

Question Bank

Chapter – 1. Very Short Answer Type Questions (1 Mark each)

Q. What was the main reason for the stagnation in the agricultural sector under the British rule?

Ans. Land settlement system introduced by the British rule.

Q. What was the main focus of the economic policies pursued by the colonial government in India?

Ans. The main aim of colonial government was to protect and promote economic interests of their home country.

Q. What was the rate of growth of per capita output per year during the first half of the twentieth century?

Ans. It was only half per cent (0.5 per cent).

Q. What percentage of India's population depended on agriculture under the British rule?

Ans. About 85% of the country's population.

Q. Which traditional industries was India particularly well known for before the advent of the British rule?

Ans. Handicraft Industries

Q. Give two reasons for low level of agricultural productivity during the colonial rule.

Ans. (i) Poor and outdated technology; and (ii) Lack of irrigation facilities.

Q. Which Indian industry was adversely affected due to the partition?

Ans. Jute industry was adversely affected as most of the jute producing areas went to Pakistan.

Q. Give the meaning of occupational structure.

Ans. Occupational structure refers to distribution of working persons across different industries and sectors.

Q. What was the effect of the decline of the handicraft industry in India?

Ans. Massive unemployment and rise in demand for Britain's manufactured goods.

Q. What do you mean by commercialization of agriculture?

Ans. Commercialization of agriculture means production of crops for sale in the market rather than for self consumption.

Q. What was the main cause of food shortage in India after partition?

Ans. The main cause was that the food surplus areas of West Punjab and Sindh

Q. What was the infant mortality rate during the British period?

Ans. 218 per thousand

Q. Mention the most important infrastructure developed during the British period.

Ans. Railways

Q. What was the effect of the decline of the handicraft industry in India?

Ans. It created massive unemployment and increased demand for Britain's manufactured goods in the domestic market.

Q. What were the two main drawbacks of the industrial sector during colonial rule?

Ans. 17. Two main drawbacks were: (i) The growth of industrial sector was very small (ii) The area of public sector was very limited.

Q. What were the main reasons for slow growth of population during British rule?

Ans. The main reasons for the slow growth of population during British rule were poverty, malnutrition, famines, epidemics and poor health facilities.

Chapter – 2. Very Short Answer Type Questions (1 Mark each)

Q. What are the three main central problems of an economy?

Ans. The three major central problems of an economy are:

- What to Produce
- How to Produce
- For whom to produce

Q. What is a mixed economic system?

Ans. A mixed economic system refers to a system in which the public sector and the private sector are allotted their respective roles for solving the central problems of the economy.

Q. What is meant by "Economic Planning"?

Ans. Economic planning can be defined as making major economic decisions (what, how and for whom to produce) by the conscious decision of a determinate authority, on the basis of a comprehensive survey of the economy as a whole.

Q. When was the Planning Commission set up?

Ans. The Planning Commission was set up in 1950.

Q. Name the basic goals of India development, which serve as guiding principles of Indian planning.

Ans. The basic goals are

- Growth
- Modernisation;
- Self-reliance; and
- Equity

Q. What do you mean by growth?

Ans. Growth refers to increase in the country's capacity to produce the output of goods and services within the country.

Q. Define Gross Domestic Product

Ans. Gross Domestic Product (GDP) refers to market value of all the final goods and services produced in the country during a period of one year

Q. What is meant by sectoral composition of an economy?

Ans. The contribution made by each sector of the economy to GDP of a country is termed as sectoral composition.

Q. "Service sector contributed maximum to the GDP in 1990. What does it indicate about a country?"

Ans. It indicates that the country is economically developed

Q. What do we mean by import substitution?

Ans. Import substitution refers to a policy of replacement or substitution of imports by domestic production.

Q. What are the two ways by which domestic industries can be protected from imports?

Ans. Two ways to protect goods produced in India from imports are:

- Tariffs:
- Quotas

Q. What are tariffs?

Ans. Tariffs refer to taxes levied on imported goods

Q. What are quotas?

Ans. Quotas refer to fixing the maximum limit on the imports of a commodity by a domestic producer.

Q. What was the basic aim for abolition of intermediaries?

Ans. The basic aim was to confer ownership rights of the agricultural land to the tiler to give him incentive for improvement.

Q. Name the two measures undertaken to promote the growth in the agricultural sector.

- Ans. Land Reforms;
- Green Revolution.

Q. What do you mean by land ceiling?

Ans. Land ceiling refers to fixing the specified limit of land, which could be owned by an individual. Beyond the specified limit, all lands belonging to a particular person are taken over by the Government and allotted to the landless cultivators and small farmers.

Chapter – 3. Very Short Answer Type Questions (1 Mark each)

Q. Give the meaning of Privatisation.

Ans. Privatisation means transfer of ownership, management and control of public sector enterprises to the entrepreneurs in the private sector

Q. When was the New Economic Policy announced?

Ans July 1991

Q. What is meant by liberalisation?

Ans. Liberalisation means removal of entry and growth restrictions on the private sector.

Q. Name two services outsourced from India.

Ans. (i) voice-based business processes like Call Centres, (ii) Record keeping

Q. Out of loss making and profit making PSUs, which should be privatized?

Ans. Loss making PSUs should be privatised and profit of profit making PSUs should be used to modernise them.

Q. Why outsourcing is good for India?

Ans. Outsourcing is good for India as it provides employment to large number of unemployed Indians.

Q. Name any one industry, for which licence is needed.

Ans. Industrial Explosives

Q. Why do developed countries oppose outsourcing of work to India?

Ans. Because it results in unemployment in foreign countries and it also reduces the income disparity between the two countries.

Q. Mention the advantages, which make India a favourite outsourcing destination.

Ans. India has become a favourite outsourcing destination because in India, work can be performed at a cheaper cost with reasonable degree of skill and accuracy

Q. Name any two industries, which are exclusively reserved for the public sector

Ans. (i) Defence Equipments, (ii) Atomic Energy generation

Q. What do you understand by devaluation of rupee?

Ans. Devaluation refers to reduction in the value of domestic currency by the government

Q. What are stabilisation measures under the new economic policy?

Ans. Stabilisation measures refer to short term measures which aim at correcting weaknesses of the balance of payments by maintaining sufficient foreign exchange reserves and controlling inflation by keeping the rising prices under control.

Q. What do you mean by globalisation?

Ans. Globalisation means integrating the national economy with the world economy through removal of barriers on international trade and capital movements.

Q. What do you mean by Structural Measures under the new economic policy?

Ans. Structural measures refer to long-term measures which aim at Improving the efficiency of the economy and increasing International competitiveness by removing the rigidities in various segments of the Indian economy.

Q. What are the two types of taxes?

Ans. (i) Direct Tax; and (ii) Indirect Tax

Q. What is meant by economic reforms?

Ans. Economic reforms refer to a set of economic policies directed to achieve improvement in economic efficiency

Q. What is fiscal deficit?

Ans. Fiscal deficit refers to borrowing by the government owing to the excess of its expenditure over receipts during a year

Q. What do you mean by fiscal reforms?

Ans. Fiscal reforms relate to revenue and expenditure policy of the government. These reforms on tax reforms on the revenue side and fiscal discipline (rationalising government expenditure) on the expenditure side

Q. What is disinvestment?

Ans. Disinvestment refers to selling off share capital of PSUs (public sector undertakes) to the private entrepreneurs.

Q. What is outsourcing?

Ans. It refers to a system of hiring business services (like call centres, transcription, advice, teaching/coaching, etc.) from the outside world.

Q. How many countries are members of the WTO?

Ans. 164 countries.

Chapter – 4. Very Short Answer Type Questions (1 Mark each)

Q. 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.

Q. What is meant by relative poverty?

Ans. Relative poverty refers to poverty of people, in comparison to other people, regions or nations.

Q. Mention the drawback of concept of relative poverty.

Ans. Relative poverty reflects only the relative position of different segments of the population in the income hierarchy. It does not consider, how poor the poor person is or whether he is deprived of the basic minimum requirements of life or not.

Q. What is meant by absolute poverty?

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

Q. Which standard is used by the concept of absolute poverty to measure number of poor people?

Ans. Poverty Line

Q. What is the minimum calorie intake estimated for rural and urban areas?

Ans. The minimum calorie intake in rural areas is 2,400 calories and in urban areas, it is 2,100.

Q. 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 the urban worker

Q. The poverty has shifted from rural to urban areas. Why?

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

Q. Name the programme initiated by the government to help the elderly people and poor and destitute women.

Ans. National Social Assistance Programme (NSAP)

Q. 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.

Q. Which organisation collects data on poverty in India?

Ans. National Sample Survey Organisation (NSSO)

Q. Where do you think the incidence of poverty is greater: rural areas or urban areas?

Ans. Rural areas

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

Ans. 21.8 per cent

Q. Mention two self-employment programmes initiated by the Government.

Ans. (i) Rural Employment Generation Programme (REGP)

(ii) Swarna Jayanti Shahri Rozgar Yojana (SJSRY)

Q. What is the basic aim of Swarnjayanti Gram Swarozgar Yojana?

Ans. Swarnjayanti Gram Swarozgar Yojana aims at promoting micro enterprises and to bring the assisted poor families above the poverty line, by organizing them into Self-Help Groups.

Q. What do the persons below poverty line indicate?

Ans. The persons below poverty line indicate absolute poverty

Q. Which project has been launched to provide employment to educated unemployed youth in India?

Ans. Prime Minister Rozgar Yojana (PMRY)

Chapter – 5. Very Short Answer Type Questions (1 Mark each)

Q. What is meant by physical capital?

Ans. Physical capital refers to all those inputs which are required for further production, like plant and machinery.

Q. Give the meaning of human capital.

Ans. Human Capital refers to the stock of skill, ability, expertise, education and knowledge embodied in the people.

Q. 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.

Q. What is meant by human capital formation?

Ans. Human capital formation implies the development of abilities and skills among the population of the country.

Q. How does expenditure on health act as a source of human capital formation?

Ans. Health expenditure is a source of human capital formation as it directly increases the supply of healthy labour force.

Q. What are the various forms of health expenditures?

Ans. Preventive medicine, curative medicine, social medicine, provision of clean drinking water and good sanitation are the various forms of health expenditures.

Q. How is on-the-job-training a source of human capital formation?

Ans. On-the-job-training is a source of human capital formation as it increases the skill and efficiency of the workers.

Q. How expenditure on migration is a source of human capital formation?

Ans. Expenditure on migration is a source of human capital formation as enhanced earnings in the migrated place is more than the increase in costs due to migration.

Q. 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.

Q. Why has India not been able to achieve 100 per cent literacy even till today?

Ans. India has not been able to achieve 100 per cent literacy because of its failure to provide free and compulsory education for all children up to the age of 14 years.

Q. What do the differences in male and female literacy rates indicate?

Ans. The differences in male and female literacy rates indicate that education in India is gender biased.

Q. Why do individuals invest in education?

Ans. Individuals invest in education because labour skill of an educated person is more than that of an uneducated person, which enables him to generate more income than the uneducated person.

Q. Which five year plan recognised the importance of human capital?

Ans. The Seventh Five Year Plan.

Q. Why do people spend money to acquire information?

Ans. People spend money to acquire information because information is necessary to make decisions regarding investments in human capital as well as for efficient utilisation of the acquired human capital stock.

Q. How much educational cess was imposed by the government on all union taxes?

Ans. 2 per cent

Q. What is human development?

It refers to development of the individuals as valuable personalities by acquiring good education and attaining good health.

Q. What is financial capital?

Ans. Financial capital refers to paper claims against physical capital

Q. What is 'on-the-job training'?

Ans. On-the-job training is a form of training taking place in a normal working situation

Q. What is migration?

Ans. Migration refers to movement of people across different areas (like from rural to urban areas) of the country in search of job opportunities.

Q. What is Right to Education?

Ans. In the year 2009, the Government of India has passed an Act, called RTE. It makes education a matter of right to all children in the age group of 6-14 years.

Chapter – 6. Very Short Answer Type Questions (1 Mark each)

Q. What do you mean by rural development?

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

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.

Q. What are the two aspects of diversification of activities?

Ans. Diversification includes two aspects: (i) Diversification of Crop Production; (ii) Diversification of Productive activities (shift of workforce from agriculture to other allied activities and non-agriculture sector).

Q. Which is the apex institution in rural financing?

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

Q. Name three institutional sources of agricultural credit.

Ans. Three institutional sources of agricultural credit are: (i) Co-operative Credit Societies; (ii) Commercial Banks; (iii) Regional Rural Banks.

Q. What is organic farming?

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

Q. What is Micro Finance?

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

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 members to be repayable in small installments at reasonable interest rates

Q What do you mean 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 centres through cooperatives.

Q. Give any one limitation of organic farming.

Ans. Yields from organic farming are less as compared to modern farming

Q. Why is Minimum Support Price (MSP) fixed by the government?

Ans. Minimum Support Price (MSP) is fixed by the government to safeguard the interest of farmers.

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.

Q. What is the share of total fish production in the total GDP?

Ans. 0.8 per cent.

Q. Which states are major producers of marine products?

Ans. Kerala, Gujarat, Maharashtra and Tamil Nadu are the major producers of marine products

Q. What is the main aim of co-operative marketing societies?

Ans. The main aim of cooperative marketing is to realise fair price for farmers' products.

Q. State one advantage of organic farming

Ans. Organic farming requires cheaper agricultural inputs

Q. Name the state, which has an efficient implementation of milk cooperative

Ans. Gujarat

Q. Why do farmers need credit?

Ans. Due to long time gap between crop sowing and realisation of income, farmers need credit.

Q. What do you mean by agricultural credit?

Ans. Agricultural credit means credit for the farming families.

Q. Define non-institutional sources of agricultural credit.

Ans. Landlords, village traders and moneylenders are the three important sources of non-institutional agricultural credit in India.

Q. Name three institutional sources of agricultural credit.

Ans. Three institutional sources of agricultural credit are

- Cooperative credit societies
- Commercial banks, and
- Regional rural banks.

Q. What is meant by agricultural diversification?

Ans. Agricultural diversification refers to the reallocation of some of farm's productive resources into new activities or crops.

Chapter – 7. Very Short Answer Type Questions (1 Mark each)

Q. Why do people work?

Ans. People work for earning a living which helps them and their families to survive.

Q. Who all are included in labour force?

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

Q. Give the meaning of work force

Ans. The number of persons, who are actually employed at a particular time are known as workforce.

Q. What is meant by labour force participation rate?

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

Q. What is meant by Informalisation of workforce?

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

Q. Why does rural workforce migrate to urban areas during some part of the year?

Ans. 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. What is meant by employment?

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

Q. Define jobless growth.

Ans. Jobless Growth refers to a situation when the economy is able to produce more goods and services without a proportionate increase in employment

Q. Who are regular workers?

Ans. Workers who are hired by their employers on a permanent basis and also get social security (like pension, provident fund, etc.), are said to be regular workers

Q. Why is the self-employed work force higher in rural areas?

Ans. 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. What is meant by casualisation of workforce?

Ans. The process of moving from self-employment and regular salaried employment to casual wage work is known as casualisation of workforce.

Q. What is meant by wage employment?

Ans. An arrangement in which a worker sells his labour and earns wages in return is known as wage employment

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

Ans. Men are found in greater proportion than women in regular salaried employment because men are more skilled and highly educated.

Q. What is meant by seasonal unemployment?

Ans. Unemployment that occurs at certain seasons of the year is known as seasonal unemployment.

Q. Give the meaning of disguised unemployment

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

Q. Give the meaning of self-employment.

Ans. An arrangement in which a worker uses his own resources, to make a living is known as self-employment.

Q. What do you mean by formal sector establishments?

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

Q. Who are formal sector workers?

Ans. Workers who work in formal sector establishments are known as formal sector workers.

Q. 19. What is meant by informal sector?

Ans. Informal sector includes all those private enterprises which hire less than 10 workers.

Chapter – 8. Very Short Answer Type Questions (1 Mark Each)

Q. Mention one advantage of infrastructure.

Ans. Infrastructure increases the productivity of the factors of production.

Q. Why is the social infrastructure important for the economy?

Ans. social infrastructure is important for the economy because it improves human productivity and efficiency through facilities of education, health, housing, etc.

Q. What is the importance of economic infrastructure?

Ans. Economic infrastructure is important as it improves productivity levels in productive sectors such as agriculture and industry, by providing support services such as energy, transport, communication, etc

Q. Give the meaning of conventional sources of energy

Ans. The sources of energy which are in use since long and can be stored, are known as conventional sources.

Q. How can transmission and distribution losses be reduced?

Ans. Privatisation may help in reducing these losses.

Q. What is the meaning of non-conventional sources of energy?

Ans. The sources of energy which have come into use only recently are termed as non-conventional sources.

Q. What are the indicators of health status of a country?

Ans. The health status is usually measured in terms of life expectancy at birth, infant mortality rate, birth rate, death rate along with the incidence of communicable and non-communicable diseases.

Q. Give the meaning of commercial sources of energy

Ans. Commercial sources refer to those sources of energy which command a price and the users have to pay a price for them.

Q. What is meant by non-commercial energy?

Ans. Non-commercial energy consists of those sources of energy which generally do not command a price.

Q. Name some of the commercial and non-commercial sources of energy

Ans. Commercial sources: Coal, Petroleum and Electricity

Non-commercial sources: Firewood, Agricultural waste and dried dung.

Q. What accounts for the largest part of our electricity generation?

Ans. Thermal Power.

Q. What is morbidity?

Ans. Morbidity means proneness to fall ill.

Q. Why do State Electricity Boards suffer losses?

Ans. State Electricity Boards suffer losses due to transmission and distribution losses, theft of electricity, wrong pricing and other inefficiencies.

Q. Why non-conventional sources of energy are less used in the industries?

Ans. Non-conventional sources of energy are less used in the industries because a lot of problems are faced in harnessing them and storing them, besides the problems of heavy cost and management.

Q. Name two sources of renewable energy.

Ans. (i) Solar Energy and (ii) Wind Energy

Q. What types of fuels are used by rural women in India to meet their energy requirements?

Ans. Rural women use bio-fuels such as crop residues, dung and fuel wood to meet their energy requirements.

Q. Which two sources of energy are encouraged by India's energy policies?

Ans. India's Energy Policy encourages two energy sources: Hydel and Wind

Q. Which sector has the largest share in total consumption of commercial energy?

Ans. Industrial sector

Q. Define social infrastructure.

Ans. Social infrastructure refers to such elements of support system (like schools, colleges nursing homes) which serve as a driving force for the process of social development of a country.

Q. Why is energy a component of infrastructure?

Ans. Energy is the lifeline of entire production activity. We cannot think of a day when we can do without electricity power, oil or diesel.

