource:-Due to the un exploitation natural resources of the country, poverty spreads throughout the country.

19. How to remove poverty?

- **Acceleration of economic growth**:- the first & foremost measure needed to remove poverty is accelerating the rate of economic growth.
- **Reducing inequalities of income**:-if the high growth rate is accompanied with increased inequalities of income, then fruits of economic development will accrue only to rich section, whereas the poor will grow in numbers. Thus in equalities must be reduced if development is to benefit the poor.
- **Population control**:-High growth rate of population especially among the poor is one of the causes. So (in order to remove poverty, it is very essential that population growth rate be checked) poverty can be removed to a greater extent, if we intensify family planning campaign & reduce the increasing population among the poor.
- **Agricultural development**:- eradication of mass poverty in rural areas is possible only when due emphasis is given for agricultural development. so (there is a serious need to enhance the agriculture production & productivity) government should take steps to make provision for financial assistance to small & marginal farmers, high yielding varieties of seeds, irrigation facilities, fertilizers etc.
- **More employment opportunities**:-poverty can be eliminated by providing more employment opportunities. So that people are able to meet their basic needs.
- **Land reforms**:-by the imposition of ceilings on land holdings & their effective implementation a good amount of land can be acquired to be distributed among the landless laborer. On obtaining land, the landless laborers will be able to employ themselves & will produce subsistence for them.

Three Dimensional Approach to remove Poverty

Growth oriented approach:-this approach is based on an expectation that effects of economic growth (rapid increase in GDP & per capital income) would speed to all sections of the society & will trickle down to the poor section also) it was felt that rapid industrial development & transformation of agriculture through green revolution in selected regions & more backward sections of the community.

Poverty alleviation programmer:- This is the second approach has been initiated from the third five year plan & progressively enlarged since then(the government has introduced a variety of programmers for education of poverty)

Poverty alleviation programmers (PAP) in India:-

1. **Prime minister's Rozgar Yojana(PMRY)** :- This program aims at creating self-employment opportunities in rural areas & small towns. Under this program, educated unemployed from low-income families in rural & urban areas can get financial assistance in the form of bank loans, to set up any kind of enterprise that generates employment. It attempted to generate employment by setting up seven lakh micro-enterprises during the eighth plan [1992-97]. By 2003-04, 3 million people got employment under the scheme of PMRY.
2. **Swarna Jayanthi Shahri Rozgar Yojana (SJSRY):-** (Urban self-employment program & the urban wage employment programs are two special schemes of SJSRY, initiated in December 1997) which replaced various programmes operated earlier, for urban poverty alleviation. SJRY mainly aims at creating employment opportunities for both self-employment & wage-employment in urban areas.
3. **Swarna Jayanthi Gram Swarozgar Yojana (SGSY):-** SGSY is a self-employment program, launched with effect from April 1 199 as a result of restructuring & combining the earlier poverty eradication programmes like Integrated rural development programme (IRDP), development of women & children in rural areas (DWCRA), etc. It aims at promoting micro enterprises & to bring the assisted poor families (Swarozgaris) above the poverty line, by organizing them into Self-Help Groups (SHGs). Under this programme, people who wish to benefit from this scheme are encouraged to form self-help groups (SHG). Initially they are encouraged to save some money & land among themselves as small loans. Later, through banks, the govt. provides partial financial assistance to SHGs which then decide whom the loan is to be given for self-employment activities.
4. **Sampoorna Grameen Rozgar Yojana (SGRY):-** The scheme was launched with effect from September 2001. The schemes of Jawahar Gram Samridhi Yojana (JGSY) & employment assurance scheme (EAS) has been fully integrated with SGRY. The scheme aims at providing wage employment in rural areas & food security, along with the creation of durable community social & economic assets. The centre & the state on the cost sharing ratio of 87.5 : 12.5 [Including food grains components].
5. **National Rural Employment Guarantee Act 2005:-** The act was passed in 2005 & the scheme, i.e. National rural employment guarantee schemes or NREGS was launched in February 2006. The aim of the act is to provide guaranteed wages employment to every households. Under this programme, volunteer adults will be provided unskilled manual work for a minimum of 100 days in a year. Those cannot be employed employers under this scheme were given wages for those 100 days.
6. **Pradhan Mantri Gramodaya Yojana (PMGY):-** This programme was introduced in 2000-01, with the objective of focusing on village level development in five critical areas:-
 - i. Health
 - ii. Primary Education
 - iii. Drinking water
 - iv. Housing & rural roads
 - v. Improving quality of life of people in rural areas.

PMGY includes these projects:-

- a. Pradhan Mantri Gram Sadak (PMGSY)
 - b. Pradhan Mantri gramodya yojna [Gramin awas]
 - c. Pradhan Mantri gramodya yojna- Rural drinking water project.
7. **National Social Assistance Programme (NSAP):-** NSAP was introduced on 15th August 1995 for social assistance benefit to poor house hold affected by old age, death, primary bread earner & maternity care. The programme has three components
 - i. National old age pension scheme (NOAPS)

- ii. National family benefits scheme (NFBS)
- iii. National benefit scheme (NMBS).

Minimum Needs programmers:- The third approach is to provide minimum basic amenities to the people. India was among the pioneers that it would visualize that through public expenditures on social consumption needs. (Food grains at subsidized rates, education, health, water supply & sanitation) people's living standard could be improved. Programmers under this approach are expected to supplement the consumption of the poor. Create employments in health & education. 3 major programs that aims at improving the food & nutritional status of poor are:-

- i. Public distribution system
- ii. integrated child development scheme
- iii. midday meal scheme

CHAPTER 5: RURAL DEVELOPMENT

Learning Objectives

- Introduction
- Meaning of Rural Development
- Process of Rural Development
- Rural Credit
- Need for Rural Credit or Agricultural finance
 - On the basis of time
 - On the basis of purpose
- Sources of Rural Credit
 - Non Institutional Sources
 - Institutional Sources
- Critical Appraisal of Rural Banking
- Agricultural Market system
 - Measures to improve agricultural marketing
 - Defects of Agricultural marketing in India
 - Remedial measures for Improvement of Agricultural marketing
 - Emerging Alternate Marketing Channels
- Diversification of Agricultural activities
 - Diversification of Crop production
 - Diversification of productive of activities
- Sustainable Development and Organic Farming
 - Meaning of Organic Farming
 - Benefits of Organic Farming
 - Challenges before Organic farming
- Evaluation of Rural Development

1 Mark Question

1 Q) What do you mean by Rural Development?

Ans: Rural Development is a continuous comprehensive socio-economic process, attempting to improve all aspects of rural life.

2 Q) What is agricultural diversification essential for sustainable livelihood?

Ans: Agricultural diversification is essential for rural people to generate supplementary gainful employment and realizing higher level of income.

3 Q) What is cooperative marketing?

Ans: Cooperative marketing refers to a system in which marketing societies are formed by farmers to sell the output collectively and to take advantage of collective bargaining.