Q. Why is healthcare a component of infrastructure?

Ans. production of healthy and efficient manpower in the country,

Q. What is medical tourism?

Ans. Medical tourism is choosing to travel outside your local area for medical services.

Q. What are primary healthcare centres in India?

Ans. Primary healthcare centres are small hospitals set-up mostly in small towns and rural areas and managed by a single doctor.

Q. What are secondary healthcare centres in India?

Ans. Secondary healthcare centres are upgraded healthcare centres (compared to PHC) and have facilities for surgery, ECG and X-rays. They are located in big towns and district headquarters.

Q. What are tertiary healthcare institutions in India?

Ans. Tertiary healthcare institutions are high-end and fully equipped medical centres, offering specialised medical facilities.

Chapter – 9. Very Short Answer Type Questions (1 Mark each)

Q. What does environment include?

Ans. Environment includes all the biotic and abiotic factors that influence each other.

Q. What do you mean by biotic elements?

Ans. All living elements like birds, animals and plants, forest Fisheries, etc are biotic elements.

Q. What is included under abiotic elements?

Ans. Abiotic elements of the environment include non-living elements like air, water, land, etc

Q. Give the meaning of renewable resources.

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

Q. What do you mean by non-renewable resources?

Ans. Non Renewable resources refer to those resources which get exhausted with extraction and use such as coal, gas, etc

Q. What do you mean by the carrying capacity of environment?

Ans. Carrying capacity of the environment implies that the resource extraction not above the rate of regeneration of the resources and the wastes generated are within the assimilating capacity of the environment.

Q. How the opportunity costs of negative environmental impact are high?

Ans. 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 costs of negative environmental impacts are high.

Q. What is global warming?

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

Q. What has caused global warming?

Ans. The global warming is due to increase in the greenhouse gas concentrations, like water vapour, carbon dioxide, methane and ozone in the atmosphere.

Q. Give the meaning of air pollution.

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

Q. Mention any one measure to control air pollution in vehicles

Ans. Promotion of cleaner fuels, the use of CNG instead of petrol or diesel.

Q. What is meant by Biodiversity?

Ans. Biodiversity is defined as the variability among living organisms from all sources, including terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part.

Q. What do you mean by ozone depletion?

Ans. Ozone depletion refers to destruction of ozone in the ozone layer due to presence of chlorine from manmade chlorofluorocarbons and other forces.

Q. What has led to depletion of ozone layer?

Ans. The problem of ozone depletion is caused by high levels of chlorine and bromine compounds in the stratosphere.

Q. Why have some resources become extinct?

Ans. Some resources have become extinct because their extraction has been above the rate of regeneration.

Q. How has the supply-demand relationship led to degradation of environment?

Ans. The demand for resources has gone beyond the rate of regeneration (supply). It has increased the pressure on absorptive capacity of the environment which has led to degradation of the environment.

Q. What has led to air pollution in urban areas?

Ans. Increasing number of motor vehicles and concentration of industries in urban areas has led to air pollution in urban areas.

Q. State the two major environmental issues that the world is facing today.

Ans. (i) Depletion of natural resources (ii) Environmental degradation

Q. What is land degradation?

Ans. Land degradation refers to a decline in the overall quality of soil, water or vegetation condition, commonly caused by human activities.

Chapter – 1. GUIDELINES TO NCERT QUESTIONS

Q. 1. What was the focus of the economic policies pursued by the colonial government in India? What were the Impacts of these policies?

Ans. The economic policies pursued by the Colonial Government in india, were concerned more with the protection and promotion of their own economic interests, than with the development of the Indian economy

Q.2. Name some notable economists who estimated India's per capita income during the colonial period

Ans. Dadabhai Naoroji, VK.R. V Rao, William Digby, Findlay Shirras and R.C. Desai

Q.3. What were the main causes of India's agricultural stagnation during the colonial period?

Ans.Refer Notes

Q.4. Name some modern industries which were in operation in our country at the time of independence.

Ans. Iron and Steel company (TISCO), sugar, cement, chemical and paper industries.

Q.5. What was the two-fold motive behind the systematic de-industrialization effected by the British in pre-independent India?

Ans.(i)To get raw materials from India at cheap rates to be used by upcoming modern industries in Britain

(ii) To sell finished products of British industries in indian market at higher prices

Q.6. The traditional handicrafts industries were ruined under the British rule. Do you agree with this view? Give reasons in support of your answer.

Ans. Yes, I agree with this view British Government systematically destroyed indian handicraft industries in order to serve their following two-fold motive

(i) To get raw materials from India at cheap rates to be used by upcoming modern industries in Britain,

(i) To sell finished products of British industries in Indian market at higher prices

Colonial government enforced discriminatory tariff policy, which allowed free export of raw materials from India and free Import of final goods of British industry to india. But, heavy duty was imposed on the export of Indian handicrafts As a result, Indian markets were full of finished goods

- up. The primary motive of British rule behind the de-industrialisation was two-fold:(a) To get raw materials from India at cheap rates to be used by upcoming modern industries in Britain; (b) To sell finished products of British industries in Indian market at higher prices
- Adverse effects of decline of Handicraft Industry Decline of handicraft industries adversely affected the Indian economy in the following ways: (a) It resulted in unemployment on a mass scale, (b) It encouraged import of manufactured goods from Britain as Indian made goods could not withstand foreign competition of machine made cheap goods
- Lack of Capital Goods industries: During the British rule, there was hardly any capital goods industry to promote further industrialisation in India

- Limited role of Public Sector: The limited area of operation of the public sector was also a significant reason for drawback of the industrial sector. The Public sector remained confined only to the railways, power generation, communications, ports and some other departmental undertakings

Q.7. What do you understand by the drain of Indian wealth during the colonial period?

Ans. Drain of Indian wealth during the colonial period means that national product of India was used by the British government for development of their own country and not for India.

India's foreign trade generated large export surplus. However there was drain of such surplus into Britain. India's export surplus was used:

- (i) To make payments for expenses incurred by an office set up by the colonial government in Britain
- (ii) To meet expenses on war fought by the British government
- (iii) To import invisible items

Q. 8. Which is regarded as the defining year to mark the demographic transition from its first to the second decisive stage?

Ans. 1921 is the defining year

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

Ans. Refer "Demographic Condition"

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

Ans. Discuss 'Occupational Structure'

Q. 11. Underscore some of India's most crucial economic challenges at the time of independence

Ans Some of india's most crucial economic challenges at the time of independence were

- Increasing dependence of population on agriculture.
- Traditional methods of cultivation
- Inadequate industrialisation
- Destruction of Indian Handicrafts
- High level of Unemployment and underemployment
- High infant mortality rate, low life expectancy and literacy rate
- Widespread Mass Poverty

Q.12. When was India's first official census operation undertaken?

Ans. The First official census was undertaken in the year 1881

Q.13. Indicate the volume and direction of trade at the time of independence.

colonial

Ans. The volume and direction of trade at the time of independence is discussed as under

- Exporter of Primary Products and Importer of Finished Goods: India became an exporter of primary products (raw silk, cotton, wool, etc.) and an importer of finished consumer goods (cotton, silk and woollen clothes) and capital goods like light machinery, produced in the British Industries.
- Monopoly Control of British Rule: British Government maintained a monopoly control over India's exports and imports. More than ½ of India's foreign trade was restricted to Britain while the rest was allowed with few other countries like China, Ceylon (Sri Lanka) and Persia(Iran)

Q.14. Were there any positive contributions made by the British in India? Discuss.

Ans. Discuss 'Positive Contributions of British Rule'

Chapter – 2. GUIDELINES TO NCERT QUESTIONS

Q1. Define a plan.

Ans. Plan is a document showing detailed scheme, program and strategy, worked out in advance for fulfilling an objective.

Q2. Why did India opt for planning?

Ans. After gaining independence, the next important step for the Indian Government was to revive the poor backward and stagnant economy, inherited from the British rule. So, for the systematic and overall development of Indian economy, India opted for planning.

Q3. Why should plans have goals?

Ans. Planning is done to achieve some predetermined goals within a specified time period. Without goals, the planners won't be able to know which sector of the economy needs to be developed on the priority basis. So, plans should have goals.

Q4. What are miracle seeds?

Ans. Miracle seeds refer to high yielding varieties (HYV) of seeds, which raised agricultural yield per acre to incredible heights.

Q5. What is marketable surplus?

Ans. The portion of agricultural produce, which is sold in the market by the farmers, after meeting their own consumption requirement, is known as marketable surplus.

Q.6. Explain the need and type of land reforms implemented in the agriculture.

Ans. Need for Land Reforms: The land reforms were needed in a country like India because:

- Majority of its population depends on agriculture and
- To achieve the objective of equity in agriculture

Types of Land Reforms: The major measures taken under land reforms include:

- Abolition of intermediaries: Indian government took various steps to abolish intermediaries and to make tillers the owners of land. The ownership rights granted to tenants gave them the incentive to increase output and this contributed to growth in agriculture.
- Land Ceiling: Land Ceiling refers to fixing the specified limit of land, which could be owned by an individual. The purpose of land ceiling was to reduce the concentration of land ownership in few hands. It helped to promote equity in the agricultural sector.

Q. 7. What is Green Revolution? Why was it implemented and how did it benefit the farmers?

Explain in brief.

Ans. Green Revolution refers to the large increase in production of food grains due to use of high yielding variety (HYV) seeds.

It was implemented because:

- The agricultural sector accounted for the largest share of workforce with approximately 70-75 %

- The productivity in the agricultural sector was very low due to use of outdated technology and absence of required infrastructure and India was forced to import food from the United States of America

The spread of Green Revolution benefited the farmers-

- Attaining Marketable Surplus: Green Revolution resulted in Marketable Surplus
- Buffer Stock of Food Grains: The green revolution enabled to procure sufficient amount of foodgrains to build a stock which could be used in times of food shortage
- Benefit to low-income groups: As large proportion of food grains was sold by the farmers in the market, their prices declined relative to other items of consumption. The low-income groups, who spend a large percentage of their income on food, benefited from this decline in relative prices.

Q8. Explain 'growth with equity' as a planning objective.

Ans. Growth refers to increase in the country's capacity to produce the output of goods and services within the country. Growth implies

- Either a larger stock of productive capital,
- Or a larger size of supporting services like transport and banking
- Or an increase in the efficiency of productive capital and services

A good indicator of economic growth is steady increase in the Gross Domestic Product (GDP). Increase in GDP or availability of goods and services enables people to enjoy a more rich and varied life.

According to Equity, every Indian should be able to meet his or her basic needs (food, house, education and health care) and inequality in the distribution of wealth should be reduced. Equity aims to raise the standard of living of all people.

So, growth with equity helps to achieve planning objective of development with social justice.

Q9. Does modernisation as a planning objective create contradiction in the light of employ generation? Explain

Ans. The given statement is correct. Modernisation implies use of advanced technology. Advanced technology requires less labour per unit of output. Thus modernisation created unemployment.

Q10. Why was it necessary for a developing country like India to follow self-reliance as a planning objective?

Ans. The policy of self-reliance was considered a necessity because of two reasons:

- To reduce foreign dependence: As India was recently freed from foreign control, it is necessary to reduce our dependence on foreign countries, especially for food. So, stress should be give to attain self-reliance
- To avoid Foreign Interference: It was feared that dependence on imported food supplies, foreign technology and foreign capital may increase foreign interference in the policies of our country.

Q11. What is sectoral composition of an economy? Is it necessary that the service sector should contribute maximum to GDP of an economy? Comment.

Ans. Structural composition refers to contribution made by agricultural, industrial and service sector in the gross domestic product of the country.

No, it is not necessary that the service sector contributes maximum to GDP of an economy. However, by 1990 the share of the service sector was the maximum at 40.59%. This phenomenon of growing share of the service sector marked the beginning of globalisation in the country.

Q12. Why was public sector given a leading role in industrial development during the planning period?

Ans. The public sector was given a leading role in industrial development during the planning period because of following reasons:

- Shortage of Capital with Private Sector: Private entrepreneurs did not have the capital to undertake investment in industrial ventures, required for the development of Indian economy. At the time of independence, Tatas and Birlas were the only well known Private entrepreneurs. As a result, Government had to make industrial investment through Public Sector Undertakings (PSU'S)
- Lack of incentive for Private Sector: The Indian market was not big enough to encourage private industrialists to undertake major projects, even if they had capital to do so. Due to limited size of the market, there was low level of demand for the industrial goods.
- Objective of Social Welfare: The objective of equity and social welfare of the Government could be achieved only through direct participation of the state in the process of industrialisation

Q13. Explain the statement that green revolution enabled the government to procure sufficient food grains to build its stocks that could be used during times of shortage.

Ans. The Green Revolution resulted in the manifold increase in the agricultural production and productivity. As a result, India was able to achieve self-sufficiency in food grains. Green revolution helped in building buffer stocks, which could be used in case of shortage of production

Q14. While subsidies encourage farmers to use new technology, they are a huge burden on government finances. Discuss the usefulness of subsidies in the light of this fact.

Ans. In india, subsidies are necessary because.

- Majority of the farmers are very poor and they will not be able to afford the required inputs without the subsidies
- To reduce the income inequality between rich and poor farmers and to achieve the ultimate goal of equity

So, the government should continue with agricultural subsidies as farming in India continues to be as farming in India continues to be a risky business. However, necessary steps should be taken to ensure that only the poor farmers enjoy the benefits of subsidies and not the fertiliser industry and big farmers.

Q15. Why, despite the implementation of green revolution, 65 percent of our population continued to be engaged in the agriculture sector till 1990?

Ans. 65 percent of our population continued to be engaged in the agriculture sector till 1990 because industrial and service sectors were unable to absorb the extra people involved in agriculture.

Q16. Though public sector is very essential for industries, many public sector undertakings incur huge losses and are a drain on the economy's resources. Discuss the usefulness of public sector undertakings in the light of this fact.

Ans. It is true that many public sector undertakings are incurring huge losses. However, they are still very useful and crucial for the economy. They are needed:

- To create a strong industrial base. Public sector plays an important role in development of those industries which require heavy investment and have long gestation period
- To develop infrastructure
- To promote development of backward areas
- To generate employment opportunities
- To control and manage industries of strategic areas (like national defence, atomic energy, etc.)

Moreover, public sector is not meant for earning profits but to promote the welfare of the nation. So, they should be evaluated on the basis of their contribution to welfare of the people and not on the profits they earn.

Q17. Explain how import substitution can protect domestic industry.

Ans. The domestic industries of India were not in a position to compete against the goods produced by more developed economies. So, the policy of import substitution helped in protecting them in two ways

(a) Tariffs: Heavy duty or tariff was imposed on imported goods in order to make them more expensive and to discourage their use.

(b) Quotas: Quotas refer to fixing the maximum limit on the imports of a commodity by a domestic producer.

The tariff on imported goods and fixation of quotas helped in restricting the level of imports. As a result, the domestic firms could expand without fear of competition from the foreign market

Q18. Why and how was private sector regulated under the IPR 1956?

Ans. According to Industrial Policy Resolution (IPR) 1956, the industries were reclassified into three categories: Schedule A, Schedule B and Schedule C. Out of the three categories, the third category (Schedule C) consisted of the industries which were to be in the private sector. These industries were controlled by the state through a system of licenses, enforced under Industries (Development and Regulation) Act, 1951.

According to Industrial Licensing

1. No new industry was allowed unless a license is obtained from the government
2. It was easier to obtain a license if the industrial unit was established in an economically backward area as it will promote regional equality
3. License was needed even if an existing industry wants to expand output or diversify production

Chapter – 3. GUIDELINES TO NCERT QUESTIONS

Q1. Why were reforms introduced in India?

Ans. The various reasons for introduction of reforms in India are

- Poor Performance of Public Sector: In the last 4 decades, the overall performance of public sector was very poor as huge losses were incurred by a good number of public sector enterprises
- Deficit in Balance of Payments (BOP): Even after imposing heavy tariffs and fixing quotas, there was a sharp rise in imports. On the other hand, there was slow growth of exports due to low quality and high prices of Indian goods in the international market. It led to deficit in BOP

- Inflationary Pressures: There was a consistent rise in the general price level in the economy due to increase in money supply and shortage of essential goods
- Falling foreign exchange reserves: In 1991, foreign exchange reserves fell to the lowest level. Foreign exchange reserves declined to a level that was not adequate: (i) To finance imports for more than two weeks; and (ii) To pay the interest that needs to be paid to international lenders
- Huge burden of debts: The expenditure of the government was much higher than revenue. As a result, government had to borrow money from banks, public and from international financial institutions.
- Inefficient Management: The government was not able to generate sufficient revenue and the expenditure began to exceed its revenue by large margins.

Q2. How many countries are members of the WTO?

Ans. 164 countries are members of WTO

Q.3. What is the most important function of RBI?

Ans. The most important function of RBI is to issue the currency and to undertake credit control measures in the country

Q4. How was RBI controlling the commercial banks?

Ans. Prior to 1991, commercial banks were subject to too much control by the RBI through various regulations. The banks had to take prior permission from RBI on all the financial decisions. However, after liberalization in 1991, there was a substantial shift in role of the RBI from regulator to facilitator of the financial sector.

Q5. What do you understand by devaluation of rupee?

Ans. Devaluation refers to reduction in the value of domestic currency by the government.

Q6. Distinguish between the following

(i) Bilateral and Multi-lateral trade

(ii) Tariff and Non-tariff barriers

Ans. (i) The trade between more than two countries is known as multi-lateral trade, whereas, bilateral trade is the trade between two countries.

(ii) The barriers which are imposed on imports to make them relatively costly and to protect the domestic production are known as tariff barriers. On the other hand, non-tariff barriers are imposed on the amount of imports and exports.

Q7. Why are tariffs imposed?

Ans. Tariffs are imposed on imports to make them relatively costly and to protect the domestic production.

Q.8. What is the meaning of quantitative restrictions?

Ans. Quantitative restrictions are non-tariff barriers imposed on the amount of imports and exports.

Q.9. Those public sector undertakings which are making profits should be privatised. Do you agree with this view? Why?

Ans. No I do not agree with this view. Profit-making Public-Sector Undertakings (PSUs) are the revenue generator and government need their profits to make them more competitive and efficient. However, if a PSU is an inefficient and loss making, then it may be privatised, provided, such PSU

is not meant to serve welfare of general public. Privatisation of such important PSUs will lead to loss of welfare of poor people. Hence only less important PSUs should be privatized and core PSUs should continue to be owned by the public sector.

Q10. Do you think outsourcing is good for India? Why are developed countries opposing it?

Ans. Yes, outsourcing is good for India. The following points justify this

- Employment: It provides employment to a large number of unemployed Indians
- Exchange of technical know-how: Outsourcing enables the exchange of ideas and technical know-how of sophisticated and advanced technology
- International worthiness: Outsourcing also enhances India's international worthiness credibility
- Better standard of living and eradication of poverty: By creating more and higher paying jobs outsourcing improves the standard and quality of living of the people.

However, developed countries oppose outsourcing to India because of following reasons:

- Outsourcing leads to outflow of funds from the developed countries to India, which reduces the income disparities between the two countries
- Outsourcing reduces the employment generation and creates job insecurity in the developed countries.

Q11. India has certain advantages which makes it a favourite outsourcing destination. What are these advantages?

Ans. India has become a favourable destination of outsourcing for most of the MNC's because of following reasons:

- Easy Availability of Cheap Labour: The wage rates in India are comparatively lower than that of in the developed countries. As a result, MNCs outsource their business in India.
- Availability of skilled manpower: India has vast skilled manpower, which enhances the faith of MNCs.
- Favourable Government Policies: MNCs gets various types of lucrative offers from the Indian government like tax holidays, low tax rates, etc.
- International worthiness: India has a fair international worthiness and credibility

Q12. Do you think the navaratna policy of the government helps in improving the performance of public sector undertakings in India? How?

Ans. Yes "Navaratna Policy" of the government has helped in improving the performance of public sector undertakings in India. In order to infuse professionalism and enable public sector undertakings (PSUs) to compete more effectively in the liberalised global environment, government chose nine PSUs (BHEL, BPCL, SAIL, etc.) and declared them as Navaratnas.

- These PSUs were given greater managerial and operational autonomy in taking various decisions, to run the company efficiently and to increase their profits.
- The granting of navaratna status resulted in better performance of these companies.
- Encouraged by their better performance, government decided to retain the navaratnas in the public sector and enable them to expand themselves in the global markets and raise resources by themselves from financial markets.

So, it can be concluded that the navaratna policy of the government helped in improving the performance of public sector undertakings in India.

Q13. What are the major factors responsible for the high growth of the service sector?

Ans. The services sector has shown a high growth rate due to following reasons

- Economic Reforms: Liberalisation and various economic reforms initiated in 1991 reduced the various restrictions on the movement of international finance. This led to huge inflow of foreign capital, foreign direct investments and outsourcing to India. It led to the growth of the service sector.
- Better performance of some service sectors: There was rapid growth in select areas of the service sector, such as telecommunication, information technology, finance, entertainment, travel and hospitality services, real estate and trade.
- Better technology and growth of IT: The advancements and innovations in the IT sector contributed to the growth of the service sector in India.
- Cheap and skilled manpower: Due to the availability of cheap and skilled manpower, India has become favourite destination for outsourcing by the developed economies. It has led to the growth of service sector.

Q14. Agriculture sector appears to be adversely affected by the reform process. Why?

Ans. Agriculture sector was adversely affected by the reform process in the following manner

- Reduction of public investment: Public investment in agriculture sector, especially in infrastructure which includes irrigation, power, roads, market linkages and research and extension (which played a crucial role in the Green Revolution), has been reduced in the reform period.
- Removal of subsidy: Removal of fertilizer subsidy increased the cost of production, which adversely affected the small and marginal farmers
- Liberalisation and reduction in import duties: After the commencement of WTO, a number of policy changes were made: (a) Reduction in import duties on agricultural products; (b) Removal of minimum support price; and (c) Lifting of quantitative restrictions on agricultural products. All these policies adversely affected the Indian farmers as they now have to face increased international competition
- Shift towards cash crops: Due to export-oriented policy strategies in agriculture, the production shifted from food grains to cash crops for the export market. It led to rise in the prices of food grains.

Q15. Why has the industrial sector performed poorly in the reform period?

Ans. The industrial sector performed poorly in the reform period because of following reasons

- Cheaper imported Goods: Due to globalisation, there was a greater flow of goods and capital from developed countries. As a result, domestic industries were exposed to imported goods. Cheaper imports replaced the demand for domestic goods and domestic manufacturers started facing competition from imports.
- Lack of infrastructure facilities: The infrastructure facilities, including power supply, have remained inadequate due to lack of investment
- Non-Tariff Barriers by Developed countries: All quota restrictions on exports of textiles and clothing have been removed from India. But some developed countries, like USA have not removed their quota restrictions on import of textiles from India

Q16. Discuss economic reforms in India in the light of social justice and welfare

Ans. The economic reforms have been criticized in the light of social justice and welfare due to following reasons

- Growing Unemployment: Though the GDP growth rate has increased in the reform period, but such growth failed to generate sufficient employment opportunities in the country
- Removal of subsidy: Removal of fertilizer subsidy increased the cost of production, which adversely affected the small and marginal farmers

- Rise in the prices of Food grains: Due to export-oriented policy strategies in agriculture, the production shifted from food grains to cash crops for the export market. It led to rise in the prices of food grains.
- Cheaper imported Goods: Due to globalisation, there was a greater flow of goods and capital from developed countries and as a result, domestic industries were exposed to imported goods.
- Spread of Consumerism: The new policy has been encouraging a dangerous trend of consumerism by encouraging the production of luxuries and items of superior consumption
- Unbalanced Growth: Growth has been concentrated only in some select areas in the services sector, such as telecommunication, information technology, finance, entertainment, travel and hospitality services, real estate and trade, rather than vital sectors, such as agriculture and industry, which provide livelihood to millions of people in the country.

Chapter – 4. GUIDELINES TO NCERT QUESTIONS

Q1. Define poverty

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

Q2. What is meant by Food for Work' programme?

Ans. The 'Food for Work or "National Food for Work Programme (NFFWP) was launched in 2004 with the objective of intensifying the generation of supplementary wage employment.

- NFFWP was initially implemented in 150 most backward districts of the country, to provide additional resources apart from the resources available under SGRY.
- The programme was implemented as a 100% Centrally Sponsored Scheme.
- This programme was incorporated in Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in 2005.
- MGNREGA aims at enhancing the livelihood security of people in rural areas by guaranteeing 100 days of wage-employment in a financial year to a rural household whose adult members volunteer to do unskilled manual work
- All those among the poor who are ready to work at the minimum wage, can report for work in areas where this programme is implemented.

Q3. State an example each of self-employment in rural and urban areas

Ans. In Rural Areas: Rural Employment Generation Programme (REGP)

In urban Areas: Swarna Jayanti Shahri Rozgar Yojana (SJSRY)

Q4. Creation of income earning assets address the problem of poverty?

Ans. The income of a household is the total amount earned from the various income earning assets (land, capital and labour of various levels of skill). So, the distribution of income across households or the extent of poverty depends on how the income-earning assets have been distributed among the households. 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.

Q5. Briefly explain the three-dimensional attack on poverty adopted by the government.

Ans. The government's approach to poverty reduction has three dimensions:

1. Growth-oriented approach: This approach was initiated from the First Five Year Plan. This approach is based on an expectation that effects of economic growth (rapid increase in GDP and per capita income) would spread to all sections of the society and will trickle down

to the poor sections also. It was felt that rapid industrial development and transformation of agriculture through green revolution in select regions, would benefit the underdeveloped regions and more backward sections of the community.

2. Poverty Alleviation Programmes: This second approach has been initiated from the Third Five Year Plan and progressively enlarged since then. The government has introduced a variety of programmes for reduction of poverty.
3. Minimum Needs Programme: This approach has been initiated from the Fifth Five Year Plan. It aims to provide minimum basic amenities to the people. Programmes under this approach are expected to supplement the consumption of the poor, create employment opportunities and bring improvements in health and education. 3 major programmes that aim at improving the food and nutritional status of poor are: (a) Public Distribution System; (b) Integrated Child Development Scheme; and (c) Midday Meal Scheme.

Q6. What programmes has the government adopted to help the elderly people and poor and destitute women?

Ans. National Social Assistance Programme (NSAP) was initiated by the central government to help a few specific groups. Under this programme, elderly people who do not have anyone to take care of them are given pension to sustain themselves. Poor women who are destitute and widows are also covered under this scheme.

Q7. Is there any relationship between unemployment and poverty? Explain

Ans. Yes, poverty is closely related to nature of employment. The urban poor in India are largely the overflow of the rural poor who migrate to urban areas in search of employment and a livelihood. However, industrialisation has not been able to absorb all these people. Most of the urban poor are either unemployed or temporarily employed as casual labourers. Such casual labourers are among the most vulnerable in society as they have limited skills, with no job security, no assets and no surplus to sustain them.

Q8. What is the difference between relative and absolute poverty?

Ans.

- Relative poverty refers to poverty of people, in comparison to other people, regions or nations. On the other hand, Absolute poverty refers to the total number of people living below poverty line.
- Relative poverty helps in understanding the relative position of different segments of the population. On the other hand, absolute poverty helps to measure the number of poor people.

Q9. Illustrate the difference between rural and urban poverty. Is it correct to say that poverty has shifted from rural to urban areas? Use the trends in poverty ratio to support your answer.

Ans. (i) In Urban Areas, poor people include push cart vendors, street cobblers, rag pickers, beggars etc. On the other hand, in rural areas, poor people include landless agricultural labourers, cultivators with very small landholdings, tenant cultivators with small land holdings, etc.

(ii) The urban poor are largely the overflow of the rural poor who had migrated to urban areas in search of alternative employment and livelihood. However, rural people do not include people from urban areas.

Yes, it is correct to say that poverty has shifted from rural to urban areas. The number of poor people in rural areas reduced from 261.3 million to 170.3 million from 1973-74 to 2004-05, whereas, the number of poor people in urban areas has increased from 60 million to 68.2 million in the same period. So, the trends in poverty in India support the statement that poverty has shifted from rural to urban areas.

Q10. Explain the concept of relative poverty with the help of the population below poverty line in some states of India.

Ans. Relative poverty refers to poverty of people, in comparison to other people, regions or nations. It helps understanding the relative position of different segments of the population. The concept of relative poverty reflects only the relative position of different segments of the population in the income hierarchy. It does not consider how poor the poor person is.

Q11. Suppose you are a resident of a village, suggest a few measures to tackle the problem of poverty.

Ans. Being a resident of a village, I would suggest the following measures to tackle the problem of poverty-

- Making people aware about various self-employment and wage-employment programmes initiated by the government
- Motivating the poor to acquire skills, information and knowledge
- Generating employment opportunities for the Identified poor
- Encourage people to establish small scale and cottage industries
- Upgradation of agricultural practices to raise productivity
- Awareness about family planning in order to control population growth
- Development of infrastructure.

Chapter – 5. GUIDELINES TO NCERT QUESTIONS

Q1. What are the two major sources of human capital in a country

Ans. The two major sources of human capital are: (i) Investment in education; (ii) Investment in health.

Q2. What are the indicators of educational achievement in a country?

Ans. The indicators of educational achievement in a country are (i) Adult Literacy Rate; (ii) Youth Literacy Rate (iii) Primary Completion Rate

Q3. Why do we observe regional differences in educational attainment in India?

Ans. Regional differences in educational attainment in india can be due to: (i) Regional Inequality in Incomes and (ii) Disparities in expenditure by government on development of educational facilities.

Q4. Bring out the differences between human capital and human development.

Ans. The differences between human capital and human development are

- Human capital considers education and health as a means to increase labour productivity. On the other hand, according to human development, education and health are integral to human well-being
- Human capital treats human beings as a means to increase in productivity. Any investment in education and health is unproductive if it does not enhance output of goods and services. However according to human development, human beings are ends in themselves. Human welfare should be increased through investments in education and health even if such investments do not result in higher labour productivity

Q5. How is human development a broader term as compared to human capital?

Ans. Human development is a broader term as compared to human capital because:

- Human capital treats human beings as a means to an end, whereas, according to human development human beings are ends in themselves
- The concept of human capital asserts that any investment in education and health is unproductive if it does not enhance output of goods and services. However, according to human development, human welfare should be increased through investments in education and health even if such investments do not result in higher labour product.

So, it can be concluded that human development is a broader term as compared to human capital.

Q6. What factors contribute to human capital formation?

Ans. The following factors contribute to human capital formation: (i) Expenditure on Education; (ii) Expenditure on Health; (iii) On-the-job-Training; (iv) Expenditure on Migration; and (v) Expenditure on information.

Q7. Mention two government organisations each that regulate the health and education sectors

Ans. Regulatory Authority in Health

- Ministries of Health at the union and state level;
- Indian Council for Medical Research (ICMR)

Regulatory Authority in Education:

- Ministries of Education at the union and state level;
- National Council of Educational Research and Training (NCERT)

Q8. Education is considered an important input for the development of a nation. How?

Or, Examine the role of education in the economic development of a nation

Or, Explain how investment in education stimulates economic growth.

Ans. Education is considered an important input for the development of a nation because

- Education confers higher earning capacity on people
- It gives better social standing and pride
- It enables one to make better choices in life.
- It provides knowledge to understand the changes taking place in society.
- It also stimulates innovations.
- It facilitates adaptation of new technologies

Q9. Discuss the following as a source of human capital formation:

(i) Health infrastructure

(ii) Expenditure on migration

Ans. (i) Health infrastructure: Health is a source of human capital formation as it directly increases the supply of healthy labour force.

- Poor health and undernourishment adversely affect the quality of manpower. A sick labour, without access to medical facilities, is compelled to abstain from work and there is loss of productivity.
- Therefore, expenditure on health is important to build and maintain productive labour force and to improve quality of life of people in the society
- Adequate food and proper nourishment to people, along with adequate health and sanitation facilities leads to qualitative improvement in human capital.
- Forms of Health Expenditure: The various forms of health expenditures include: (a) Preventive Medicine known as vaccination; (b) Curative medicine, i.e. medical intervention during illness (c) Social Medicine, i.e. spread of health literacy, (d) Provision of clean drinking water (e) Good Sanitation facilities.

(ii) Expenditure on migration: People migrate from one place to another in search of jobs that fetch them higher salaries.

- Unemployed people from rural areas migrate to urban areas in search of jobs
- Technically qualified persons (like engineers, doctors, etc.) migrate to other countries because of higher salaries that they may get in such countries
- Migration in both these cases involves two kinds of cost: (a) Cost of transportation from one place to another; and (b) Higher cost of living in the migrated places.
- Expenditure on migration is a source of human capital formation as enhanced earnings in the migrated place is more than the increase in costs due to migration

Q10. Establish the need for acquiring information relating to health and education expenditure for the effective utilization of human resources.

Ans. The expenditures on education and health make substantial long-term impact and they cannot be easily reversed. For example, if a child is admitted to a school or health care centre and required services are not provided in such institute, then substantial amount of damage would have been done before the decision is taken to shift the child to another institution.

So, information is needed in case of health and education expenditure for the effective utilisation of human resources

Q11. How does investment in human capital contribute to growth?

Or, Trace the relationship between human capital and economic growth.

Ans. Investment in human capital contributes to growth of the economy:

(i) Higher production and productivity: The contribution of an educated person to the output or production is more than that of an illiterate person. Similarly, a healthy person also contributes to economic growth by providing uninterrupted labour supply for a longer period of time.

(ii) Promotes inventions, innovations and technological improvements: The human capital formation (HCF) not only increases the productivity of human resources but also stimulates innovations and creates ability to absorb new technologies. Education provides knowledge to understand changes in society and scientific advancements, thus, facilitate inventions and innovations. Similarly, the availability of educated labour force facilitates adaptation to new technologies.

Q12. There is a downward trend in inequality world-wide with a rise in the average education levels. Comment.

Ans. The given statement is correct. Labour skill of an educated person is more than that of an uneducated person, which enables him to generate more income than the uneducated person. The higher income earning capacity and greater acceptability of modern techniques raise the standard and quality of living. As a result, the gap between the rich and the poor is narrowing slowly. So, rise in average education levels reduces the inequality of income worldwide.

Q13. Bring out the need or on-the-job-training for a person.

Ans. The productivity of physical capital is substantially enhanced 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 and productivity
- On-the-job-training may take different forms: (a) Workers may be trained in the firm itself under the supervision of a skilled worker (b) Workers may be sent for off-campus training

- After on-the-job training of employees, firm insist that the workers should work for a specific period of time, so that it can recover the benefits of the enhanced productivity owing to the training
- It is a source of human capital formation as return of expenditure on such training, in the form of enhanced labour productivity, is more than the cost of it.

Q14. Discuss the need for promoting women education in India.

Ans. Women education needs to be promoted

- To improve economic independence and social status of women; and
- Women education makes a favourable impact on fertility rate and health care of women and children

Q15. Argue in favour of the need for different forms of government intervention in education and health.

Ans. The expenditures on education and health assume great importance on the formation of human capital. To ensure favourable benefits of such expenditure, government intervention is important because of following reasons-

- The expenditures on education and health make substantial long-term impact and they cannot be easily reversed. For example, if a child is admitted to a school or health care centre and required services are not provided in such institute, then substantial amount of damage would have been done before the decision is taken to shift the child to another institution.
- Individual consumers of these services do not have complete information about the quality of services and their costs.
- The providers of education and health services may acquire monopoly power and may get involved in exploitation.

So the role of the government is important to ensure that the private providers of these services adhere to the standards stipulated by the government and charge the correct price.

Q16. What are the main problems of human capital formation in India?

Ans. The various problems of human capital formation are

- **Insufficient resources:** The resources allocated to the formation of human capital have been much less than the resources required. Due to this reason, the facilities for the formation of human capital have remained grossly inadequate.
- **Serious inefficiencies:** There is a lot of wastage 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 underemployment). Massive illiteracy, non-education of many children, poor health facilities are other inefficiencies, which have not been attended to adequately and properly.
- **Brain Drain.** People migrate from one place to another in search of better job opportunities and handsome salaries. It leads to the loss of quality people like doctors, engineers, etc. who have high caliber and are rare in a developing country. The cost of such loss of quality human capital is very high.
- **High growth of Population:** The continuous rise in population has adversely affected the quality of human capital. It reduces per head availability of the facilities.
- **Several imbalances:** A greater proportion of resources have been diverted towards higher education which is meant for few people as compared to primary and secondary education. Due to this reason, general productivity of the economy has remained low

- Lack of proper manpower planning: There is an imbalance between the demand and 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.
- Weak science and technology: In respect of education, the performance is particularly unsatisfactory in the fields of science and development of modern technology.

Chapter – 7. GUIDELINES TO NCERT QUESTIONS

Q1. Who is a worker?

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

Q2. Define worker-population ratio

Ans. Worker-population ratio is the percentage of total population engaged in work.

Q3. Are the following workers: a beggar, a thief, a smuggler, a gambler? Why?

Ans. No, they are not workers because they are not doing any productive activity.

Q4. The newly emerging jobs are found mostly in the _____ Sector.

Ans. Service.