4 Q) What do you mean by agricultural marketing?

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

5 Q) What are the 2 aspects of diversification of activities?

Ans: Diversification includes 2 aspects

- i. Diversification of crop production
- ii. Diversification of productive activities (Shift of workplace from agricultural to other allied activities and non-agricultural sector)

6 Q) Classify rural credit on base of time

Ans: On the basis time, rural credit can be classified as: short-term credit, medium-term credit and long-term credit

7 Q) Which is the apex institution in rural financing?

Ans: National Bank for Agricultural and Rural Development (NABARD), established in 1982.

8 Q) Name three institutional sources of agricultural credit

Ans: 3 institutional sources of agricultural credit are:

- i. Cooperative Credit Societies
- ii. Commercial Banks
- iii. Regional Rural Banks

9 Q) What is distress Sale?

Ans: It refers to a sale in which farmers are forced to sell their surplus produce to the money lenders or traders at lower price.

10 Q) What is organic farming?

Ans: Organic farming is a production system that sustains the health of soils, ecosystem and people. It relies on ecological processes bio diversity and cycles adapted to a local conditions, rather than the use of inputs with adverse effects.

11 Q) What is Micro-finance?

Ans: Micro finance is a credit scheme extended to the poor through Self Help Groups (SGHs)

12 Q) Why have Self Help Groups (SGHs) been set up?

Ans: The Self-Help Groups (SGHs) have been set up to promote thrift in small proportions by a minimum contribution from each member. From the pooled money, credit is given to the needy numbers to be repayable in small installments at reasonable interest rates.

13 Q) What is meant by Operation flood?

Ans: Operation flood is a system, whereby all the farmers can pool their milk produce according to different grading and the same is processed and marketed to urban centers through cooperatives.

14 Q) Give any one limitation of Organic farming?

Ans: Yields from Organic farming are less than modern farming.

15 Q) Why is minimum support price (MSP) fixed by the government?

Ans: Minimum support price is fixed by the govt. to safe guard the interest of farmers.

16 Q) Why do people seek employment in non-farm sectors?

Ans: People seek employment in non-farm sectors as agriculture is already over-crowded and cannot offer additional employment.

17 Q) What is the share of total fish production in the total GDP in the year 2005-06?

Ans: 1.4 percent

18 Q) State one advantage of organic farming

Ans: Organic farming requires cheaper agricultural inputs

19 Q) Why is the period of 1991-2003 is known as period of Golden Revolution?

Ans: The period of 1991-2003 is known as Golden Revolution because during this period, the planned investment in horticulture became highly productive and the sector emerged as a sustainable livelihood option.

20 Q) What is the main function of co-operative marketing societies.

Ans: The main function is to improve agricultural marketing.

21 Q) What is Rural Development?

Ans: 1. Rural Development is a continuous and comprehensive Socio Economic process, attempting to improve all aspects of rural life.

2. It aims at improving the economic & Social Conditions of the people living in villages.

3. The rural development includes development in human resource, infrastructure and reforms, removal of poverty and development of productive resources to improve employment.

Rural Credit

1. Rural Credit means provision of loans specially in production for agriculture and non-agricultural sectors.
2. Credit facilities in the rural areas have contributed a large increase in agricultural productivity and employment facilities in non-agricultural sectors.
3. The loans have provided in rural areas to the frames in order to purchase machineries agricultural implements etc.
4. The government had also provided long term loans which can be repaved in 15to 20 years for improvement of the land, digging tubeneth purchase of tractors etc.
5. There are some loans which are provided to farmers to celebrate religious ceremonies, marriages for settlements of old loans and to support the family in case of a crop failure. These loans are called as unproductive loans.

Sources of Rural Credit

Rural Credit availability can be broadly classified into 2 categories:

1. **Non-institution Sources:** - These are the traditional sources of agricultural credit in India. They include money lenders, relatives, traders, commission agents and land lords.
2. **Institutional Sources:-** They are cooperative credit, land development banks, commercial banks, regional rural banks, govt., national bank for agricultural and rural development(NBNR) and also self-help groups.

Agricultural Marketing System

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

Measures to Improve Agricultural Marketing

After Independent govt. has adopted various measures to improve of the system of agricultural marketing in the country.

It has brought about following measures in order to regulate the markets:-

1. **Regulated Markets:-** The first measure was regulation of markets, to create orderly and transparent marketing condition. This is organized in order to protect farmers from malpractices of sellers and brokers.
2. **Cooperative Marketing:-** Marketive societies are formed by farmers to sell the output collectively and to take advantages of collective bargaining , for obtaining a better price. Cooperatives are not functioning properly in a recent past due to inadequate coverage of farmer members and processing cooperatives and also inefficient management.
3. **Infrastructural facilities:-** Govt. had also provided infrastructural facilities like roads, railways, warehousing, old storage and processing units.

4. **Standardization and Grading:-** Grading And quality control helps farmers to get good price for quality products produced by them.
5. **Minimum Support Price:-** To safeguard the Interest of the farmers government fixes the minimum support price for agricultural products like wheat, rice, maize, cotton, sugarcane, pulses etc. the government willingly will buy any amount of grains from the farmers at a price higher than the market price in order to help them recover their loss. This is normally done by good cooperation of India & the Government in turn will supply these products in public distribution system against BPL & APL card.

Defects of Agricultural Market in India

The existing system of Agricultural marketing has no. of defects the following are some of the defects due to which the marketing system is not properly organized.

1. Lack of storage facility for food grain and crops has damaged the products either by rats or insects or due to rain.
2. Distress Sale: Most Indian farmers are poor and they have no capacity to wait for better price. They sell the commodities at whatever the price available immediately. As a result they go for distress sale of their output, to the village money lenders or traders for poor price.
3. Lack of transportation as a result farmer cannot reach nearby mandhis to sell their produce at a fair price.
4. Long chain of middleman or intermediaries between the cultivator and the consumer will also reduce the profit of the producer.
5. There are also other defects like lack of institutional finance, lack of guiding etc.. This makes Indian marketing system disorganized.

Remedial measures for improvement of agricultural marketing

Following are some of the measures to improve the system agricultural marketing in the country.

1. Extension of storage facilities at the farm level and storage and warehousing facilities in the markets and consumption centers.
2. Establishments of regulated markets.
3. Improvement of transport facilities between the village and the mandhis.
4. Establishment of cooperation marketing societies.
5. Provision of cheap credit, especially from institutional sources.
6. Provision for grading of the produce to ensure good quality to the consumers and better prices for the producers.
7. Prompt supply of marketing information.

Diversification of Agricultural Activity

1. This means the excess of people in agriculture can be given gainful employment in some other allied activities in agriculture and non-farm activities. This is done in order to overcome poverty, improve employment and make rural agricultural people fully employed.