Q5. An establishment with four hired workers is known as _____ sector establishment.

Ans. Informal.

Q6. Raj is going to school. When he is not in school, you will find him working in his farm. Can you consider him as a worker? Why?

Ans. Yes, Raj can be considered as a worker. A person is considered as worker if he contributes to the process of gross domestic product (GDP) by rendering his productive activities. So, Raj is a worker.

Q7. Compared to urban women, more rural women are found working. Why?

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

Q8. Meena is a housewife. Besides taking care of household chores, she works in the cloth shop which is owned and operated by her husband. Can she be considered as a worker? Why?

Ans. A person who is involved in the production activity and contributes to the generation of gross domestic product (GDP) is considered as a worker. As Meena works in the cloth shop, owned and operated by her husband, she should be considered as a worker. However, in India, such women workers are neither counted as workers nor they are paid for such work.

Q9. Find the odd man out (i) rickshaw puller who works under a rickshaw owner (ii) mason (iii) mechanic shop worker (iv) shoeshine boy.

Ans. Shoe shine boy is the odd man out. All others (rickshaw puller, mason and the mechanic shop worker) are hired workers. They render their services to their employers and in return, get salaries or wages. On the other hand, shoe shine boy is a self-employed worker and carries out his occupation himself.

Q10. The following table shows distribution of workforce in India for the year 1972-73. Analyse it and give reasons for the nature of workforce distribution. You will notice that the data is pertaining to the situation in India 30 years ago.

Place of residence	Workforce (in millions)		
	Male	Female	Total
Rural	125	69	194
Urban	32	7	39

Ans. The following points can be analysed with the help of given data-

- More Proportion of Rural Population: The total workforce in India in the year 1972-73 was 234 million, out of which major portion 83% (194 million) belonged to rural population and the rest 17% (39 million) belonged to the urban population. It happened because a majority of rural population was engaged in agricultural and allied sectors.
- More Proportion of Males: Males used to dominate the workforce, in both rural and urban areas. The rural workforce comprises of 125 million males (around 64%) as compared to just 69 million females (around 36%). On the contrast, the urban workforce comprises of about 82% of male workforce and 18% of female workforce. The participation of males was higher due to lack of opportunities available to women for acquiring education and female members were often confined to household work only.
- More Proportion of Rural Females: Females in the rural areas formed 36% of the workforce as compared to just 18% females in the urban workforce.

Q11. The following table shows the population and worker population ratio for India in 1999-2000. Can you estimate the workforce (urban and total) for India?

Region	Estimates of population (in crores)	Worker Population Ratio	Estimated No. of Workers (In crores)
Rural	71.88	41.9	$71.88/100 \times 41.9 = 30.12$
Urban	28.52	33.7	?
Total	100.40	39.5	?

Ans. Urban Workforce = $28.52/100 \times 33.7 = 9.61$ crores

Total Workforce = $30.12 + 9.61 = 39.73$ crores

Q12. Why are regular salaried employees more in urban areas than in rural areas?

Ans. Regular salaried employees are more in urban areas because urban people have a variety of employment opportunities due to their educational attainments and skills. Moreover, the nature of work is different in urban areas and enterprises require workers on a regular basis.

On the other hand, only 7% of rural people are engaged as regular salaried employees due to illiteracy and lack of skills

Q13. Why are less women found in regular salaried employment?

Ans. Lesser women are found in regular salaried employment because of illiteracy and lack of skills. Regular salaried jobs require skills and a higher level of literacy, which is more common in case of men.

Q14. Analyse the recent trends in sectoral distribution of workforce in India.

Ans. The distribution of workforce in India in different sectors is as follows.

- Primary sector is the main source of employment (60.4%), for majority of workers in india
- Secondary sector provides employment to only 15.8% of workforce.
- 23.8% of workers are engaged in the service sector

Q15. Compared to the 1970s, there has hardly been any change in the distribution of workforce across various industries. Comment.

Ans. The given statement is correct. As India is an agrarian economy, majority of its population depend on the agricultural sector to earn livelihood. Although, the developmental strategies in india have aimed at the reduction of population dependent on agriculture, yet there has not been any significant reduction.

- In 1972-73, about 74.3% of workforce was engaged in primary sector, which declined to 48.9% in 2011-12.
- On the other hand, shares of secondary and service sectors increased from 10.9% to 24.3% and from 14.8% to 26.8% respectively.

Q16. Do you think in the last 50 years, the employment generated in the country is commensurate with the growth of GDP in India? How?

Ans. No, employment generated in the country does not match with the growth of GDP. Generally the increased output is achieved by generating more employment opportunities.

- However, in the last 50 years, India has witnessed jobless economic growth where there was an overall acceleration in the growth rate of GDP without corresponding expansion in employment opportunities.
- It happened because rise in GDP occurred due to use of modern and advanced technology, which substituted labour for machines. It failed to generate new employment opportunities and employment growth started declining and reached the level of growth that India had in the early stages of planning.

Q17. Is it necessary to generate employment in the formal sector rather than in the Informal sector? Why?

Ans. Formal Sector is the organised sector of the economy, which includes all the public enterprises and private establishments that hire 10 or more workers.

Workers of the formal sector enjoy social security benefits and they remain protected by the labour laws. On the other hand, people engaged in the informal sector do not enjoy any social security benefits and do not have any protection or regulation from the government. As a result, informal workers are generally very poor and live in slums.

So, it is necessary to generate employment in the formal sector rather than in the informal sector as more jobs in the formal sector will not only absorb workforce from the informal sector but will also help in reducing poverty and income inequalities.

Q18. Victor is able to get work only for two hours in a day. Rest of the day, he is looking for work is he unemployed? Why? What kind of jobs could persons like Victor be doing?

Ans. No, Victor is not unemployed. According to economists, "Unemployed Person is the one who is not able to get employment of even one hour in half a day. As Victor is getting work for two hours in a day, he is not unemployed.

Victor is a "Casual worker" and would be doing temporary jobs.

Q19. You are residing in a village. If you are asked to advice the village panchayat, what kinds of activities would you suggest for the improvement of your village which would also generate employment

Ans. The following two activities can be suggested to improve the village and to generate employment:

- Setting up of small-scale and cottage industries: Small scale and cottage industries will not only generate new employment opportunities but will also act as subsidiaries to the industrial sector by providing them raw material
- Encourage non-farm employment: Disguised and seasonal unemployment is a common feature of Indian economy. So, it is necessary to engage these people in non-agricultural sectors like pottery, handicrafts, etc

Q20. Who is a casual wage labourer?

Ans. Casual wage labourer is the one who is casually engaged and get remuneration for the work done. He is not hired on a permanent basis and he does not enjoy social benefits and protection from the government

Q21. How will you know whether a worker is working in the informal sector?

Ans. A worker is working in the informal sector if

- such worker works in a private enterprise, which employ less than 10 workers. For example, farmers agricultural labourers, owners of small enterprises, etc.
- Such worker does not get regular income and does not have any protection or regulation from the government.
- Such worker has the risk of being dismissed without any compensation.

Chapter – 8. GUIDELINES TO NCERT QUESTIONS

Q1. Explain the term 'infrastructure'.

Ans Infrastructure refers to all such activities, services and facilities, which are needed to provide different kinds of services in an economy.

Q2. Explain the two categories into which infrastructure is divided. How are both interdependent?

Ans. The infrastructure can be categorized into two heads: (i) Economic infrastructure; (ii) Social Infrastructure. Economic and Social infrastructure together helps in the overall development of the economy.

- Economic Infrastructure improves productivity levels in productive sectors such as agriculture and industry, by providing support services such as energy, transport, communication, etc.
- Social Infrastructure improves human productivity and efficiency through facilities of education health, housing, etc.

Hence, both are supplementary and complementary to each other, i.e. both are interdependent.

Q3. How do infrastructure facilities boost production?

Ans. Infrastructure provides supporting services in the main areas of industrial and agricultural production.

- Agricultural production depends on the development of infrastructural facilities like roadways, railways power, etc.
- Industrial production depends on the development of power and electricity generation, transport and communications.

Thus, it is rightly said infrastructure facilities boost production.

Q4. Infrastructure contributes to the economic development of a country. Do you agree? Explain.

Ans. Development of infrastructure and economic development go hand in hand.

- Agriculture depends on the adequate expansion and development of irrigation facilities.
- Industrial progress depends on the development of power and electricity generation, transport and communications.

Infrastructure contributes to economic development of a country both by increasing the productivity of the factors of production and improving the quality of life of its people.

Q5. What is the state of rural infrastructure in India?

Ans.

- A majority of our people live in rural areas. Despite so much technical progress in the world rural women still use bio-fuels such as crop residues, dung and fuel wood to meet their energy requirement. About 90% of the rural households use bio-fuels for cooking.
- Rural people have to travel long distances to fetch fuel, water and other basic needs. As per census 2001, only 56% of the rural households had electricity connection.
- Tap water availability is limited to only 24% rural households and the remaining households make use of water from open sources (like wells, tanks, ponds, etc.). Access to improved sanitation in rural areas was only 20%.

Q6. What is the significance of energy? Differentiate between commercial and non-commercial of energy.

Ans. Energy is an important input for most of the production processes and consumption activities.

It plays a crucial role in the development of an economy

- There exists a positive correlation between economic growth and demand for energy. It happens because growth is an index of increasing productive activity, which requires larger quantity of energy.
- In India, energy is used on a large-scale in agriculture and related areas, like production and transportation of fertilisers, pesticides and farm equipment.
- Energy is required in houses for cooking, household lighting and heating

Q7. What are the three basic sources of generating power?

Ans. The three main sources of generating power are: (i) Thermal Power; (ii) Hydro-electric Power; (iii) Nuclear or Atomic Power

Q8. What do you mean by transmission and distribution losses? How can they be reduced?

Ans. Electric power transmission and distribution losses include losses in transmission between sources of supply and the points of distribution and in the distribution to consumers, including pilferage.

Transmission and Distribution losses can be reduced through following measures:

- Improvement in Plant Load Factor
- Promote role of Private Sector
- Better research and development efforts
- Proper check on power theft and taking strict action against culprits.
- Power should be supplied free or at subsidized rate only to the poor and marginal farmers

Q9. What are the various non-commercial sources of energy?

Ans. Firewood, Agricultural waste, Dried Dung, etc.

Q10. Justify that energy crisis can be overcome with the use of renewable sources of energy

Ans. Being a tropical country, India has unlimited potential for renewable energy sources (solar energy, wind energy, geo-thermal energy, bio-gas and tidal power). These sources do not rely on fossil fuel and avoid carbon emissions and provide additional supply of electricity.

India is facing a serious power crisis as power generation is still insufficient in comparison to its requirement. Greater reliance on such renewable energy resources offers enormous economic, social and environmental benefits and helps to fight with power crisis.

Q11. How has the consumption pattern of energy changed over the years?

Ans. Consumption pattern of energy shows the percentage use of different sources (commercial and non-commercial) of energy. The consumption pattern of energy changed over the years.

- Commercial energy consumption makes up about 74% of the total energy consumed in India. This includes coal with the largest share of 54%, followed by oil at 32%, natural gas at 10% and hydro energy at 2%.
- Non-commercial energy sources consisting of firewood, cow dung and agricultural wastes, account for over 26% of the total energy consumption.
- The sectoral pattern of consumption of commercial energy shows that from 1953-54 to 2014-15: (i) Share of household sector increased from 10% to 23%; (ii) Share of agricultural sector increased from 1% to 18%; (iii) Share of industrial sector increased from 40% to 44%; (iv) Share of transport sector decreased from 44% to just 2%; (v) Share of others increased from 5% to 13%.

Q12. How are the rates of consumption of energy and economic growth connected?

Ans. Energy is an important input for most of the production processes and consumption activities. It plays a crucial role in the development of an economy.

- There exists a positive correlation between economic growth and demand for energy. It happens because growth is an index of increasing productive activity, which requires larger quantity of energy.
- In India, energy is used on a large scale in agriculture and related areas, like production and transportation of fertilisers, pesticides and farm equipment.
- Energy is required in houses for cooking, household lighting and heating.

So, it can be said that the consumption of energy rises with the economic growth.

Q13. What problems are being faced by the power sector in India?

Ans. The problems faced by the power sector in India are:

- Inadequate Electricity Generation: India's installed capacity to generate electricity is not sufficient to feed an annual economic growth of 7-8%
- Underutilisation of installed capacity: The installed capacity is underutilised as plants are not run properly. During excess demand, the operational efficiency of power projects is reflected by Plant Load Factor (PLF). In India, the PLF is very poor and inadequate attention is paid to improve
- Poor performance of State Electricity Boards (SEBs): SEBs are incurring huge losses due to transmission and distribution losses, wrong pricing of electricity and other operational inefficiencies. A large portion of these losses is due to theft of power and free supply of power to agriculture.
- Shortage of inputs: Thermal power plants, which are the foundation of India's power sector, are facing shortage of raw material and coal supplies.

- Limited role of Private and Foreign Entrepreneurs: Private sector power generators and foreign investors are yet to play their role in a major way.
- Lack of Public Cooperation: There is general public unrest due to high power tariffs and prolonged power cuts in different parts of the country.

Q14. Discuss the reforms which have been initiated recently to meet the energy crisis in India.

Ans. The major reforms, which have been initiated recently to meet the energy crisis in India are:

- Improvement of Plant Load Factor (PLF): The Plant Load Factor is an important indicator of operational efficiency of thermal power plants. With an aim to increase capacity addition and meet the objective of 'power for all', the Ministry of Power launched the Partnership in Excellence programme to improve the functioning of underperforming stations in India.
- Control of Transmission and Distribution Losses: To solve the power crisis, serious steps are being taken to control transmission and distribution losses.
- Promote role of Private Sector: The role of private sector is being promoted in power generation and distribution schemes. Privatisation in Delhi is an example of increasing role of the private sector.
- Use of renewable sources: Use of renewable energy sources ensures additional supply of electricity. India is the world's fifth largest producer of wind power.
- Other Measures: Other measures which are being initiated to meet the power crisis are (i) increase in public investment; (b) Better research and development efforts; and (c) Technological innovation.

Q15. What are the main characteristics of health of the people of our country?

Ans. India is the second largest populated country in the world, but the health status of a great majority of people is far from satisfactory

- Expenditure on health sector is just 4.8% of total GDP. It is extremely low as compared to other developed and developing countries.
- India has about 17 % the world's population but it bears a frightening 20% of the Global burden of diseases (GBD) In India, more than half of GBD is accounted due to communicable diseases such as diarrhea, malaria and tuberculosis.
- Every year, around 5 lakh children die of waterborne diseases. The danger of AIDS is also looming large.
- Malnutrition and inadequate supply of vaccines lead to the death of 2.2 million children every year.
- At present, less than 20% of the population utilises public health facilities and only 38% of the PHCs have the required number of doctors and only 30% of the PHCs have sufficient stock of medicines.

Q16. What is a 'global burden of disease'?

Ans. Global burden of diseases is an Indicator used by experts to measure the number of people dying prematurely due to a particular disease as well as the number of years spent by them in a state of disability owing to the disease.

Q17. Discuss the main drawbacks of our health care system.

Ans. The main drawbacks of our health care system are:

- Inequitable distribution of Health Services: The existing health system suffers from inequitable distribution of institutions and manpower. About 70% of India's population live in rural areas, but only 20% of total hospitals are located in rural areas. Most of the modern health facilities are available only in the urban areas.

- Communicable Diseases: Increasing attention is urgently needed for prevention of communicable diseases like AIDS, HIV and SARS, through effective control measures.
- Poor Sanitation Facilities: Sanitation facilities are extremely poor in both rural and urban areas. About 30% of the houses urban areas do not have toilet facilities and the condition in rural areas is even worse. Improvement in sanitation facilities are immediately needed for good health of the people.
- Lack of Manpower: Even though, India produces 12.000 medical graduates every year, still there is a huge shortage of manpower.
- Malnutrition: Widespread malnutrition poses a major threat to the lives, especially in case of children.
- Role of Private Sector: Public sector has not been so successful in providing adequate health structure. There is a need to increase collaboration of public sector with private sector to meet health care needs of people.

Q18. How has women's health become a matter of great concern?

Ans. Women's health has become a matter of great concern because they suffer many disadvantages as compared to men.

- The child sex ratio declined from 945 in 1991 to 927 in 2001. It indicates growing incidence of female foeticide in India.
- Around 3 lakh girls below 15 years of age are not only married but have already born children at least once.
- More than 50% of married women between the age group of 15 and 49 have anaemia and nutritional anemia, caused by iron deficiency, which has contributed to 19% cent maternal deaths.
- Abortions are also a major cause of maternal morbidity and mortality in India

Q19. Describe the meaning of public health. Discuss the major public health measures undertaken by the state in recent years to control diseases.

Ans. Public health public refers to approach to medicine that is concerned with the health of the community as a whole.

The major public health measures undertaken by the state to control diseases are:

- Promotion of primary healthcare facilities: The effectiveness of healthcare programmes rests on primary healthcare. The Government is taking regular steps to improve them Since independence there has been a significant expansion in the physical provision of health services. During 1951-2015 the number of hospitals and dispensaries Increased from 9,294 to 45,978, nursing personnel increased from 18,054 to 23.44 lakh and doctors increased from 61.800 to 9.2 lakh.
- Private-Public Partnership is being encouraged to ensure reliability, quality and affordability of both drugs and medicare
- Increase in Health Expenditure: Expansion of health facilities has led to eradication of small pox, guinea worms and the near eradication of polio and leprosy.

Q20. List out the six systems of Indian medicine.

Ans. (i) Ayurveda; (ii) Yoga; (iii) Unani (iv) Siddha; (v) Naturopathy; and (vi) Homeopathy.

Q21. How can we increase the effectiveness of health care programmes?

Ans. The effectiveness of health care programmes can be increased through following measures:

- Accessibility and affordability needs to be integrated in our basic health infrastructure
- All citizens can get better health facilities of public health services are decentralised.
- It is important to create awareness on health and hygiene and provide efficient systems through education and efficient health Infrastructure.
- Telecom and IT sectors can play an important role in improving the health process in the economy.
- The effectiveness of healthcare programmes rests on primary healthcare. So, serious steps should be taken to improve them.
- Private Public Partnership (PPP) can effectively ensure reliability, quality and affordability of both drugs and medicare.

Chapter – 9. GUIDELINES TO NCERT QUESTIONS

Q.1. What is meant by environment?

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

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

Ans. When the rate of resource extraction exceeds that of their regeneration, the environment fails to perform its vital function of life sustenance and it leads to the situation of environmental crisis.

Q3. Identify the two major environmental issues facing the world.

Ans (i) Global Warming (ii) Ozone Depletion

Q4. How do the following factors contribute to the environmental crisis in India? What problem do they pose for the government?

- (i) Rising population
- (ii) Air pollution
- (iii) Water contamination
- (iv) Affluent consumption standards
- (v) Illiteracy
- (vi) Urbanisation
- (vii) Reduction of forest coverage
- (viii) Poaching
- (ix) Global warming

Ans. (i) Rising population is one of the major causes for degradation of environment. Annual growth of about 2% has contributed to severe and accelerating degradation of the natural resources. It is eating into natural resources more than desirable and putting into the system more wastes than they can absorb.

(ii) Air Pollution: Air pollution implies contamination of air, i.e. absence of fresh air (oxygen) to breathe. Air pollution is widespread in urban areas where vehicles are the major contributors. Air pollution results in health problems and causes severe damage to the environment. It has resulted in ozone depletion which is leading to climate change. So the government should take serious steps to control air pollution. Public transport should be encouraged and use of cleaner fuels (like CNG) in vehicles should be promoted.

(iii) Water Contamination: Water contamination (or pollution) takes place when toxic substances enter water bodies and get dissolved or lie suspended in water. It degrades the quality of water and water either becomes health hazard or unfit for use. The contaminated water is devastating not only to people but also to animals. Contaminated water destroys aquatic life and reduces its reproductive ability. Polluted water is unsuitable for drinking, recreation, agriculture and industry. Government should take reasonable steps to prevent water contamination otherwise the availability of fresh water may become the most crucial problem in India over the coming decades.

(iv) Affluent consumption standards: The affluent consumption standards have placed a huge stress on the environment as demand for resources is more than the available supply. The affluent consumption and production standards of the developed world lead to generation of wastes, which is beyond the absorptive capacity of the environment. As a result, government is forced to explore alternative environment friendly resources.

(v) Illiteracy: Illiteracy and ignorance often cause irreversible damage on the environment and on critical resources. Lack of knowledge and education generally leads to overuse/misuse of the scarce resources. Improper use of non-renewable resources leads to environmental crisis.

(vi) Industrialisation: The advent of industrial revolution has increased the demand for environmental resources, but their supply is limited due to overuse and misuse. Rapid industrialisation has led to deforestation, depletion of natural resources and water contamination due to increasing volume of toxic substances and industrial wastes into the water bodies. The government needs to take appropriate measures to restore ecological balance.

(vii) Urbanisation: Rapid urbanisation exerted huge pressure on the natural resources. It has reduced the availability of land for farming purpose. There is excess pressure on the existing infrastructural resources. The increasing demand for houses has led to massive deforestation, which is leading to environmental degradation and ill health.

(viii) Reduction of forest coverage: Forest coverage is being reduced at such a rapid scale that it has disturbed the ecological balance of the country. The per capita forest land in the country is only 0.08 hectare against the requirement of 0.47 hectare to meet basic needs. There are very serious dangerous consequences of forest depletion, like chances of more floods, soil erosion, heavy siltation of dams and changes in climate.

(ix) Poaching: Poaching is the illegal capture, killing and hunting of animals. Many species are on the verge of becoming extinct (like Tiger, Asian Elephants etc). It is disturbing the online balance of the ecosystem. There is a serious need to take steps to save wildlife.

(x) Global Warming: Global Warming is adversely affecting the environment. Ice is melting worldwide, especially at the earth's poles. It has led to steep rise in sea level and coastal flooding. Hurricanes and other tropical storms are key to become stronger. It has increased the incidence of tropical diseases like malaria, cholera, dengue, chikungunya, etc. There are thousands of species (like polar bears) in danger of becoming extinct forever.

Q5. What are the functions of the environment?

Ans. The environment performs four vital functions:

- Provides resources for production: Environment supply renewable and non-renewable resources. The resources provided by environment are used as inputs for production

- Environment assimilates waste: The process of production and consumption activities generates a lot of wastage, which is absorbed by the environment.
- Environment sustains life: Some basic necessities of life (sun, soil, water and air) are part of environment. So environment sustains life by providing these essential elements.
- It provides aesthetic services: Environment includes land, forests, water bodies, rainfall, air, atmosphere etc. People enjoy the scenic beauty of these elements. Such elements help in improving quality of life.

Q6. Identify six factors contributing to land degradation in India.

Ans. Six factors responsible for land degradation are

- Loss of vegetation due to deforestation
- Overgrazing i.e. grazing of natural pastures at stocking intensities above the livestock carrying capacity.
- Encroachment into forest lands
- Non adoption of adequate soil conservation measures
- Unsustainable fuel wood and fodder extraction
- Improper crop rotation

Q7. Explain how the opportunity costs of negative environmental impact are high.

Ans. Extraction of resources at a speed more than its regeneration reduces the carrying capacity of the environment.

- In such situation, environment fails to perform its function of sustaining life, which leads to a situation of environmental crisis
- It creates the need to explore alternative eco-friendly resources to avoid environmental crisis. Moreover, environmental crises also create various health problems, which necessitate the need for heavy health expenditure.
- The costs involved in searching new alternative resources together with the greater health expenditures constitute the opportunity costs of negative environmental impact.

Such opportunity costs are very high and therefore, it is rightly said that the opportunity costs of negative environmental impact are high.

Q8. Outline the steps involved in attaining sustainable development in India

Ans. The following steps are involved in attaining sustainable development:

- Use of Non-conventional sources of energy: Non-conventional sources like wind power and solar rays are cleaner and greener technologies, which can be effectively used to replace thermal and hydro-power
- Use of cleaner fuels: The use of CNG should be promoted and in rural areas, LPG and gobar gas should be promoted.
- Establishment of Mini-Hydel Plants: Such power plants are environment-friendly and generate enough power to meet local demands
- Traditional Knowledge and Practices: The old systems (Ayurveda, Unani, etc.) are environment friendly, relatively free from side effects and do not involve large-scale industrial and chemical processing.
- Use of Bio-compost: The use of bio-compost needs to be encouraged as chemical fertilisers adversely affect the productive land and contaminate the water bodies.
- Control of Biopest: Instead of chemical pesticides, better methods of pest control (like neem based pesticides) needs to be promoted and awareness should be created to use various animals and birds as natural pest controllers.

- Change in unsustainable patterns of consumption and production: The desirable limits and standards for consumption and production need to be established and applied through appropriate mechanisms including education, incentives and legislation

Q9. India has abundant natural resources-substantiate the statement

Ans. The given statement is correct. India has abundant natural resources in terms of rich quality of soil, hundreds of rivers and tributaries, lush green forests, plenty of mineral deposits, etc.

- The black soil of the Deccan Plateau is particularly suitable for cultivation of cotton, leading to concentration of textile industries in this region.
- The Indo-Gangetic plains spread from the Arabian Sea to the Bay of Bengal are one of the most fertile, intensively cultivated and densely populated regions in the world
- India's forests, though unevenly distributed, provide ground cover for a majority of its population and natural cover for its wildlife.
- Large deposits of iron-ore, coal and natural gas are found in the country India alone accounts for nearly 20% of the world's total iron-ore reserves
- Bauxite, copper, chromite, diamonds, gold, lead, lignite, manganese, zinc, uranium, etc. are also available in different parts of the country

Q10. Is environmental crisis a recent phenomenon? If so, why?

Ans. Yes, the environmental crisis is a very recent phenomenon.

- In the early days of civilization, demand for environmental resources and services was much less than their supply. Pollution was within the absorptive capacity of the environment and rate of resource extraction was less than the rate of regeneration of these resources. As a result, environmental problems did not arise.
- However, in the present period, the demand for resources is in far excess of supply and the population explosion and industrial revolution has increased the pressure on the absorptive capacity of the environment.

We are now faced with increased demand for environmental resources and services but their supply is limited due to overuse and misuse. Hence, the environmental issues of waste generation and pollution have become critical today.

Q11. Give two instances of:

- Overuse of environmental resources
- Misuse of environmental resources.

Ans. (i) 2 Instances of Overuse of environmental resources:

- Deforestation: The continuous increase in demand due to growing population has resulted in large scale deforestation.
- Land Degradation India suffers from degradation due to unstable use and inappropriate management practices.

(ii) 2 instances of Misuse of environmental resources

- Water contamination Discharge of domestic and industrial waste pollutes the water and makes it unfit for use
- Ozone Depletion Use of chlorofluorocarbons (CFCs) in AC and refrigerators has led to ozone depletion.

Q12. Explain the supply demand reversal of environmental resources.

Ans. The reversal of supply-demand relationship is responsible for degradation of quality of the environment.

- In the past, demand for environmental resources and services was much less than their supply. Pollution was within the absorptive capacity of the environment and rate of resource extraction was less than the rate of regeneration of these resources. As a result, environmental problems did not arise.
- However, present the demand for resources is in far excess of supply. With the population explosion and with the advent of industrial revolution, the pressure on the absorptive capacity of the environment has increased tremendously.

Thus, a reversal of supply-demand relationship is responsible for degradation of quality of the environment.

Chapter – 10. GUIDELINES TO NCERT QUESTIONS

1. Mention some examples of regional and economic groupings.

Ans. SAARC, European Union, ASEAN, G-8, G-20, BRICS, etc

2. What are the various means by which countries are trying to strengthen their own domestic economies?

Ans. The following are the various means through which the nations are trying to strengthen their own domestic economies:

1. Nations are forming various regional and economic groupings like SAARC, European Union, G-8, G-20, ASEAN etc. in order to strengthen their economies.
2. Nations are having economic reforms. They have liberalised their economies with decrease in government interference in economic activities.
3. Nations are also opening up their economies through the process of globalisation

Q3. What similar developmental strategies have India and Pakistan followed for their respective Developmental paths?

Ans. The main similarities between the developmental strategies of India and Pakistan can be summarized as:

- Both of them have followed the path of mixed economic structure involving the participation of both the state as well as the private sector.
- Both the nations started the developmental path at the same time soon after their independence in 1947.
- Both the countries started planning their development strategies in similar way. India announced its first Five Year Plan in 1951 and Pakistan announced in 1956.
- Both of them adopted similar strategies, such as creating a large public and raising public sector, raising public expenditure on social development
- Till 1980s both the countries had similar growth rates and per capita incomes
- Both of them introduced economic reforms at the same time (India in 1991 and Pakistan in 1998) to strengthen their economies.

Q4. Explain the Great Leap Forward campaign of China as initiated in 1958.

Ans. In 1958, a programme named The Great Leap Forward (GLF) campaign was initiated by Mao to modernise China's economy.

- The aim this campaign was to transform agrarian economy into a modern economy through the process of rapid industrialization
- Under this programme people were encouraged to set up Industries in their backyard
- In rural areas communes were started Under the immune system, people collectively cultivated lands.
- 1958, there were 26,000 communes covering almost all the farm population.
- GLF campaign met with many problems. A severe drought caused havoc in China killing about 30 million people.

Q5. China's rapid industrial growth can be traced back to its reforms in 1978. Do you agree?

Ans. Yes I agree with the given statement. The present day fast industrial growth in China can be tracked back to the reforms introduced in phases in 1978. China Introduced reforms in phases.

- In the initial phase, reforms were initiated in agriculture, foreign trade and Investment sectors in agriculture, commune lands were divided into small plots which were allocated (only for use and not as ownership) to the individual households. They were allowed to keep all income from the land after paying stipulated taxes.
- In the later phase, reforms were initiated in the industrial sector. Private sector firms and township and village enterprises (enterprises which were owned and operated by local collectives) were allowed to produce goods. At this stage, enterprises owned by government (known as State Owned Enterprises or SOES), were made to face competition.
- The reform process also involved dual pricing. This means fixing the prices in two ways: (a) Farmers and industrial units were required to buy and sell fixed quantities of inputs and outputs on the basis of prices fixed by the government (b) For other transactions, the inputs and outputs were purchased and sold at market prices.
- In order to attract foreign investors, special economic zones were set up.

Q6. Describe the path of development initiatives taken by Pakistan for its economic development.

Ans. The path of development initiatives taken by Pakistan for its economic development can be summarized as under:

- Mixed Economic System: Pakistan adopted the pattern of mixed economy to achieve the aim of economic development.
- Introduction of Various Policies: In the late 1950s and 1960s, Pakistan introduced a variety of regulated policy framework for growth of domestic industries. The policy combined tariff protection for manufacturing of consumer goods together with direct import controls on competing imports.
- Green Revolution: In case of agriculture, the introduction of Green Revolution and increase in public investment in infrastructure led to a rise in the production of foodgrains. This changed the agrarian structure dramatically.
- Importance to Role of Public Sector in early 1970s: In the early 1970s, nationalisation of capital goods industries took place.
- Importance to Role of Private Sector in late 1970s: In the late 1970s, there was a shift in the government policy when it adopted the policy of nationalization. Government

encouraged the private sector and also offered various incentives to them. All this creates a conducive climate for new investments.

- Financial Support during late 1970s: During this period Pakistan also received financial support (a) Western nations, and (b) Remittances from emigrants to the Middle-east. This helped the country in stimulating economic growth.
- Reforms: In 1988, reforms were initiated in the country

Q7. What is the important implication of the 'one child norm' in China?

Ans. The important implication of the one-child norm is that it has reduced the growth rate of population and provides a better health service for women and has reduced the risk of death and injury associated with pregnancy.

However, this policy has some other implications also. For instance, after a few decades, there will be more elderly people in proportion to young people in China. This will force China to take steps to provide social security measures with fewer workers.

Q8. Compare and contrast India and China's sectoral contribution towards GDP in 2003. What does it indicate?

Sectoral Contribution to GDP In % (2003)

	India	China
Agriculture	23	15
Industry	26	53
Service	51	32
Total	100	100

- Contribution of Primary Sector: The contribution of agriculture to GDP was 15% case of China, whereas, it was 23% in case of India.
- Contribution of Secondary Sector: The secondary sector contributed highest to China's GDP at 53%, whereas in India, the share was 26%
- Contribution of Service Sector: The service sector contributed highest to India's GDP at 51%, whereas in China, the share was 32%

Q9. Mention the various indicators of human development.

Ans. The indicators of human development are

- Life Expectancy
- Infant Mortality Rate
- Maternal Mortality Rate
- Mean years of Schooling
- Percentage of the population below poverty line
- GDP per capita
- Percentage of the population having access to improved sanitation
- Percentage of the population having access to Improved water sources
- Percentage of the population undernourished

Q10. Define the liberty indicator. Give some examples of liberty indicators.

Ans Liberty Indicator may be defined as the measure of the extent of demographic participation in the social and political decision making

Examples of liberty indicators: (i) Measures of the extent of the Constitutional Protection Rights given to the citizens; (ii) Extent of the Constitutional Protection of the Independence of the Judiciary and Rule of Law.

Q11. Give reasons for the slow growth and re-emergence of poverty in Pakistan.

Ans. The reasons for the slow-down of growth and re-emergence of poverty in Pakistan's economy are:

- Agricultural growth and food supply situation was based on good harvest and not on institutionalised process of technical change. When there was a good harvest, the economy was in good condition, when it was not, the economic indicators showed stagnation or negative trends.
- Foreign exchange is an essential component for any country and it is always preferred to build foreign exchange reserves through exports of manufactured goods. However in Pakistan, most of the foreign exchange earnings came from remittances from Pakistani workers in the Middle-east and the exports of highly volatile agricultural products
- There was growing dependence on foreign loans on the one hand and increasing difficulty in paying back the loans on the other.

Chapter – 1. Reason-based Questions (Comprehension of the Subject matter)

Read the following statements carefully. Write True or False with a reason.

1. Low level of productivity was the principal characteristic of Indian agriculture on the eve of independence

Ans. True Productivity of wheat was nearly 4.9 times lower in 1947 compared with its level in 2016-17. Productivity of rice was nearly 3 times lower in 1947 compared with its level in 2016-17.

2. Zamindari system of land revenue gave incentives to tillers of soil to increase their productivity

Ans. False Under zamindari system tillers were reduced to the status of landless labourers who merely got subsistence wages. As a result tillers of the soil had no interest in improving the agriculture

3. Commercialisation of agriculture led to perpetual indebtedness of farmers.

Ans. True Due to commercialisation of agriculture farmers needed to buy grains for family consumption This pushed them in debts.

4. Railways during the British rule in India promoted colonial exploitation of the Indian economy

Ans True Railways promoted colonial exploitation of the Indian economy in two ways, as under

- Railways facilitated the movement of raw material from their source of supply to the ports for further transportation to England
- Railways led to expansion of the market for the British products in India

5. The year 1921 was the year of Great Divide with regard to the growth of population in India.

Ans. True The year 1921 was the year of Great Divide Because prior to 1921 population growth in India was not consistent. It was only after 1921 that the population in India recorded a consistent rise

6. Zamindari system brought stability to cultivation during the British rule in India.

Ans. False The zamindari system during the British rule did not bring stability. Instead it brought instability to Indian cultivation. Because, this system led to frequent section of the tillers of the soil. They lost their permanent rights of cultivation and accordingly, lost permanent interest in cultivation.

7. The tillers of the soil could not leave agriculture even when they always exploited.

Ans. True The tillers of the soil would not leave agriculture despite their continuous exploitation. This was because of the lack of vocational avenues outside agriculture.

8. Under the British Raj, discriminatory tariff policy was pursued with a view to protecting the Indian industry.

Ans. False British pursued discriminatory tariff policy which allowed tariff-free export of raw material from India and tariff-free import of British Industrial products in India. This enabled the British Industrial products to capture Indian markets.

9. Surplus generated in trade was used to meet administrative expenses by the British government in India.

Ans. True Surplus generated in trade was used by British government to meet administrative expenses in India which led to a huge drain of wealth.

10. Partition of the country had a negative impact on Indian agriculture.

Ans. True India got 82 per cent of population and 65 per cent of food grain area. Rich food producing areas of West Punjab and Sindh went to Pakistan which aggravated the crisis in the country.

Chapter – 2. Reason-based Questions (Comprehension of the Subject matter)

Read the following statements carefully. Write True or False with a reason.

1. Unemployment has risen despite the fact that opportunities of employment have risen during the five year plans.

Ans. True Unemployment has risen despite a rise in the opportunities of employment during the five year plans. This is because the rate at which the work force has risen has been more than the rate at which the additional work force was absorbed in jobs. The rise in workforce is primarily related to a substantial rise in population of the country, particularly after 1951.

2. Poverty has reduced, but the gulf between the rich and the poor has widened.

Ans. It is true that poverty has reduced, but the gulf between the rich and the poor has widened. Reduction in poverty is explained primarily in terms of the fall in percentage of population below poverty line. It is the reduction in absolute poverty. On the other hand the widening gulf between the rich and the poor is explained in terms of the distribution of income and wealth. The bulk of the industrial wealth is being controlled by a handful of big industrialists. Likewise the bulk of farming land in rural areas is owned by a small segment of big farmers.