2. Diversification includes 2 aspects.

- a. **Diversification of crop production:-** This involves shift from single cropping system to multiple cropping system. This also involves shifting cropping pattern from food grains to cash crops. The main aim is to promote shift from subsistence farming to commercial farming.
- b. **Diversification of Productive Activities:-** As agricultural is already overcrowded the major portion of the increasing labour force needs to find alternate employment opportunities in other non-farm sectors. This will provide alternate sustainable livelihood and would raise the level of income.

Some of the non- farm activities are:-

Animal husbandry and dairy farming, fishers, horticulture, agro processing industries, food processing industries leather industry, tourism etc. these sectors which have the potential but they lack infrastructure and other financial support.

Q2. Explain the increasing role of IT Industries in the development of agriculture?

1. Information Technology has revolutionized many sectors in Indian economy. There is a broad agreement that IT will play critical role in achieving sustainable development and food security in the 20th century.
2. Through proper information and software tools, govt has been able to predict area of food insecurity and vulnerability to prevent or reduce the livelihood of an emergency.
3. It also has a posture impact on the agricultural sector as it circulate information regarding technologies and its application prices, weather and soil condition for growing different crops.
4. This has increased the knowledge about agriculture.
5. The aim for increasing the role of information technology is to make ever village a knowledge Centre, where IT provides a sustainable option of employment and livelihood.

Sustainable Development

Meaning:- It is the development which aims to develop the present generation without effecting the quality of life of future generation.

Sustainable development does not prohibit the use of any resources, but aims to restrict their use in such a way it is left for the future generation.

Meaning of Organic Farming

1. Organic farming is the process of producing food naturally.
2. This method avoids the use of synthetic chemical fertilizers and genetically modified organisms.
3. It is very eco-friendly and very essential for sustainable development. It has a zero impact on environment.

Advantages of Organic Farming

1. It substitutes costlier agricultural inputs such as HYV seed, Chemical fertilizers, pesticides etc. locally produced organic inputs, which are cheaper and thereby generate good returns on Investments.
2. It generates income through export as the demand, for organically grown crops are on the raise.
3. It provides healthy food as organically grown food has more nutritional value than food grown through chemical farming.
4. It can provide more employment opportunities in India as it requires more labourers for production than chemically produced goods.
5. Organic food is a pesticide free and is produced in an environmentally sustainable way.

Disadvantages of Organic Farming

A Demerits or challenges before organic farming

1. Organic farming needs to be popularized by creating awareness and willingness on the part of the farmers for adoption of new methods.
2. There is no proper infrastructure and marketing facilities for these products alone. An appropriate agricultural policy should be brought in for organic farming.
3. The fields from organic farming are less than modern agricultural farming in the initial years. Therefore small and marginal farmers may find it difficult to adapt to large scale production.

Chapter 6: HUMAN CAPITAL FORMATION

Learning Objectives:

- Introduction
- Physical Capital & Human Capital
- Meaning of human capital formation
- Sources of human capital formation
- Importance/Role of human capital formation
- Reasons for poor human capital formation in India
- Human capital and Human Development
- Growth of Education sector in India
- Weaknesses of the Educational sector

1 MARKS QUESTIONS

1) What is meant by physical capital?

Ans: Physical capital refers to all those inputs which are required for further production, like plant and machinery, factory, buildings, raw materials, etc.

2) What re the two major sources of human capital in a country?

Ans: The two major sources of human capital are

1) Investment in Education

2) Investment in health

- 3) What are the various forms of health expenditure?
Ans: Preventive medicine, curative medicine, social medicine, provision of clean drinking water and good sanitation are the various forms of health expenditure.
- 4) Give the meaning of human capital.
Ans: Human capital refers to the stock of skill, ability, expertise, education and knowledge involved in the people.
- 5) Why do we observe regional differences in Educational attainment in India?
Ans: Regional differences in educational attainment in Indian can be due to regional inequality in incomes and expenditure of government on development of educational facilities.
- 6) Why has India not been able to achieve 100% literacy even till today?
Ans: India has not been able to achieve 100% literacy because of its failure to provide free & compulsory education for all children up to the age of 14 years.
- 7) What is meant by human capital formation?
Ans: Human Capital formation implies the development of abilities and skills among the population of the country.
- 8) Why do we need to invest in human capital?
Ans: We need to invest in human capital to make effective use of physical capital and to increase productive capacity of the country.
- 9) Mention two government organizations each, that regulate the health and education sectors.
Ans: Indian Council for Medical Research (ICMR) and National AIDS control Organization regulates health. National Council of Educational Research and Training (NCERT) and University Grants Commission (UGC)
- 10) Why there is a need to promote women's education in India.
Ans: Women's Education need to be promoted because:
a) They can become economically independent
b) Women education makes favorable impact on fertility rate & health care of women and children.
- 11) Why do people migrate?
Ans: people migrate from one place to another in search of jobs that fetch them higher salaries.
- 12) Why there is need for acquiring information relating to health & education expenditure from the effective utilization of human resources.
Ans: Such information helps in making decision regarding investments in human capital as well as for effective utilization of acquired human capital stock.
- 13) How is on-the-job training a source of human Capital formation?
Ans: It is a source of human capital formation as it increases the skill & efficiency of the workers & leads to an increase in production & productivity.
- 14) Why are workers required to work for a certain period after the on-the-job training?
Ans: Workers are required to work for a certain period after the on-the-job training so that firm can recover the benefits of the enhanced productivity owing to the training.
- 15) What do the differences in male & female literacy rates indicate?

Ans: The differences in male & female

HUMAN CAPITAL FORMATION

Comparison between 'Physical capital' and 'Human Capital'.

Physical Capital	Human Capital
a) Physical capital is tangible and can be easily sold in the market.	a) Human capital is intangible and cannot be sold in the market.
b) It depreciates with the passage of time.	b) Depreciation in human capital (due to aging) can be reduced by making continuous investment in education & health.
c) It is more mobile between countries	c) Human capital is less mobile between countries as compared to physical capital.
d) Physical capital (like machinery) separated from its owners.	d) Human capital (like skills of a person) cannot be separated from the own.
e) Physical capital is the outcome of the conscious decision of the owner and is mainly an economic and technical process.	e) Formation of human capital is partly a social process by partly a conscious decision of the possessor of the human capital.
f) It can be fault through inspects.	f) Human capital formation is to be done through conscious policy formulations.

Meaning of Human Capital formation: Human capital formation means the development of abilities and skills among the population of the country.

Sources of Human Capital Formation:

- 1) **Expenditure on education:** (It is one of the most important sources of human capital formation) proper utility of man power depends on the system of education, training and industrial experience of the people. Spending on education by individuals is similar to spending on capital goods by companies with the objective of increasing future profits once a period of time. This increase the income of the people and their standard of living. Investment in education is not only highly productive but also it yields increasing return and accelerates economic growth of all the resources education receives most importance because it gives maximum contribution to the development of the country.
- 2) **Expenditure on Health:** Health is an important input for a development of a nation. Expenditure on health is needed in the following areas.
 - a. A preventive medicine known as vaccination curative medicines, i.e., medical intervention during the time of illness is very important.
 - b. Provision of clean drinking water and good sanitation is very important for improvement of health. Health expenditure directly increases the physical capacity of human being and it raises the supply of healthy labor force.

- c. On the job training: productivity of physical capital is substantially increased with the improvement in human capital. Due to this reason many firms provide on the job training to their workers. Such training has the advantage that it can be provided fast and without much cost. It increases the skill and efficiency of the workers and leads to an increase in production by productivity. Expenditure regarding on the job training is the source of human capital formation because it increase labor productivity than its cost.
- d. Expenditure on migration: - people migrate to one place to another that gives them higher salaries. Unemployment people from rural migrate to urban areas technically qualified people migrate to other countries for higher salaries. Though it results in cost of migration and higher cost of living due to migration in migrated place it enhances earning that their cost of migration. Hence it is a source of human capital formation.
- e. Expenditure on Information:- Expenditure is incurred to acquire information relating to labour market and other market. It involves amount spent on seeking information about educational institutions, education standard their educational needs and cost of education. This information is necessary to make decisions regarding investment in human capital as well as for efficient utilization of the acquired human capital stock.

Importance of Human capital formation

1. Human Capital formation is very important for the growth of an economy.
 - (i) Effective use of physical capital: Its growth and productivity depends on human capital formation.
 - (ii) Human capital formation raises the productivity and production as knowledgeable and skilled worker makes the better (use of the resources). Increase in productivity and quality production depends on technical skill of the people which can be acquired only by education or training and maintaining health of the people.
2. Inventions, innovations and technological improvement are all due to the extra knowledge acquired during education which provides lot of innovations and inventions.
3. The knowledgeable, skilled and physically fit people help in the human capital formation.
4. Increases life expectancy: Formation of human capital raises life expectancy of the people. Health facilities and availability of nutritive food enable people to live a healthy and long life. This in turn, adds to the quality of life.
5. Improves Quality of life: The quality of population depends upon the level of education health of a person and skill formation acquired by the people. Human capital formation not only makes people productive and creative but also transforms the lives of the people.
6. Control of population growth: It has been observed that educated persons have smaller families as compared to illiterate families, So, spread of education is necessary to control the population growth rate.

Reasons for poor Human Capital formations are:

- 1) **Insufficient Resources:-** The resources allocated to the formation of human capital have been much less than the resources required for meeting the educational & health needs of

the country. Due to this reason, the facilities for the formation of human capital have remained grossly inadequate.

- 2) **Serious Inefficiencies:** There are a lot of wastages of society's resources as capabilities of educated people are either not made use of (in case of unemployment or are underutilized in case of unemployment). Massive literacy, non-education of many children, poor health facilities are other inefficiencies, which have not been attended to adequately & properly.
- 3) **High Growth of population:** The continuous rise in population has adversely affected the quality of human capital.
- 4) **Lack of proper manpower planning:** There is an imbalance between the demands for the supply of human resources of various categories, especially in case of highly skilled personnel. The absence of such balancing has resulted in the wastage of resources.

Human Capital and Economic growth-

Economic Growth refers to increase in real national income of country, so the contribution of the skilled person to economy is more than that of an illiterate. So, increase in human capital means increase in economic growth. Economic Growth may be the cause of Human Capital Formation or Human Capital Formation may be the cause of Economic Growth. Both are interdependent.

Human Capital & Human Development

S.No	Human Capital	Human Development
1.	Human Capital considers education & health as a means to increase labour productivity	Human Development is based on the idea that education & health are integral to human well-being
2.	In Human Capital, investment in education and health is considered to be unproductive, if it does not increase output of goods & services	In case of human development, investments in education and health are taken to be productive, even if they do not lead to higher output
3.	Human Capital treats human beings as a means to an end; the end being the increase in productivity	In the human development perspective, human welfare should be increased through investment in education & health as every individual has a right to be literate & lead a healthy life

Growth of Education Sector in India

There has been considerable growth in the field of Education. The number of schools increased from 230.7 thousand (1950-51) to 1,215.8 thousand (2005-06). The no. of teachers in the same period increased from 751 thousand to 6010 thousand & no of students from 23,800 thousand to 2,22,700 thousand.

Gross Environment Ratio

Gross Enrollment Ratio (GER) is the total enrolment of pupil in grade or cycle or level of education, regardless of age, expressed as percentage of the corresponding eligible official age group population in a given school year. GER in elementary education increased steadily from 82% in 1950-51 to 94.85% in 2005-06.

Literacy Rate

The literacy rate has increased from 18.33% in 1951 to 74.04% in 2011

Elementary Education in India

Elementary Education in India means eight years of schooling from the age of six i.e., primary & middle school education together, is called Elementary Education. Elementary Education, therefore is the foundation on which the development of every citizens and the nation as a whole hinges. The government has made elementary education compulsory and free. But, the goal of universal elementary education in India has been very difficult to achieve till now.

In December 2002, the government of India made free and compulsory education, a fundamental right of all children in the age group of 6-14 years.

Primary Education Schemes

Government has made number of schemes to make "Education for all"

The following are the few schemes

Sarva Shiksha Abhiyan (SSA)

It was launched in 2001 to universalize & improve the quality of Elementary Education in India through community ownership of Elementary Education. The SSA is being implemented in partnership with states to address the needs of children in age group of 6-14 years. The achievements under SSA up to September 30, 2007, include constructions of 7, 13,179 additional classrooms, 1, 72,381 drinking water facilities, construction of 2, 18,075 toilets. Supply of free textbooks of 6.64 crore children & appointment of 8.10 lakh teacher's besides opening of 1, 86,985 (till 31.3.07) new schools.

National Programme for Education of Girls at Elementary Education (NPEGEL):

The programme is aimed at enhancing girl's education by providing additional support for development of a model girl child friendly school. In every cluster with more intense community mobilization and supervision of girls enrolment in schools. Under NPEGEL, 35,252 models schools have been opened. In addition to supporting 25,537 Early Childhood Care & Education (ECCE) centers. Besides, 24,837 additional classrooms have been constructed and 18.75 lakh teachers have been given training on gender sensitization.

Kasturba Gandhi Balika Vidyalaya (KGBV)

The Kasturba Gandhi Balika Vidyalaya (KGBV) scheme was launched in July 2004 for setting up residential schools at upper primary level, for girls belonging predominantly to the SC,

ST, OBC & minority community. The scheme ran as separate scheme for two years but was merged with Sarva Siksha Abhiyan w.e.f April 1, 2007.

Secondary Education

Secondary Education, which starts with classes IX and X leads to senior secondary classes XI and XII aims to in cooperate basic skills & analytical abilities. It provides a stepping stone to higher professional and technical education.