3. Despite a significant rise in public investment (during five year plans), the GDP growth has continued to be rather slow.

Ans. Real GDP growth has remained slow despite a significant rise in public investment during the five year plans in India. The primary reason is that the bulk of public investment has gone into such

areas of production where capital output is very high. So that output per unit of input has remained low.

4. Despite the fact that GDP has grown consistently during the five year plans, the challenge of inflation almost never subsided

Ans. True. Inflation remained a challenge during the five year plans (except the first plan) despite the fact that GDP had consistently risen. This is primarily because of population explosion. Since 1951 rate of population growth in India has been extremely alarming. This has led to an exponential rise in the demand for farm products. Despite a significant rise in farm supplies, the mismatch between demand and supply (leading to excess demand) has never ceased to exist. Accordingly, the never ending problem of inflation.

Chapter – 3. Reason-based Questions (Comprehension of the Subject matter)

Read the following statements carefully. Write True or False with a reason.

1. Fiscal deficit leads to price spiral.

Ans. It is true that fiscal deficit leads to price spiral.

Reason: Often, the fiscal deficit is financed by the government by way of borrowing from the RBI. It leads to an increase in the supply of money in the economy. Other things remaining constant, higher the supply of money, higher is the price spiral.

2. The current account BoP deficit often leads to borrowing from rest of the world.

Ans. It is true that current account BoP deficit often leads to borrowing

- Reason: There are two principal sources of financing the current account BoP deficit: Borrowing from rest of the world, and
- Foreign investment in the domestic economy, including (a) FDI (foreign direct investment), and (b) FII (foreign institutional investment). Of these two sources, foreign investment is volatile owing to volatility of the domestic market. It is therefore, uncertain. Accordingly, the government often relies on borrowing from rest of the world.

3. Disinvestment is a compulsion for the government even when the public sector enterprises are efficiently operating.

Ans. It is not true that disinvestment is a compulsion for the government even when the public sector enterprises are efficiently operating. The fact of the matter is that the government has resorted to disinvestment (selling shares of public enterprises to private entrepreneurs) only because the public sector enterprises have turned into breeding centres of inefficiency and corruption. Disinvestment of inefficient enterprises helps the government to (i) combat inefficiency, and (ii) manage budgetary deficit.

4. FDI leads to economic colonialism

Ans. It is true that FDI leads to economic colonialism. Because FDI implies ownership and management of the domestic enterprises by the foreign companies. Higher FDI leads to higher economic control of the foreign companies in the domestic market. This is what economic colonialism implies.

Q. What was the basic problem that forced us to take a U-turn in our policies in 1991?

Or, Explain the need for economic reforms

Ans. The basic problem related to these facts

- Mounting fiscal deficit
- BoP crises and fall in forex reserves
- Rise in price, and
- Inefficiency of public sector enterprises

Q. How does liberalisation of the economy led to economic growth?

Ans. Liberalisation included a set of economic reforms offering freedom to the private enterprises from government controls. It focused on (i) delicensing of the industrial establishment, (ii) simplification of trade and tariff policies. (iii) simplification of tax structure, (iv) fiscal consolidation/discipline, and (v) freedom to the banking sector to decide their interest rate structure. These reforms led to a spurt in investment and in GDP growth.

Q. How does privatisation lead to fiscal consolidation?

Ans. Privatisation implies transfer of ownership and management of public sector enterprises to the private entrepreneurs. It is a process involving disinvestment in public sector enterprises. By and large divestment (disinvestment) is planned for such public sector enterprises which are inefficient and run into huge losses. Disinvestment leads to fiscal consolidation in two ways: (i) Losses of the public sector enterprises are plugged, and (ii) Government receives revenue on account of the sale of shares of public enterprises

Q. Write a critical review of NEP

Ans. A critical review of NEP includes description of positive as well as negative impact of the economic reforms initiated in 1991.

The **positive** impact is evident in terms of a substantial rise in the level of economic activity in the economy, as indicated by a sustained rise in GDP. The **negative** impact is evident in terms of sectoral imbalances and concentration of economic power. Sectoral imbalances have occurred on account of the fact that-

- agricultural sector has suffered a neglect while the industrial and tertiary sectors have gained a momentum, and
- growth process has largely been confined to urban sector of the economy. Concentration of economic power has occurred owing to rapid control of the domestic market by the multinational corporations

Chapter – 4. Reason-based Questions (Comprehension of the Subject matter)

Read the following statements carefully. Write True or False with a reason

1. Mr. X is relatively richer than Mr. Y. But both can be absolutely poor.

Ans. True. Because Mr. X may have higher income than Mr. Y. But, both X and Y may not have enough income to buy the essentials of life. So that, both are absolutely poor.

2. Inflation is the cause of poverty

Ans. True. Because, inflation (price spiral) erodes real income of the people. Other things remaining constant, price spiral may push the certain people below the poverty line.

3. Capital formation is the key to eradicate the poverty in India.

Ans. True. Because

- Lack of capital implies lack of production capacity
- Low production capacity implies low opportunities of employment
- Low level of employment implies high level of poverty

4. Progressive taxation helps reduce poverty

Ans. True. Because progressive taxation implies higher tax burden on the rich, and lower tax burden on the poor. It narrows down 'economic divide between the rich and the poor Accordingly, relative poverty is reduced.

5. Poverty can reduce even when income of the poor does not rise.

Ans. True. Because, the poor can be offered essentials of life at subsidised prices.

Example: Rice and wheat are offered to the poor at a notional price of Rupee 3-4 per kg, to those who are absolutely poor. It enhances their quality of life. Accordingly, poverty is reduced

6. Eradication of poverty through GDP growth is a short period remedy to poverty in India.

Ans. False. Eradication of poverty through GDP growth is a long period remedy, not a short period remedy. Because, GDP growth is a long-drawn process. Also, GDP growth helps combat poverty only when it is accompanied with higher level of employment.

7. Migration lowers poverty

Ans. True. Because, people migrate to those areas which offer better opportunities of employment. Getting employment or getting better employment leads to improvement in the quality of life. It may help people shift above the poverty line.

Chapter – 5. Reason-based Questions (Comprehension of the Subject matter)

Read the following statements carefully. Write True or False with a reason.

1. Skill India' programme launched by the government is an attempt to increase capital formation

Ans. True. Because skill is an important element of human capital.

2. 'Start-ups' and 'Skill India' programmes are complementary to each other

Ans. True. Because, one programme promotes the other. Thus:

- 'Start-ups' (new business ventures) helps utilisation of the idle entrepreneurial abilities of the people. It, thus, promotes skill formation.
- Skill formation (through higher education and training) helps the establishment of start-ups.

3. Higher salaries in developed countries are ultimately related to higher level of human capital in these countries.

Ans. True. Because, salaries are related to productivity (higher productivity implies higher salaries) and productivity is related to the level of human capital (higher level of human capital implies higher productivity)

4. Benefits of education always exceed the cost of education.

Ans. True. Because, the benefits of education accrue throughout the service span of an individual (spread over several years) while the cost of education is restricted only to the period of education (spread over a few years).

However, the underlying assumption behind this assertion is that after education, an individual remain unemployed lifelong.

5. Skill formation facilitates conversion of 'economic growth' into economic development

Ans. True. Because, skill formation improves the rate of participation/employment in the process of growth. Higher the rate of participation, faster is the conversion of growth into development (when the fruits of growth are shared by larger percentage of population)

6. Education, not the vocationalisation of education is the core element of skill formation.

Ans. False. It is the vocationalisation of education (rather than mere education) which is the core element of skill formation. Education may just be degree-oriented. Vocationalist on the other hand, is skill-oriented.

7. Gender bias in India is a hindrance to the process of skill formation.

Ans. True. Because, gender bias (particularly in rural India) does not favour female education as much as male education.

Chapter – 6. Reason-based Questions (Comprehension of the Subject matter)

Read the following statements carefully. Write True or False with a reason.

1. Fertilizers restore crop health, not the soil health

Ans. True. Reason: Fertilisers are meant to raise crop productivity. On the other hand continuous use of fertilisers erodes fertility of the soil.

2. Subsistence farming reduces market risk

Ans. True. Because: (i) Subsistence farming focuses on the production of those crops which are meant for self-consumption by the farming families. The farmers do not have to buy these crops from the market. Accordingly, the market risk is avoided. (ii) Unlike the production of commercial crops, the production of subsistence crops does not involve market expectations. Accordingly, there are no market risks.

3. It is easier to obtain institutional credit rather than non-institutional credit.

Ans. False. Because institutional credit (like from banks) involves lots of banking formalities, while non-institutional credit does not. (ii) Institutional credit is available only against collateral (tangible security) while non-institutional credit is just a matter of faith between the borrower and the lender

4. Lack of warehousing causes loss of revenue to the farmers.

Ans. True. Because, in the absence of warehousing, the farmers are compelled to sell their produce immediately after harvesting it. It causes glut of supplies in the market, leading to a fall in crop price. Accordingly, there is a loss of revenue to the farmers.

5. Cattle farming (rather than crop farming) is more popular in arid and semi-arid areas than in those where rainfall is not deficient.

Ans. True, Reason: Arid and semi-arid areas are those where rainfall is highly deficient. Accordingly, crop productivity in these areas becomes highly unpredictable and often remains low. Implying low income from crop farming. With a view to supplementing farm income, the farmers in these areas resort to cattle farming. In areas where rainfall is not deficient, crop yield is high. Accordingly, the farmers need not resort to cattle farming as a supplementary source of income.

Chapter – 7. Reason-based Questions (Comprehension of the Subject matter)

Read the following statements carefully. Write True or False with a reason.

Q1. Urban unemployment is a spillover of rural unemployment.

Ans. True. Reason: Owing to the lack of opportunities of employment, people in the rural areas are compelled to migrate to the urban areas in search of livelihood. This compounds the problem of urban unemployment.

Q2. Poverty leads to low wages.

Ans. True. Reason: Poverty (particularly in rural areas) compels the people (particularly the female workers) to accept low-wage jobs. The compulsion arises on account of these facts-

- The female workers (owing to their illiteracy and social constraints) are averse to migrate to urban areas for better jobs, and
- Poverty is a compelling force for the woman in rural areas to supplement their family income even when they are to accept low-wage jobs.

Q3. Primary sector is an important source of labour supply to the secondary and tertiary sectors of the economy.

Ans. It is true that the primary sector is an important source of labour supply to the secondary and tertiary sectors of the economy. Reason: When productivity rises in agriculture (owing to the use of innovative technology), less labour is needed to produce a given level of output. Thus, labour is displaced in the primary sector. It is this labour which migrates to the urban areas, finding jobs in the secondary and tertiary sectors.

Q4. Unemployment and poverty are reflections of each other

Ans. True. Because, unemployed people do not earn wages or salaries. Thus, poverty is the obvious consequence of unemployment.

Q5. Economic activity means production activity.

Ans. False. There is a difference between production activity and economic activity, it is like this economic activity relates to the use of scarce resources. It includes: (i) production activity, (ii) consumption activity, (iii) activity of investment, and (iv) activity of exchange. Thus, production activity is only an element of economic activity in other words, while all production activities are economic activities, all economic activities are not production activities.

Chapter – 8. Reason-based Questions (Comprehension of the Subject matter)

Read the following statements carefully. Write True or False with a reason.

Q1. Infrastructure generates linkages in production.

Ans. True Reason: Provision of infrastructural facilities at one place (like SEZ-special economic zone) induces investment across several areas of production which are linked

to each other. A car manufacturing unit at one place (owing to infrastructural facilities like of transport communication and banking) would certainly attract investment in inter-linked areas of production activities (like manufacturing of nuts and bolts and other inputs needed for the production of cars).

Q2. Infrastructural facilities raises productivity in tertiary sector of the economy.

Ans. True. Reason: Infrastructural facilities include rapid and efficient means of transport and communication. Such facilities are essential ingredients in the provision of such as of education, health banking and insurance (the core components of tertiary sector)

Q3. Non-conventional sources of energy are more environment-friendly than the conventional sources.

Ans. True. Non-conventional sources of energy include solar energy, wind energy and biomass. All of these sources are non-polluting and are therefore environment friendly. Conventional sources on the other hand include coal and petroleum the use of which leads to air pollution. These are not environment-friendly.

Q4. GDP growth is related to the generation of electricity in the economy.

Ans. True. Because electricity is the core element of energy used across all sectors of the economy. Higher the generation of electricity, higher would be the GDP growth. Thus, generation of electricity much higher in developed countries compared to the developing countries.

Q5. Decline in death rate is a pointer to the growth of social infrastructure in the economy.

Ans. True. Because growth of social infrastructure leads to improved healthcare facilities. Improved healthcare facilities lead to a fall in death rate.

Q6. Privatization of healthcare is a hurdle in the provision of healthcare facilities across rural areas of the country.

Ans. True. Reason: Private sector provides healthcare for profit. People in the rural areas are relatively poor and cannot afford expensive medical care. Accordingly, most Medicare facilities (in the private sector) are confined to the urban areas.

Q7. Use of non-commercial energy leads to environmental degradation.

Ans. True. Reason: Firewood is the key component of non-commercial energy. People in the rural areas obtain firewood largely by way of tree-felling. It leads to environmental degradation.

Chapter – 9. Reason-based Questions (Comprehension of the Subject matter)

Read the following statements carefully. Write True or False with a reason

1. Poverty leads to compulsive deforestation

Ans. True. Reason: Owing to poverty people are compelled to use wood as a domestic fuel. Need for wood leads to tree-felling. Hence deforestation.

2. Private transport is less environment-friendly than the public transport

Ans. True. Reason: Use of private transport implies that there is a larger number of vehicles on the road than when the public transport is used.

3. Larger the number of red-light signals on the roads, greater is the environmental pollution.

Ans. True. Because, it is more frequently that the vehicles are to stop at the red-light signals which leads to unwanted emission of smoke.

4. Check on population growth in India will lead to a check on environmental pollution.

Ans. True. Because, India is sustaining excessive population, much in excess of what our resources permit us. It leads to excessive exploitation of resources as well as excessive environmental pollution.

5. Environment offers production resources.

Ans. True. Because, environment includes air water, soil, minerals and other natural resources. All these are used as production resources.

6. Environmental pollution leads to loss of national wealth

Ans. True. Reason: Environmental pollution in the form of industrial waste driven to the waterbodies leads to the loss of aquatic life. It is definitely a loss of national wealth.

7. Input-efficient technology is environmental friendly.

Ans. True Reason: Input efficient technology saves inputs per unit of output. Accordingly, it reduces stress on the country's resource endowment and is therefore, environmental friendly.

Chapter – 10. Reason-based Questions (Comprehension of the Subject matter)

Read the following questions carefully. Write True or False with a reason.

1. Heavy dependence on exports has led to slowdown of the Chinese economy.

Ans. True. Reason: Economic slowdown in most parts of the world (particularly the European economies) has led to a significant fall in global demand for the Chinese goods. Hence, the slowdown of the Chinese economy.

2. Expanding focus on defence preparedness has led to economic slowdown in Pakistan

Ans. True. Because rising budgetary expenditure on defence preparedness has caused a constraint on the availability of funds for economic growth.

3. India has failed to tackle poverty as much as China could.

Ans. True. Reason:

- India has lacked political will, owing to political instability
- India has failed to control its population growth, which has led to a continuous rise in BPL population
- India has not been able to develop an effective delivery mechanism (delivering aid to the poor without leakage and pilferage).

4. In certain parameters of development, Pakistan has an edge over India.

Ans. True. These areas are

- Reduction of Poverty: Pakistan had recorded lesser percentage of BPL population than India (in 2013)

- Access to Improved Water Resources: Percentage of population having access to improved water resources is higher in Pakistan than in India
- Trade-GDP Ratio: It is 20% for Pakistan and just 10% for India.

5. High infant mortality rate lowers the degree of Human Development Index.

Ans. True. Because, high mortality rate shows the lack of medical facilities. Owing to this, a high percentage of infants are vulnerable to disease and death.

6. Low sex ratio is a pointer to social backwardness.

Ans. True. Because, low sex ratio reveals preference for a male child, leading to female foeticide.

7. Compared with India, lower density of population in China has contributed to its faster GDP growth.

Ans. True. Because lower density of population in China (due to its huge geographical area) has led to less stress on its natural resources.

Chapter – 1. HOTS Questions

1. How did Railways apply a check on the occurrence of famines during the colonial period?

Ans. Railways facilitated the movement of food grains from the surplus zones or from the government warehouses (Godowns) to the areas afflicted with famines.

2. How would you support the view that the destruction of handicraft in India coincided with the industrial revolution in Great Britain?

Ans. The destruction of the Indian handicrafts was systematically planned by the British government to coincide with the industrial revolution in Great Britain. The success of industrial revolution depended on (i) growth of Indian market for the British products and (ii) export of raw material from India to Britain. Achievement of both these objectives (largely through discriminatory trade policy) led to the destruction of Indian handicrafts.

3. The policy of colonial exploitation of the Indian economy during the British Raj had some positive side effects for the Indian economy. Do you agree?

Ans. It is true of course, that the policy of colonial exploitation during the British Raj had some positive side-effects for the Indian economy. Start of Railways, development of ports, improvement of the means of communication and a good system of administration were some critical elements of the policy of colonial exploitation. But all these implied growth-oriented change in the Indian economy.

4. How did discriminatory trade policy contribute to the success of industrial revolution in Great Britain?

Ans. Discriminatory trade policy contributed to the success of industrial revolution in Great Britain in two ways

- Low duty on the import of British Industrial goods into India led to the growth of domestic demand for these goods, and
- Low duty on the export of raw material from India ensured availability of low-cost inputs for the British industry

Chapter – 2. HOTS Questions

Q. 1. The goal of Equity was fully served by 'Abolition of Intermediaries'. Comment

Ans. The given statement is incorrect. The goal of equity was not fully served by abolition of intermediaries because of following reasons:

- In some areas, the former zamindars continued to own large areas of land by making use of some loopholes in the legislation
- In some cases, tenants were evicted and zamindars claimed to be self-cultivators
- Even after getting the ownership of land, the poorest of the agricultural labourers did not benefit from land reforms

Q2. State with reason whether the following statements are True or False:

(i) Under Mixed Economy, the central problems are solved by the government

(ii) Land Ceiling refers to change in the ownership of landholdings

Ans. (i) False. Government and market together solve the central problems of the economy.

(ii) False. Land Ceiling refers to fixing the specified limit of land, which could be owned by an individual

Q3. Green Revolution enabled the government to maintain buffer stock of food grains. Do you agree?

Ans. Yes, I agree with the given statement. Green Revolution raised agricultural yield per acre to incredible heights. It enabled the government to procure sufficient amount of food grains to build a stock which could be used in times of food shortage.

Q4. 'Government took various steps to protect Small-scale Industries from Big Firms. Defend or Refute.

Ans. The given statement is defended. Following steps were taken by the government to protect Small-scale Industries from big firms-

- Reservation of Products: Government reserved production of a number of products for the small scale industry. The criterion for reserving the products depended on the ability of these units to manufacture the goods
- Various Concessions: Small-scale Industries were also given concessions, such as lower excise duty and bank loans at lower interest rates

Q.5. "Subsidies put a huge burden on government's finances, but are necessary for poor and marginal farmers." Do you agree that granting subsidies justify the objective of social justice?

Ans. Yes, I agree with the given statement. Subsidy means that the farmers get inputs at prices lower than the market prices. Indian Government has always provided massive subsidies to farmers. Subsidies are essential because:

- Majority of the farmers are very poor and will not be able to afford the required inputs without the subsidies. Subsidies provide them the equality of opportunity to use the inputs as used by rich farmers.
- Subsidies help to reduce the income inequality gap between rich and poor farmers and help to achieve the ultimate goal of equity.

So the government should continue with agricultural subsidies as farming in India continues to be a risky business.

Q6. What led to the failure of five year plans in India? Give two specific reason.

Ans.

1. It was basically bloated inefficiency of the public sector enterprises which led to the failure of five year plans in India Most public sector enterprises ran into losses because of leakage, pilferage and the lack of accountability.
2. Red-tapism in Indian bureaucracy along with the lack of political will has been another important reason why planning in India has failed to show good results.

Q7. What is casualisation of work force? How has it impacted the Indian economy?

Ans. Casualisation of work force is a term referring to work force with casual employment rather than regular employment It is with the growth of corporate business culture that casual employment has started replacing regular employment. Till 1991 when most jobs were created by the public sector enterprises, employment was offered on regular basis. This was in view of the fact that job-security was considered as an essential ingredient of loyalty and faithfulness towards the business enterprises. Unfortunately however, security of job led to the lack of accountability and therefore, inefficiency. It was because of gross inefficiencies in public sector enterprises that the corporate sector started offering casual employment rather than regular employment.

Q8. Reliance on public sector enterprises in five year plans was a tactical mistake. Do you agree with this view?

Ans. When five year plans were adopted as a model of growth and development reliance on public sector enterprises was indispensable. On the eve of independence, the Indian economy was so much in a state of backwardness and stagnation that it needed a big push of investment to break the economic deadlock. Private investment was not forthcoming. There was no option except to rely on public investment and public enterprises. Also, it is not denying the fact that public enterprises in India provided the Indian economy the much needed kick-start of the growth process Therefore to conclude that reliance on public sector was a tactical mistake would be an exaggeration.

Chapter – 3. HOTS Questions

Q.1. Out of Liberalisation, Privatisation and Globalisation, which term matches the best from the following statements

- (i) It involves deregulation and reduction of government controls and greater autonomy of private investment.
- (ii) It means integration of economy of the country with the world economy.
- (iii) It implies greater role of private sector in the economic activities of the country
- (iv) It aims to remove entry and growth restrictions on the Private Sector
- (v) It involves selling off part of the equity of public sector undertakings to the public
- (vi) It aims to create a borderless world

Ans. (i) Liberalisation

(ii) Globalisation

(iii) Privatisation

(iv) Liberalisation

(v) Privatisation

(vi) Globalisation

Q2. 'Process of Globalisation has produced only positive results for India and other countries'.

Comment

Ans. The given statement is incorrect. Process of globalisation has produced positive as well as negative results. Globalisation has been criticized because

- Benefits of globalisation accrue more to developed countries as they are able to expand their markets in other countries
- Globalisation compromises the welfare and identity of people belonging to poor countries.
- Market-driven globalisation increases the economic disparities among nations and people

Q3. Economic Reforms were widely criticized because it neglected agricultural sector. Do you agree?

Ans. Yes, I agree with the given statement. New Economic Policy neglected the agricultural sector as compared to industry, trade and services sector.

- Public investment in agriculture sector was reduced in the reform period.
- Removal of fertilizer subsidy increased the cost of production, which adversely affected the small and marginal farmers.
- After commencement of WTO, a number of policy changes were made: (a) Reduction in import duties on agricultural products, (b) Removal of minimum support price ; and (c) Lifting of quantitative restrictions on agricultural products. All these policies adversely affected the Indian farmers as they now have to face increased international competition.
- Due to export oriented policy strategies in agriculture, the production shifted from food grains to cash crops for the export market. It led to rise in the prices of food grains.

Chapter – 4. HOTS Questions

Q1. State with reason whether the following statements are True or False:

(i) The concept of Relative Poverty is used to measure total number of people living below poverty line.

(ii) Extent of poverty is more in rural areas as compared to urban areas

(iii) Population Explosion is one of the basic reason for widespread poverty

Ans. (i) False. The concept of Absolute Poverty is used to measure total number of people living below poverty line.

(ii) True. The proportion of poor people in 2009-10 in rural areas was nearly 34% as compared to just 21% in urban areas.

(iii) True. Rapid growth of population, particularly among the poor, is responsible for poverty in the country.

Q2. Governments Growth-oriented Approach to reduce poverty proved to be very Effective'. Do you agree?

Ans. No I do not agree with the given statement. Growth-oriented approach proved to be ineffective because:

- Population growth resulted in a very low growth in per capita incomes
- Green revolution intensified the disparities regionally and between large and small farmers.
- There was unwillingness and inability to redistribute land.
- The benefits of economic growth did not trickle down to the poor

Q3. Monthly Per Capita Expenditure method of determining Poverty Line is criticized due to various reasons. Comment.

Ans. The given statement is correct. It is criticized due to following reasons:

- The method groups all the poor together and does not differentiate between the very poor and the other poor
- This mechanism is useful in identifying the poor as a group to be taken care of by the government. However, it is very difficult to identify the poor, who need help the most.
- There are many factors, other than income and assets, which are associated with poverty like accessibility to basic education, healthcare drinking water, etc. which have been ignored.
- This method does not consider social factors that generate and are responsible for poverty like illiteracy, lack of access to resources, discrimination or lack of civil and political freedom.

Q4. "Poverty Alleviation Programmes initiated by the Government were highly acclaimed" Defend or refute.

Ans. The given statement is refuted. They have been found unsatisfactory because of the following reasons-

- As compared to magnitude of poverty, the amount of resources allocated is not sufficient
- Due to unequal distribution of land and other assets, the benefits from such have been appropriated by the non-poor
- These programmes depend mainly on government and bank officials for their implementation. However, corruption, lack of training, pressure from local leaders and non-participation of local level institutions, resulted in improper implementation of the programme.
- There was a lack of infrastructural facilities, such as schools, roads, power telecom, IT services, training institutions, etc. in the poverty stricken areas.
- High growth rate alone is insufficient to reduce poverty. In fact, there is a need for active participation of poor for effective implementation of poverty alleviation programmes.

Q5. When is growth converted into development?

Ans Growth is converted into development when poverty is reduced

Q6. Economic equality and GDP growth may not move in the same direction. Comment

Ans. Economic equality may not improve even when GDP increases. This happens when

- increase in GDP is pocketed by the rich in terms of high profits, and the poor continue to get low wages, and
- increase in GDP is not linked with increase in employment

Q7. Sickness and inefficiency are related to poverty. How?

Ans. A poor man cannot afford expenditure on nutritious food and healthcare. It leads to sickness, and sickness leads to inefficiency.

Q8. Does population growth always compound the problem of poverty?

Ans. It is true in case of overpopulated countries like India. Because of overpopulation, India is burdened with massive unemployment. In such a situation, growth of population would only compound the problem of unemployment, We all know that unemployment is just another name of poverty: higher level of unemployment implies higher level of poverty.

Chapter – 5. HOTS Questions

Q1. 'Human Capital benefits only the owner and not the society.' Defend or Refute.

Ans. The given statement is refuted. Human Capital benefits not only the owner but also the society in general. For example, an educated person can effectively take part in a democratic process and contribute to the socio-economic progress of a nation. Similarly, a healthy person prevents spreading of contagious diseases and epidemics by maintaining personal hygiene and sanitation.

Q2. 'Education contributes to Economic Growth.' Do you agree?

Ans Yes, I agree with the given statement. Education contributes to economic growth because

- Education confers higher earning capacity on people
- It gives better social standing and pride;
- It enables one to make better choices in life
- It provides knowledge to understand the changes taking place in society
- It also stimulates innovations
- It facilitates adaptation of new technologies

Q3. How is 'Expenditure on Migration' is a source of human capital formation?

Ans. Expenditure on Migration is a source of human capital formation as enhanced earnings in the migrated place is more than the increase in costs due to migration.

Q4. Cause and Effect relation between Human Capital and Economic Growth can be easily proved. Comment.

Ans. The given statement is incorrect. Due to measurement problems, it is difficult to establish a relation of cause and effect from the growth of human capital (education and health) to economic growth. For example, education measured in terms of years of schooling, teacher-pupil ratio and enrolment rates may not reflect the quality of education. Similarly, health services measured in monetary terms, life expectancy and mortality rates may not reflect the true health status of the people in a country.

Q5. How can the productivity of human resources be increased?

Ans. The productivity of human resources can be increased with the help of human capital formation by providing training and skill to available labour force.

Q6. Migration leads to human capital formation. How?

Ans. It is true that migration leads to human capital formation. Unemployed and underemployed people often migrate from rural to urban areas. This is because

- Those who are unemployed get opportunities of actualising their skill and,
- Those who are underemployed get opportunities of fuller utilisation of their skills.

In a market economy, migration offers the best opportunities of higher supplies of skill corresponding to higher wages.

Q7. Education is an important ingredient of growth. Comment

Ans. It is true that education is an important ingredient (input) of growth. This is because:

(i) education produces civilised citizens, (ii) education produces scientists, engineers, Doctors and educationists. These serve as important agents of growth, (iii) education increases the rate of participation through skill formation. It lends momentum to the pace of growth, and (iv) education generates the sense of the social dynamism. It promotes collective effort to frame programmes and policies of growth.

Briefly, education gives momentum to the process of growth. Uneducated societies are often backward societies. Educated societies, on the other hand, are developed societies of the world.

Q8. Human capital formation increases the efficiency of physical capital. How?

Ans. This happens in two ways, as under

(i) Human capital formation leads to higher level of skill and expertise. Accordingly labour force is better equipped to handle 'plant and machinery' (physical capital). This raises the efficiency of physical capital by way of higher output per unit of input (of physical capital).

(ii) Human capital formation leads to innovations. Implying, new ways of doing things, or doing things better than before. Accordingly, efficiency/productivity rises.

Q9. How can enrolment ratio (for a particular level of education) be higher than 100?

Ans. Enrolment ratio refers to the percentage of students of a particular age group enrolling themselves for the relevant level of education.

Enrolment ratio for elementary education in India is measured as:

$$\frac{\text{Number of students enrolling for elementary education} \times 100}{\text{Total number of students in the age group of 6-14 years}}$$

It is found to be more than 100 in case students enrolling themselves for elementary education happen to be not only of the relevant age group (6-14 years) but even beyond it.

Chapter – 7. HOTS Questions

Q1. "The gap between the growth of GDP and employment is widening." State the trend which highlight this phenomenon.

Ans. This trend is termed as Jobless Growth. Jobless Growth refers to a situation when the economy is able to produce more goods and services without a proportionate increase in employment opportunities. It is a situation when there is an overall acceleration in the growth rate of GDP corresponding expansion in employment opportunities.

Q2. Discuss the concept of Casualisation of Workforce

Ans. The process of moving from self-employment and regular salaried employment to casual wage work is known as casualisation of workforce.

Q3. 'Labour Force' and Work Force' are one and the same thing. Comment

Ans. The given statement is incorrect. Labour Force includes all those who are working and though not working are seeking and are available for work, i.e. Labour Force Persons working + Persons seeking and/or available for work. On the other hand, Work Force includes all those who are actually employed at a particular time.

Q4. The terms 'Open Unemployment' and Disguised Unemployment' are similar to each other. Defend or refute.

Ans. The given statement is refuted. Disguised Unemployment refers to a state in which more people are engaged in work than are really needed. On the other hand, Open Unemployment refers to that economic phenomenon in which persons are able and willing to work at the prevailing wage rate, but fail to get work.

So, Open Unemployment is different from Disguised Unemployment. In case of open unemployment workers are totally idle. However, in case of disguised unemployment, workers appear to be working and do not seem to be idling away their time.

Q5. Unemployment in India is stubborn (almost permanent in nature) while in developed countries (like USA) it is cyclical. Why?

Ans. Unemployment in India is stubborn, because it is related to the lack of production capacity in the economy. Production capacity is lacking because of the lack of capital. The problem of a lack of capital is a long period problem, and therefore, stubborn in nature.

In developed countries like USA, unemployment is largely related to the lack of demand. Lack of demand is not stubborn, but cyclical in nature. Which is why the problem of unemployment in these countries is cyclical in nature.

Q6. A modest transformation in occupational structure of India only points to its modest achievement in the area of growth and development. Do you agree?

Ans. Between the years 1950-51 to 2015-16, percentage of workforce engaged in primary sector declined from 72.7 percent to 47.1 percent. This is a notable shift, but not a significant shift. Indeed, from the view point of growth and development, this can be termed as a modest shift. In no way, does it demolish the supremacy of agricultural sector of the Indian economy. This also points to the fact that the secondary and tertiary sectors have failed to generate ample opportunities of employment, because of their deficient growth and development. Indian economy is yet to take-off as an industrial economy, absorbing the bulk of labour force.

Q7. There are several examples in the rural areas of India where there are more workers in the family but gross income of the family is low. How do you explain this paradox?

Ans. Such situations are often found among poor families in the rural areas. Most working members of these families are unskilled casual workers, working on the fields and farms of others. Owing to the lack of skill (along with the fact that there are limited job opportunities), these workers are often paid low wages. It is low wage (or subsistence wage) that compels most members of the family (including women and children) to engage themselves in some kind of work so that they can cope with their subsistence needs. Working at the subsistence wage rate, gross income of the family remains considerably low.

Chapter – 8. HOTS Questions

Q1. 'Only Economic Infrastructure is crucial for development of the economy.' Defend or refute.

Ans. The given statement is refuted. Economic and Social infrastructure together helps in the overall development of the economy.

- Economic infrastructure improves productivity levels in productive sectors such as agriculture and industry, by providing support services such as energy, transport, communication etc.
- Social infrastructure improves human productivity and efficiency through facilities of education, health, housing, etc

Hence both are supplementary and complementary to each other.

Q2. 'Development of infrastructural facilities help to reduce unemployment in the economy.'

Comment.

Ans. The given statement is correct. Infrastructure helps in generating employment. Many people get employment in infrastructural projects like construction and maintenance of roads, railways, electricity plants etc. Many more people are able to find employment in industry and trade, after the development of strong infrastructure.

Q3. In spite of being renewable resources of energy and cost effective, non-conventional sources of

energy are not generally used in industries. Do you agree?

Ans. Yes I agree with the given statement. A lot of problems are faced in harnessing non-conventional sources of energy and storing them, besides the problems of heavy cost in their installation and management. As a result, they are not generally used in industries.

Q4. Poverty is the cause as well as the consequence of poor health. Do you agree with this statement?

Ans. It is a fact that poverty is the cause as well as the consequence of poor health. Poverty leads to poor health simply because poor people cannot afford expensive medical treatment of their ailments/diseases. On the other hand, poor health causes loss of physical and mental abilities to work. Accordingly efficiency suffers which leads to poverty.

Q5. Why should the government insist on the use of LPG rather than firewood for purpose of domestic cooking? Write two observations.

Ans.

- Often people indulge in tree felling to get firewood. This leads to deforestation and therefore, environmental degradation.
- LPG is a cleaner fuel than firewood it is environmental friendly, minimising environmental pollution.

Q6. Do you think demand-related multi-layered fare structure would improve efficiency

Ans. Demand-related multi-layered fare structure (as prevalent in airways) would certainly increase revenue of the railways. Using the additional revenue, the railways can focus on more efficient system of transportation, like high-speed bullet trains. Accordingly efficiency of the Indian railways is expected to rise.

Q7. How are economic and social infrastructure complementary to each other? Write two observations.

Ans.

- Social infrastructure helps produce skilled manpower. Availability of skilled manpower is a necessary prerequisite to build highways, dams and bridges which are the key components of economic infrastructure. Thus, social infrastructure contributes to economic infrastructure.
- Economic Infrastructure gives us rapid means of transport and communication. These are prerequisites of social infrastructure, like schools and hospitals. Thus economic infrastructure promotes social infrastructure.

Chapter – 9. HOTS Questions

Q1. Environment is able to perform its functions easily as long as demand on these functions is within its Carrying Capacity. What does the term 'Carrying Capacity' imply?

Ans. Carrying Capacity implies two things

- Resource extraction should remain below the rate of resource regeneration
- Generation of waste should remain within the absorption capacity of the environment

Q2. Opportunity costs of negative environmental impact are high. Elaborate.

Ans. 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 costs of negative environmental impacts are high.

Q3. On 6th November, 2016, the following news item was printed in The Hindu: "Delhi's air quality turns hazardous". What possible steps can be taken to control the air pollution?

Ans. Some of the steps which can be taken to control air pollution are:

- Promotion of public transport like use of Delhi Metro instead of private vehicles. Steps should be taken for effective traffic planning and management
- Promotion of cleaner fuels in vehicles, like use of CNG instead of petrol and diesel
- Use of cleaner fuels such as LPG in households to reduce indoor air pollution
- Promotion of clean technologies, strengthening of emission standards, introducing economic incentives and strengthening of the monitoring and reporting system.

Q4. our moral and social responsibility to work hard for sustainable development. Do you agree?

Ans. Yes, I agree with the given statement. The basic aim of sustainable development is to ensure that present generation should leave stock of 'quality of life' for the next generation which is no less than we have inherited.

Sustainable development can be achieved by following the five given rules:

- Restrict use of Renewable resources: Renewable resources should be extracted on a sustainable basis, that is, rate of extraction should not exceed rate of regeneration.
- Substitute non-renewable with renewable resources: As non-renewable resources are depleted, renewable substitutes must be developed, so as to maintain the flow of services over time.
- Become input efficient: Technological progress should be made to become input efficient and not input consuming. It means efforts should be made to produce more per unit of input. It will reduce the exploitation of resources.
- Control Pollution: Pollution emissions should be limited to the absorption capacity of the environment.
- Control the growth of population: The growth human population should be controlled to a level which is within the carrying capacity of the environment.