Higher Education

The Higher Education System comprises both general and technical education. The higher education has undergone a manifold expansion since Independence. The no. of universities in the country has increased from 27 in 1950-51 to 350 in 2005-06

University Grants Commission (UGC) takes measures for promotion and coordination of university education and determination and maintenance of standards in teaching, examination and research in universities and allocation and disbursement of grants to them.

Technical Education

Technical Education plays a vital role in human resources development of the country by creating skilled manpower, enhancing Industrial productivity and improving the quality of life. Since independence, there has been a phenomenal expansion of Technical Education Sector in the country. With 43 diploma level polytechnic at the time of independence, the no. increased to 1,231 in 2000-01. Similarly, the no. of degree level engineering institutions rose from 38 in 1947 to 1265 in 2001-02. All India Council for Technical Education (AICTE) is the apex body in the field of Technical Education.

Weakness of the Education Sector

1. **High Illiteracy:** According to 2001 census, the literacy rate of 74.04 percent is still far off the 100 percent mark.
2. **Gender Bias:** Education in India is gender biased. The enrolment of girls in both primary and upper primary classes is much below the boys.
3. **Low Quality Education:** The quality of the education is fairly low.
4. **Lack of Vocational and Technical Training:** Too much emphasis on general education neglecting the Vocational and Technical Education.
5. **Low Level of Government Expenditure:** Actual level of expenditure is only 3.46% compared to the desired level of 6%

Note : Government intervention is required in providing of education and health-Both are very sensitive matter. if the responsibility of providing education and health given to the private sector we can't be sure that everyone could take benefit of it. Private sector works for profit motive. And because of this they may raise the cost of education and health which poor people can't afford.

Chapter 7: EMPLOYMENT GROWTH, INFORMALISATION AND OTHER ISSUES

Learning Objectives:-

1. Introduction
2. Basic Concepts
 - a. Meaning of worker
 - b. Labour force and work force
 - c. Meaning of employment
 - d. Wage employment
 - e. Regular workers(Regular Salaried employees)
 - f. Casual Workers
3. Participation of people in employment
 - a. Worker-population ration on the basis of region
 - b. Distribution of employment by gender
 - c. Distributions of employment by region
 - d. Distributions of employment in different sectors
 - e. Distributions of rural-urban employment in different sectors
4. Growth of employment and Gross Domestic Product(GDP)
5. Changing structure of employment
 - a. Casualization of work force.
6. Informalisation of Indian workforce
 - a. Formal or Organized sector.
 - b. Informal or unorganized sector.

This chapter focuses on some of the basic issues related to the problem of unemployment in India. It begins with defining some basic concepts such as economic activity, worker, employment, workforce relation between GDP growth and employment.

Some basis concept-

Worker- A worker is one who engaged in economic activity.

Economic activity- Those activities which contribute to the Gross national product.

Employed- one who gets at least 1 hour of work in half day.

Work force- No. of persons actually working.

Working population ratio- Divide the total worker by the total population in India and multiply it by 100.

Women in rural are more employed than women in urban area because Indian economy is agrarian so most of the rural women are engaged in agriculture. Other reasons are poverty, illiteracy etc.

Self employed-are those who are engaged in their own business or own profession.

*Hired workers are those who work for other as a reward get wages, salaries.

*Casual workers are daily wages

*Regular salaried employed are those who get wages in regular basis.

Relationship between Growth of Indian economy and the Employment generation from 1952-2000.

During the 50 yrs of independence the growth rate of GDP has always been positive and on an average it grow around 3 to 6 percent. But the growth rate of employment remains stable around 1% it started at 0.39%. This period is known as jobless growth. During 90's the Indian economy grew at 6% and growth rate of employment less then 1% i.e. 0.98%.

Informalisation of Indian Workforce-

Informalisation of worker means transfer of worker from formal sector to informal sector.

Necessity to create employment in formal sector because

1. It provide various security benefits.
2. It provides regular income.
3. Job Security

Unemployment-it means when a person is ready and willing to work at the prevailing rate of wage but does not get work.

Reasons for unemployment-

1. Increase in population.
2. Poverty.
3. Lack of infrastructure.
4. Slow growth of industrialization.
5. Lack of demand.

Types of unemployment-

1. Disguised unemployment is a situation when the no. of workers engaged in a job is much more than actually required. If some of them are withdrawn from job, total production will not get affected.
2. Seasonal Unemployment-work in agriculture is seasonal, no employment opportunity for remaining months.

3. Frictional Unemployment - when a person move from one job to other, but in the process of change may remains unemployed for sometimes.

4. Structural unemployment-it occurs due to structural changes in the economy structural changes are of two types.

1. Changes in technology.

2. Change in demand.

5. Cyclic Unemployment- Due to Business cycles.

.Meaning of Employment

Employment is an activity which enables a person to earn his means of living.

Full employment

Full employment is a situation in which all the workers who are capable of working and willing to work get an employment at a prevailing wage rate.

Self-employment

When the worker uses his own resources to work and make a living then we call it as Self Employment.

Who and all included in workers?

It is not only people those who are paid workers also includes self-employed people like shopkeepers, barbers, cobblers etc.. Workers include all those people who are engaged in work whether for others (paid workers or self-employed)

Difference between labour force and work force?

Labour Force: All persons, who are working (who have a job) and though not working, are seeking and are available for work, are dram to be in the labour force.

1 Mark Questions:-

Q 1) Who is worker?

A 1) A worker is an individual, who is involved in some productive activity, to earn a living.

Q 2) Why do people work?

A 2) People work for earning a living which helps them and their families to survive.

Q 3) Who all are included in labour force?

A 3) All persons, who are working (have job) and though not working, are seeking and are available for work, are deemed to be in the labour force.

Q 4) Give the meaning of work force.

A 4) The number of persons, who are actually employed at a particular time are known as work force.

Q 5) Define worker – population ratio.

A 5) Worker- population ration is the percentage of total population engaged in work.

Q 6) what is meant by labour force participation rate?

A 6) The ratio of labour force to total participation is called labour force participation rate.

Q 7) What is information of workforce?

A 7) Informalisation of workforce refers to a situation whereby the proportion of workforce in the informal sector to total workforce increases.

Q 8) Are the following workers- a beggar, a thief, a smuggler, a gambler? Why?

A 8) No, They are not workers because they are not doing any productive activity.

Q 9) Compared to urban women, more rural women are found working. Why?

A 9) More rural women are found working because of their poor economic condition as compared to urban women.

Q 10) Why does rural work force migrate to urban areas during some part of the year?

A 10) people in rural areas are engaged mostly in agriculture, which is a seasonal activity. So, rural workforce migrates to urban areas during some part of the year.

Q 11) why are regular salaried employees more in urban areas than in rural areas?

A 11) Regular salaried employees are more in urban areas as considerable section of urban people are able to study in various educational institution and it enables them to look for an appropriate job to suit their qualifications and skills. However, in rural areas, most of the people are illiterate and lack skills, which are needed for regular Employment.

Q 12) What is meant by Employment?

A 12) Employment is an activity which enables a person to earn means of living.

Q 13) Who is a Casual Wage Labourer?

A 13) Workers who are not hired by their Employers on a regular or permanent basis (i.e. do not have job security) and do not get social security benefits, are termed as casual wage labour.

Q 14) Define jobless growth?

A 14) Jobless growth refers to a situation when the Economy is able to produce more goods and service without a proportionate increase in Employment opportunities.

Q 15) Who are regular workers?

A 15) Workers who are hired by their employers on a permanent basis and also get social security benefits (like pension, provident fund, etc.) are higher in regular workers.

Q 16) Why is the Self – Employed work force higher in rural areas?

A 16) In case of rural areas, Self Employed Workers are greater as majority of rural people are engaged in farming on their own plots of land.

Q 17) What is meant by Casualisation of work force?

A 17) The process of moving from Self- Employment and regular salaried employment to casual wage work is known as Casualisation of Workforce.

Q 18) Name the two kinds of urban unemployment.

A 18) 1. Industrial unemployment
2. Educated unemployment.

Q 19) What do you mean by industrial unemployment?

A 19) It refers to the unemployment among the illiterates who wish to work in industrial establishment

Q 20) Give the meaning of educated unemployment.

A 20) Educated unemployment refers to the unemployment among the Educated people.

Q 21) What is meant by wage employment?

A 21) An arrangement in which a worker sells his labour and earns wages in return.

Q 22) Men are found in greater proportion than women in regular salaried employment. Why?

A 22) Rural unemployment is of two types:-

1. Disguised unemployment
2. Seasonal unemployment

Q 23) What is meant by seasonal unemployment?

A 23) Unemployment that occurs at certain seasons of the year is known as Seasonal unemployment.

Q 24) Give the meaning of disguised unemployment.

A 24) Disguised unemployment refers to a state in which more people are engaged in work than are really needed.

Q 25) What do you mean by full employment?

A 25) Full employment refers to a situation in which all the workers who are capable of working and willing to work get an Employment in prevailing wage rates.

Q 26) Why do we differentiate between Economic activity and production activity?

A 26) We differentiate between Economic activity and production activity to calculate the number of workers. People engaged only in production Economic activities are to be included in the category of workers.

Q 27) Give the meaning of self-employment.

A 27) An arrangement in which a worker used his own resources, to make a living is known as self-employment.

Q 28) What do you mean by formal sector establishment?

A 28) All the public enterprises and private establishments, which employ 10 or more hired workers are called formal sector establishments.

Q 29) What do you mean by Informal sector Establishment?

A 29) All those private enterprises which hire less than 10 workers are called Informal sectors.

Eg: Workers who work in farms, owners of Small Enterprises, Agriculture labourers. Here they do not get regular income. No protection or regulation by government can be dismissed at any time. Live in slums, use outdated technology, do not maintain accounts.

Q 30) What is meant by frictional unemployment?

A 30) Temporary unemployment, which exists during the period, wherein. Workers leave one role and join some other, are called frictional unemployment.

People those who are not working and are neither seeking nor available for work are considered to be outside the labour force.

Labour force = Person's working + Persons seeking & available for work.

After 66 years & below 15 years not included labour force. A handicapped person not included. People those who are not interested not included. People are not available not included.

Work forces: The number persons who are actually employed at a particular time are known as work force.

- What is the labour force participation rate?

The ratio of labour force to total population is called labour force participation rate.

- How can we calculate number of unemployed people?

Unemployed people = labour force – Work force.

Q.31) What is worker population ratio? How do we calculate Worker population ratio? What is its use?

Ans: WPR refers to participation of people in the employment. It is measured by calculating

$$\text{WPR} = \frac{\text{Total number of workers in India}}{\text{No. of work population In India}} \times 100$$

It helps in knowing the proportion of population that is actively contributing to the production of goods and services of a country.

Chapter 8: INFLATION: PROBLEM AND POLICIES

Meaning: Inflation refers to a situation of increase in the general price level over a period of time. It is a part of business cycles.

Indicators of Inflation

There are three standard indicators of inflation:

1. Wholesale Price Index (WPI)
2. Consumer Price Index (CPI)
3. Gross Domestic Product (GDP) Deflator

Causes of Inflation

1. Increase in Money Supply
2. Deficit Financing
3. Rise in Population
4. Fall in Production
5. Increase in Wages
6. Administrated Prices
7. Inflation Across the Border's
8. Indirect Tax
9. Credit Expansion
10. Black Money

Effect of Inflation or Problems related to inflation

1. Inflation Hinders the process of growth
2. Adverse effect on the people with fixed Income
3. Increase in the cost of Projects
4. Adverse Impact on Balance of Payments
5. Wage-Price spiral
6. Inequality
7. Economic Stagnation
8. Impact on FDI
9. Speculation and Hoarding

Government Policies to check Inflation

Price Policy

1. Price Control of Essential Goods.
2. Procurement Price and Support Price

Monetary Policy

1. A Check on the supply of Money
2. Increase in rate of Interest
3. Decrease in the supply of Credit

Fiscal Policy

1. A check on public Expenditure
2. Public Debt
3. Increase in Taxes
4. Surplus Budget Policy

Some General Suggestions to Control Inflation

1. Check on Supply of Money
2. Check on Deficit Financing
3. Increase in agricultural Output
4. Tax on Agricultural Income
5. Distribution through fair Price Shops
6. Check on Hoarding

Chapter 9: INFRASTRUCTURE

Learning objectives

1. Meaning of infrastructure
2. Economic infrastructure
3. Social infrastructure
4. Importance of infrastructure
5. Energy-sources of energy.
6. Challenges of power generation in India.
7. Health-its importance.
8. Development of health services after Independence.
9. Emerging challenges of health services in India.

Infrastructure refers to basic permanent installations which are necessary for development. These are means of irrigation, means of communication, transportation, Basic Industries, schools and hospitals etc.

It is divided into two categories.

Social and Economic

Economic Infrastructure includes power sector, Industries, means of communication etc. These provide Tools

Social infrastructure includes education, health, Housing etc. These provide the skills to work upon tools.

Relevance of infrastructure-

Infrastructure contributes to economic development of a country by increasing productivity and improving the living standard of people.

In the absence of inadequate infrastructure facilities health sector is adversely affected.

Infrastructure in India

Government investment on infrastructure is inadequate despite of so much technical progress in the world; especially in rural areas people were not able to get basic things.

Tap water availability is limited to only 24 per cent.

76 percent drink water from open sources like wells, tanks, canals, etc.

India invests only 5 percent of its GDP on infrastructure.

Energy-

Energy is essential for industries, agriculture as well as houses.

There are commercial and non commercial sources of energy.

Commercial sources are coal, petroleum etc as they are bought for sold. They are exhaustible.

Non-commercial sources are firewood, dried dung etc which are found in nature. They are renewable.

Consumption pattern of commercial energy-

Commercial energy consumption makes 65% to total energy consumed in India.

The largest share is of coal 55%, then oil 31 %, natural Gas 11% and hydro energy 3%.

A non-commercial source of energy consumption is 35 percent.

Out of which agricultural waste account for 30 percent of total energy consumption.

Power

Power is the most important component of infrastructure as it determines the economic development of a country. The growth rate of demand is higher than the GDP growth rate. If we want GDP to grow at the rate 8% percent per annum then power supply need to grow 12% annually.

Challenges in power sector-

Electricity generated is not consumed entirely by ultimate consumers by power station auxiliaries. Some challenges that India's power station faces are.

1. Electricity generated is not sufficient. It is unable to meet the growing demand. Power station has to generate 1, 00,000 Mw a year, but it is able to generate only 20,000 MW a year.
2. SEB's incur losses which exceeds Rs 500 billion due to transmission and distribution losses.
3. Electricity is stolen in different areas scholars say that distribution of electricity to farmers is main reason for loss.
4. Public unrest due to high power tariff.
5. Shortage of raw materials and coal suppliers more public investments.

Better research, exploration, technological innovation and use of renewable sources can ensure additional supply of electricity.

Health-

Health is not only the absence of disease but the ability to realize one's potential.

Health infrastructure includes hospital, beds, equipment required in hospital.

Some policy makers envisaged that all the people should be able to secure medical facilities that is curative, medical treatment during illness, preventive taking safety measures to be saved from disease and spreading social awareness about health.

State of health infrastructure-

India has build up a vast health infrastructure. There has been an expansion in health services.

No. of hospital and dispensaries increased from 9,300 to 43,300 and beds from 1.2 to 7.2 million.

Expansion of health infrastructure has resulted into root out of small pox, guinea worms, polio and leprosy.

Indian system of medicine-

It includes six system-Ayurveda, Yoga, Unani, Siddha, Naturopathy, and Homeopathy (Ayush).

Indicator of health and health infrastructure- a critical appraisal-

Health status of country can be assessed through indicators such as infant mortality rate, maternal mortality rate, life expectancy etc.

Expenditure on health sector is 1.4 per cent of total GDP which is very low.

India has about 17 % of world's population and it bears 20% of Global burden of disease.

GBD includes communicable diseases such as diarrhea, malaria, tuberculosis.

Urban-Rural and poor-rich divide

70 percent of India population lives in rural areas people living in rural areas do not have proper health facilities compared to urban areas, as in rural areas there is one hospital for 3 lakh population and in urban there is one hospital for 25 thousand population.

Villagers have no specialized medical care for pediatrics, gynecology, anesthesia, and obstetrics.

Women's health.

women health across the country has become a matter of great concern by growing incidence of female feticides, 3 lakh girls under age of 15 are not only married but have already born child at least once.

More than 50 % of women have anemia and nutritional anemia caused by iron deficiency which has contribute 19% to maternal mortality rate.

Abortions are also the reason of maternal morbidity.

If we want to lower down the rate of diseases then proper education, health infrastructure and awareness on health and hygiene should be provided. The main aim is to help the people in moving towards a better quality of life.

Q1. What is infrastructure?

Ans. It refers to such core elements of economic & social change which serve as a support system to production activity in the economy.

Q2. What is economic infrastructure?

Ans. It refers to all such elements of economic change like- power, transport, communication etc. which serve as a support system to the process of economic growth.

It fosters economic growth which results in increase in the standards of living of the people.

Q3. What is social infrastructure?

Ans. It refers to core elements of social change like- schools, colleges, hospitals, banking etc. which serve as a support system to the process of social development of a country.

social infrastructure focuses on human resource development, implying the development of skilled personal as well as healthy & efficient human beings.

It accelerates the process of human development.

Q4. Mention the importance of infrastructure in economic development.

- i. Infrastructure enhances productivity
- ii. Infrastructure induces investment.
- iii. Infrastructure generates linkages in production.
- iv. Infrastructure enhances size of the market
- v. Infrastructure enhances ability to work.
- vi. Infrastructure facilitates outsourcing.
- vii. Infrastructure induces FDI.
- viii.

Q5. What is energy? Mention the sources of energy.

Ans. Energy is the life line of entire production activity. Infact any type of production activity cannot take place without energy.

There are mainly two sources of energy:-

- i. Conventional sources of energy:- these are those energy which are known to us & which are popularly in use since a very long time.
For eg. Coal, petroleum, natural gas & electricity.
- ii. Non-conventional sources of energy:- these are those energy which have been discovered or explored in the recent past & which are yet to gain popularity for their use.

For eg. Solar energy, wind energy, bio-mass etc.

Q6. Mention the emerging challenges of power generation in India.

Ans.

- inadequate generation of electricity
- Less capacity utilization
- Losses of electricity boards.

Q7. Mention the measures undertaken to meet the challenges of power Generation in India.

Ans. i. Increase in production capacity.

ii. Improvement in plant load factor.

iii. Minimization of transmission & distribution losses.

iii. Improve the supply of inputs to power plants

iv. Participation of private sector & encouragement to FDI in power generation.

Q8. What is health? Mention the development of health services in india after independence.

Ans. It is a state of complete physical, mental & social well-being. A person's ability to work depends largely on his good health. It enhances the quality of life.

Development of Health services in India after Independence:-

- i. Decline in death rate from 27.4 per thousand in 1951 to 7.4 per thousand in 2006-07.
- ii. Reduction in Infant mortality rate from 146 per thousand in 1951 to 55 per thousand in 2007.
- iii. Rise in expectancy of life from 50 years in 1951 to 63.5 years in 2006-07.
- iv. Deadly diseases like malaria, TB, cholera & small pox have been brought under control.
- v. Reduction in child mortality rate from 57 per thousand in 1951 to 17 per thousand in 2006.

Q9. Mention the emerging challenges of health services in India.

Ans:

- Unequal distribution of health services.
- Control of communicable diseases.
- Poor management of health care.
- Privatization of health care services.
- Poor upkeep & maintenance.
- Poor sanitation level.

Chapter 10: Environment and Sustainable Economic Development

Learning Objectives

- Introduction
 - Meaning of Environment
 - Functions of the Environment
 - Reasons for Environmental Crisis
- Pollution
 - Air Pollution
 - Water Pollution
 - Noise Pollution
- Global Warming and Ozone depletion
 - Global warming
 - Ozone depletion
- Environmental Degradation
 - Degradation of forest or Deforestation
 - Land Degradation
 - Causes of Environment Degradation
 - Measures to Control Environmental Degradation
- Sustainable development
 - Strategies for Sustainable Development

1 Mark Questions

Q 1) What is meant by Environment?

A) Environment is defined as the total planetary inheritance and the totality of all resources.

Q 2) What does Environment Includes?

A 2) Environment includes all the biotic and abiotic factors that influence each other.

Q 3) What do you mean by biotic elements?

A 3) All living elements like birds, animals and plants, forests, fisheries etc. are biotic elements.

Q 4) Give the meaning of Renewable Resources?

A) These are those resources which can be used without the possibility of being exhausted, such as trees, fishes etc.

Q 5) What do you mean by non-renewable resources?

A 5) These are those resources which get exhausted with extraction and use such as coal, gas etc.

Q 6) What is included under abiotic elements?

A 6) It includes non-living elements like air, water, land etc.

Q 7) What happens when the rate of resource extraction exceeds that of their re-generation?

A 7) When the rate of resources extraction exceeds that of their re-generation then environment fails to perform its vital function of life substance and it leads to the situation of Environmental Crisis.

Q 8) What do you mean by the Carrying capacity of environment?

A 8) Carrying capacity of the environment implies that the resources extraction is not above the rate of regeneration of the resources and the wastes generated are within the assimilating capacity of the environment.

Q 9) How are the opportunity cost and negative Environmental impact high?

A 9) Increased financial commitments of the Government due to Global warming and Ozone depletion and rise in expenditure on health due to decline in air and water quality shows that opportunity cost of the negative environment impact is high.

Q 10) What do you mean by Pollution?

A 10) Pollution is the introduction of contaminants into an environment, that causes instability, disorder, harm or discomfort to the ecosystem.

Q 11) What is Global warming?

A 11) Global warming is the observed and projected increase in the average temperature of earth's atmosphere and oceans.

Q 12) What has caused Global Warming?

A 12) The Global warming is due to increase in the Green-house gas concentrations, like water vapour, carbon-dioxide, methane and ozone in the atmosphere.

Q 13) Give the meaning of air pollution.

A 13) Air pollution is the presence of materials in air such concentration, which are harmful to man and his environment.

Q 14) Mention any 1 measure to control air pollution in vehicles.

A 14) Promotion of cleaner fuels, like use of CNG instead of petrol or diesel.

Q 15) What is Sustainable development?

A 15) It is the development, which will allow all future generations to have a potential average quality of life, that is at least as high, which is being enjoyed by the current generation.

Q 16) What is meant by Bio diversity?

A 16) Bio diversity is defined as the variability among living organisms from all sources, including terrestrial, marine and other aquatic ecosystem and the ecological complexes of which they are a part.

Q 17) What do you mean by ozone depletion?

A 17) It refers to destruction of ozone in the ozone layer, due to presence of chlorine from manmade chlorofluorocarbons and other forces.

Q 18) What has lead to depletion of ozone layer?

A 18) The problem of ozone depletion is cost by high levels of chlorine and bromine compounds in the stratosphere.

Q 19) Why have some resources become extinct?

A 19) Some resources have become extinct because their extinction has been above the rate of regeneration.

Q 20) How has the supply – demand relationship lead to degradation of environment?

A 20) The demand for resources has gone beyond the rate of regeneration (supply). It has increased the pressure on the absorption capacity of the environment and such several of the supply – demand relationship has lead to degradation of the environment.

Q 21) What has lead to the Air pollution in urban areas?

A 21) Increasing number of motor vehicles and concentration of industries in urban areas and has lead to air pollution in urban areas.

Q 22) State the 2 major environmental issues that the world is facing today?

A 22) (i) Depletion of natural resources (ii) Environmental degradation

Functions of Environment

1. It provides resources for production:- Resources such as renewable and non- renewable are supplied by the environment.
2. Environment assimilates wastes.
3. It sustains life by providing essential elements like sun, soil, air, water etc.
4. It provides aesthetic services: - It includes land, forest, water bodies, rainfall, mountain etc. , with this people enjoy the beauty of hill station and to improve the quality of life.

Carrying Capacity

Carrying capacity means 2 things.

1. Resources extraction should remain below the rate of resource generations.
2. Generation of wastes should remain within the absorption capacity of the environment.

If these two conditions are not fulfilled, then environment fails to perform its vital functions of life sustenance and it leads to the situations of environmental crises.

ABSORPTIVE CAPACITY

it means the ability of the environment to absorb degradation. The result –we are today at the threshold of environment crisis. The past development has polluted and dried up rivers and other aquifers making water an economic good.

Reason for Environmental Crises

- Population explosion and Industrial revolution has increased the demand for environmental resources, but their supply is limited due to misuse and overuse.
- The intensive and extensive extraction of both renewable and non-renewable resources has exhausted some of the vital resources.
- Extinction of many resources and continuous rising population has also resulted in environmental crisis.
- Due to affluent consumption and production standard of developed world, the waste generated is beyond the absorptive capacity of the environment.
- The development process has polluted environment, water and atmosphere and there is decline in air and water quality. It has resulted in increased incidence of respiratory and water borne diseases.
- The expenditure on health is also rising. Global environmental issues such as global warming. Ozone depletion also contributes to the increased financial commitments of government.

Pollution

Pollution is the introduction of contaminants into an Environment that causes instability, disorder, harm and or discomfort in the ecosystem.

Pollution is substances, chemicals or factors which cause adverse effect on natural quality of any constituent of environment.

6 Marks Questions

SUSTAINABLE DEVELOPMENT:

Sustainable development implies meeting the basic needs of everyone and extending to all the opportunity to satisfy their aspiration for better life without compromising on the needs of future.

Strategies for Sustainable development

The following strategies should be adhered to, for sustainable development.

1. **Use of Non-conventional source of Energy** – India is mostly dependent on thermal and hydropower plants which have adverse environmental impact. Non-conventional sources like wind and solar rays are cleaner and greener technologies, which can be effectively used to replace thermal and hydropower.
2. **Use of Cleaner fuels** – Use of Compressed Natural Gas (CNG) is being promoted to be used as fuel. In Delhi, the use of CNG as fuel in public transport system has lowered air pollution and the air has become cleaner. The use of LPG and Gobar Gas is being promoted which reduces air pollution.
3. **Establishment of Mini-Hydel plants** – Mountain regions and streams are used to generate electricity through mini Hydel plants. These are environment friendly.
4. **Traditional Knowledge and Practices** – Traditionally all practices relating to agriculture system, health care system, housing, transport etc. used to be environment friendly. The shift from the traditional system has caused large scale damage to the environment as our social heritage.
5. **Use of Bio-Compost** – The use of chemical fertilizers to increase the Agricultural production has not only adversely affected the large areas of productive land but also contaminate the water bodies. Increases in demand for organic food demand for dung are in increased use which is an important fertilizer and soil conditioner.
6. **Control of Bio pest**
7. **Change in unsustainable patterns of consumption and production** – India has taken large number of steps for sustainable development.