Q5. What efforts should be made in an economy to prevent continuous use of exhaustible natural resources (like petroleum, coal and natural gas) in the production?

Ans. The following efforts can be made:

- To increase use of renewable resources solar energy, wind energy, etc
- To reduce the wastage of resources
- To spread awareness about the effective and optimum use of exhaustible natural resources

Chapter – 10. HOTS Questions

Q1. Though, China is the most populated country, but its annual growth rate of population is less than India and Pakistan. Do you agree?

Ans. Yes, I agree with the given statement. The reason for the low growth of population is the 'One-Child policy' introduced in China in the late 1970s. One-Child Policy of China successfully reduced the growth rate of population and provides a better health service for women and has reduced the risk of death and injury associated with pregnancy.

Q2. China Initiated campaign to transform Agrarian Economy into a Modern Economy through rapid industrialisation. Identify the campaign.

Ans. Great Leap Forward (GLF) campaign was initiated by Mao to modernize China's Economy in 1958.

Q3. Match the items given under 'A' with the suitable statements under 'B':

(A)	(B)
(i) Great Proletarian Cultural Revolution	(a) India
(ii) Shows level of growth and development of a country.	(b) China
(iii) Sixth most populous country in the world	(c) Human Development Index
(iv) To transform Agrarian Economy Into Modern Economy	(d) Pakistan
(v) Highest Density of Population	(e) Great Leap Forward Campaign

Ans. (i) b; (ii) c; (iii) d; (iv) e; (v) a.

Q.4. Discuss the Dual Pricing Policy in the reform process of China.

Ans. China's reform process involved dual pricing. This means fixing the prices in two ways:

- Farmers and Industrial units were required to buy and sell fixed quantities of Inputs and outputs on the basis of prices fixed by the government
- For other transactions, the inputs and outputs were purchased and sold at market prices

Q5. Do you agree with the opinion that structure of growth is more complementary with the GDP growth in China than India?

Ans. It is true that the structure of growth is more complementary with the GDP growth in China than India. Historically the structure of growth has shown a shift from the predominance of agriculture to the predominance of industry in GDP growth of the country. This process of transformation has seen a very effective absorption of the surplus labour force (in agricultural sector) by the industrial sector of the economy. China's growth story reveals a similar process of transformation. On the contrary Indian growth story reveals that the predominance of agriculture sector (in GDP growth) has given way to the predominance of tertiary sector, rather than the industrial sector. While the percentage share of agriculture in GDP has tended to fall the percentage share of tertiary sector has risen more significantly than the percentage share of the industrial sector. Thus, the Indian growth process has failed to achieve industrial growth to the extent China did.

- Growth rate of GDP has been much more pronounced as well as stable in case of China than India.
- China has succeeded in exploiting global commodity market (through exports) much more effectively than India.
- Owing to political stability and effective implementation of its policies China has succeeded in reducing poverty much more effectively than India.
- China has succeeded in controlling its population while India has failed.

Accordingly, maintenance investment expenditure on the maintenance of the existing population has subsided in China, but not in India. Larger maintenance investment leads to lower GDP growth.

Q6. Explain how China has an edge over India.

Ans. China has an edge over India in several ways, as under

- Its growth story reflects an historically correct process of transformation from the predominance of agriculture sector in GDP growth) to the predominance of the industrial sector. In India, the industrial sector has not grown as much as in China.
- China is far ahead of India in terms of HDI (Human Development Index)

Q7. What led to rapid growth in China, even when India, China and Pakistan together adopted the strategy of economic reforms?

- Ans. Shift from a centrally planned economy to a market economy
- Focus on export-related domestic production
- Influx of FDI
- Availability of cheap labour force giving China a comparative cost advantage
- GLF (Great Leap Forward) campaign (launched in 1958)

Chapter – 1. Value-based Questions

Q1. Legally, Zamindari System of Land Revenue has been abolished in independent India. Yet Indian agriculture continues to be in a state of backwardness. What in your opinion is the principal reason for this situation?

Ans. Abolition of zamindari system has definitely abolished the intermediaries between the state and the cultivators But poverty continues to be pervasive in Indian agriculture owing to two reasons-

- The bulk of the Indian farmers are small and marginal holders Small and marginal holdings are not conducive to the adoption of innovative techniques of farming and
- The delivery mechanism related to financial help by the state is grossly inefficient and ineffective

Q2. MNCS (Multinational Corporations) are dominating the Indian Industrial sector and are offering stiff competition to the small scale industry. How do you compare this situation with the one under the British rule when the Indian handicrafts were exposed to stiff competition from the machine-made products of Britain?

Ans. Competition prompts the adoption of innovative technology and is therefore expected to open new vistas of growth for the small scale enterprises But the adoption of new technology needs a level playing field. Do the small enterprises in India have it? No Is the answer. Small enterprises in India do not get enough funds at a low rate of interest as the MNCs can manage. Accordingly, they often fail to upgrade their technology to make it competitive. Also, they fail to spend as much on advertisement and publicity as the MNCs can do to capture the market. Thus, Survival of small enterprises in the face of stiff competition from the MNCs seems to be doubtful. This situation is definitely comparable with the one when the Indian handicrafts were exposed to the stiff competition from machine-made products of Britain during the British rule in India. However the difference is that whereas during the British rule, destruction of small enterprises could be taken as

a consequence of the colonial exploitation by the foreign government in India, no such situation exists in India now. It is all a matter of competition in the wake of NEP (new economic policy) promoting liberalisation privatisation and globalisation of the industrial sector

Chapter – 2. Value-based Questions

Q1. What flaws do you find in your education system that contributes to the problem unemployment in the country?

Ans. Education system in India lacks vocationalisation It is degree-oriented without imparting skill to the degree holders to look for avenues of self-employment It causes excess supply of labour seeking white collar jobs Thus, it contributes to unemployment in the country.

Q2. Do you find the concept of market forces in contradiction with the concept of comprehensive planning in India? Write your opinion with a logical reasoning.

Ans. Comprehensive planning in India (launched to kick-start the process of growth after Independence) focused on direct participation of the state in the process of growth and development. It stressed the need for a leading role of the public sector enterprises allowing private enterprises to play only a secondary role. To the extent private sector was not allowed to enter certain areas of production activity, free play of the market forces was certainly inhibited. It was also inhibited to the extent that controls and quotas were widely practiced as a strategy of planning in India. Yet, comprehensive planning in India should not be misinterpreted as a model of growth that did not allow the free play of the market forces The fact of the matter is that it was a model of growth that regulated the free play of the market forces in a manner such that the scarce resources of the country were most optimally utilised, promoting growth with social justice.

Chapter – 3. Value-based Questions

Q1. Should devaluation always lead to a rise in our export earnings, because rupee value of the dollar increases?

Ans. When rupee value of the dollar increases (owing to devaluation) purchasing power of the dollar in the Indian market rises. This prompts the foreign buyers to increase their purchases from the Indian markets. However, this need not necessarily lead to a rise in our export earnings. Because while the quantity of goods sold rises (after devaluation) price of the goods (in terms of dollars) falls in the domestic market. Accordingly, market value of the goods (=Quantity of the goods exported x Price of the goods) may increase, remain constant or even fall after devaluation. It will increase only if the increase in the quantity of goods exported happens to be greater than the percent fall in the price of these goods.

Q2. Write your views on the need for inclusive growth for the Indian economy. Is inclusive growth achievable for a developing economy like India when exposed to the process of Privatisation and Globalisation?

Ans. Inclusive growth refers to that process of growth, the fruits of which are equitably shared by all sections of the society. It happens only when the rate of participation improves and the rate of unemployment is moderated/reduced. This is achievable when the state assigns a flagship role to the public sector enterprises as under 1956 Industrial Policy Resolution.

Now, when economic reforms are focusing on privatisation and globalisation, when the growth process is being increasingly exposed to the market forces of supply and demand (and when self-interest is overshadowing social interest), the concept of inclusive growth has become more like a

political slogan rather than a sincerely pursued objective by the government. It no longer seems to be an achievable objective

Chapter – 4. Value-based Questions

Q1. There are two broad approaches to eradicate poverty: (i) increase in social spending by the government, and (ii) GDP growth. Which of the two would you prefer if you were the prime minister of the country?

Ans. Eradication of poverty through higher social spending implies that the government focuses on improving the quality of life of the poor people by offering them (i) free education, (ii) free healthcare, (iii) cheaper housing, and (iv) subsidised food. This is a short period approach to combat poverty.

Eradication of poverty through GDP growth is a long period approach to combat poverty. It focuses on the generation of employment opportunities through high investment across secondary and tertiary sectors of the economy. According to this approach, poverty is combated by way of 'trickle-down' effect of growth.

Both these approaches are complementary to each other. It is essential that a balance is struck between the two approaches. Choosing one against the other will not be a rational decision.

Q2. Visit any slum area in your town. You will find how poverty breeds itself there. Yet those people prefer to have large families. Isn't it paradoxical? Write your observation

Ans. It is not denying the fact that large families are preferred by poorer sections of society, even when it compounds their poverty. However, this fact cannot be explained in terms of irrational behaviour of the poor. The poor people also do cost-benefit analysis of having an additional child. While the cost of an additional child (in terms of pre-natal, post-natal care as well as in terms of education of the child) is almost nil for a poor family, the benefit of an additional child are assessed to be fairly high. Because, it is at the early age that poor children become a helping-hand to their parents and start supplementing income of their families.

Thus it is not paradoxical that poorer families are larger families. It is the consequence of poverty itself.

Q3. What, in your opinion, is the lasting solution to the problem of poverty in India?

Ans. The lasting solution to the problem of poverty in India is to generate more and more opportunities of gainful employment in the economy. It is only when the people gainfully employed for longer periods of time that they are able to break the shackles of poverty. Measures such as food security for the people below poverty line or grants to the poor people will bring only short period relief from poverty: these measures cannot eradicate poverty.

Q4. What is MGNREGA? Do you think it will finally address the problem of poverty?

Ans. MGNREGA offers guaranteed employment for 100 days to all those who are willing to work at the minimum wage as fixed by the government. As it is working in India, this programme is more like a financial aid to the poor. It is a programme which is more like 'dig the ditches and fill them up'. It has not been linked to 'asset creation'. It is important that MGNREGA workers are engaged in productive activities like construction of roads, dams and bridges. This is called asset creation (or creation of income-earning assets). This adds to the national wealth. So that national wealth is increased and MGNREGA workers are converted from an unproductive labour force to a productive labour force. Only when this happens that MGNREGA can emerge as a significant policy programme to eradicate poverty in India

Chapter – 5. Value-based Questions

Q1. Brain-drain is a serious bottleneck/constraint in human capital formation and growth process in India. Comment

Ans. Brain-drain refers to migration of skilled manpower to developed countries of the world. Obviously, they migrate for greener pastures (higher wages and better quality of life). Those who migrate include scientists, engineers, doctors and educationists. These are the people of high Calibre. Migration of such people is a serious bottleneck in human capital formation in India. We know skill is an important ingredient of growth. Loss of skill leads to the loss of pace of the growth process in India.

Q2. How is human capital formation helpful in reducing inequality of income.

Ans. Human capital formation is an important means of reducing inequality of income. Higher the rate of human capital formation, greater would be the rate of participation (percentage of population engaged in production activity). Increase in the rate of participation would lead to increase in the share of wages in national income. Accordingly, inequality would reduce.

Q3. In developed countries, salaries are higher than in underdeveloped countries, because workers are more productive. Do you agree with this statement? Write your observations using your knowledge of the relationship between human capital formation and productivity.

Ans. This is absolutely true that there is a strong relationship between human capital formation and productivity per worker. Human capital formation occurs when the workers acquire skill and knowledge to do things better than before. This makes them more efficient and therefore more productive.

Accordingly, workers get higher wages, as in developed countries of the world. It is owing to the low level of skill formation in underdeveloped countries that the workers are relatively inefficient and therefore, earn relatively low wages (as in India)

Chapter – 6. Value-based Questions

Q1. As a minister for rural development, what will be your action-plan for the development of rural India?

Ans. As a minister for rural development, my action-plan would focus on three basic objectives:

- Crop productivity must be increased to increase income from farming. Agriculture should no longer remain merely as a means of subsistence. It must be transformed into a commercial activity that generates profit.
- Avenues of employment outside agriculture must be explored and developed. This is to ensure that rural development no longer remains farm-centric. It becomes more comprehensive and meaningful.
- Rural development must be integrated with human development. This can be achieved only when a significant focus is placed on education and health in the rural areas.

Briefly action-plan for rural development must be holistic. It must focus on the overall rural development. It should not be restricted merely to the development of agriculture.

Q2. Do you think a shift from subsistence farming to commercial farming is a useful proposition for the Indian farmers?

Ans. A shift from subsistence farming to commercial farming is always useful. Provided that the shift is economically viable.

In India, most farming land is held by a small number of farmers. A large number of farmers operate small farm-holdings, smaller than even one hectare in size.

Shifting from subsistence farming to commercial farming is economically viable only when holdings are large. So large, that mechanisation is possible on these holdings. Only when mechanisation is adopted that the productivity would rise. Only when productivity rises, that the cost of farming would reduce. Only when the cost of farming reduces that the farming becomes economically viable, or it starts generating profits.

Mechanisation is not economically viable when holdings are small. This deters the small farmers from shifting to commercial farming. Instead, they stick to subsistence farming. It does not generate any surplus or profits. But, it certainly ensures them the necessary supplies of grains for self-consumption. They are not exposed to the uncertainties of the market.

Q3. Do you think loans should be written off in case farmers find it difficult to pay off?

Ans. Reasons behind inability to pay must be assessed before the government arrives at a decision to waive-off the loans. The reason should not be political or a part of the election manifesto of the political parties. Instead, it should be related to economic hardship of the farmers arising out of such factors as crop-failure due to droughts, floods or other natural calamities.

Q4. Given the fact that organic farming offers lower yield than conventional farming should it be promoted in our country where millions of people are not getting enough to eat? Write your observations in brief.

Ans. It is not denying the fact that organic farming is environment-friendly. But the hard fact cannot be denied that organic farming is less productive compared with conventional farming (using chemical fertilizers, insecticides and pesticides). We must strike a balance between environment and productivity. The planners and politicians of the country must see to it that environmental degradation is minimised without suffering a substantial loss of productivity. Rejection of conventional farming in favour of organic farming should not land us in a situation where food problem becomes a national crisis.

Chapter – 7. Value-based Questions

Q1. How do you evaluate Start-ups in India as a solution to the problem of unemployment? Write two observations.

Ans. Start-ups are expected to generate opportunities of self employment, and are therefore, solution to the problem of unemployment

- Start-ups are not simply new ventures of business, but are to be aided with technical and financial support by the government. Accordingly, these are expected to encourage the use of latent resources (particularly entrepreneurial skill and small savings). When latent resources are used, employment opportunities are bound to arise. Briefly, start-ups are expected to generate employment opportunities through the use of latent resources.

Q2. Empowerment of women is related to employment of women. Comment.

Ans. It is since ages that the women have suffered gender discrimination. Men have been getting priority in matters relating to education, health, inheritance, marriage and policies. Empowerment of women aims at achieving gender equality. Of all the measures related to empowerment of women, employment of women is of central significance. Employment makes the women economically independent. This enhances their ability as decision-makers in all walks of life. Once the women are independent decision-makers, they can always strive for gender equality. It is, therefore

of women (as a workforce) is raised, particularly in secondary and tertiary sectors of the economy.

Q3. There is a mismatch between 'GDP growth' and 'employment growth' in India. How do you justify this statement?

Ans. GDP growth in India happens to be faster than employment growth. In other words, even when production activity is expanding, job opportunities continue to be low. This is a situation of jobless growth. This occurs when we rely more and more labour saving western technology. Such a technology (using more of capital and less of labour) does not suit the needs and means of a country where unemployment is an alarming social challenge. But, given the fact that the country lacks investment capital, we are forced to depend more and more on FDI (foreign direct investment). Foreign investment in India linked with foreign technology which is efficient but the one which uses less and less of labour.

Reliance on FDI cannot be minimised. Implying that the reliance on labour-saving western technology cannot be minimised. Accordingly, a mismatch between 'GDP growth' and 'employment growth' cannot be so easily corrected.

Q4. GDP in India is growing nearly at the rate of 7 per cent, but unemployment stays to be a serious issue. How do you reconcile these facts?

Ans. Despite a significant rise in GDP, unemployment continues to stay a serious issue owing to the following reasons-

- Population is rising at a fast rate, adding to the workforce at an alarming rate.
- Women in India are no longer the victim of social taboos, like not moving outside their homes for employment. This further adds to the supply of labour force.
- Strategy of growth is such that we are relying more on the western technology which is labour-saving. This leads to 'jobless growth' in the economy.

Chapter – 8. Value-based Questions

Q1. What is the rationale behind our significant reliance on thermal power rather than the hydro-power as a source of electricity, despite the fact that thermal power contributes to environmental pollution?

Ans. It is not denying the fact that the generation of electricity through thermal power stations is a significant source of environmental pollution. Yet in India we continue to depend on this source of energy generation to a significant extent. The reasons are:

- That we have huge reserves of coal, available to us as free gifts of nature.
- Electricity generation through hydro-projects is almost pollution free. But the cost of establishing hydro-stations is very high. It involves huge investment, besides a long gestation lag.

Q2. Do you agree with a view that tourism in India is less developed owing to the lack of essential infrastructure?

Ans. It is true that tourism in India is less developed owing to the lack of essential infrastructure. Transport and communication are the two important elements of infrastructure related tourism industry. While communication has shown a big breakthrough over the past two decades, transport facilities continue to be highly deficient. Of course, the transport facilities have grown over time. But the supply-demand gap continues to be as alarming as ever in the past Indian railways continue to grapple with deficiency as well as inefficiency Airways are expanding, but the expansion is slow besides lacking in quality. Likewise, road transport is expanding but poor quality continues to be its distinct characteristic Domestic water transport is yet to emerge as of any notable significance. India must improve its transport infrastructure to promote tourism industry. Foreign tourism can be a rich source of foreign exchange but only when we have means of domestic transportation.

Q3. Delhi Government has lowered the electricity tariff nearly by 50% for the small and medium household users. How would you justify this decision as a student of economics?

Ans. Lowering tariff for the small and medium household users of electricity is a significant step related to social welfare. It is expected to raise real purchasing power of these households. The quality of life is expected to improve.

But, what is Socially justified is not always economically rational. Lowering the tariff would have become economically rational if the cost of electricity production was reduced. Unfortunately the cost of production is tending to rise. The cut in tariff, therefore, is loss of revenue while the cost is rising. The government is funding this loss through subsidies. It amounts to extra burden on the exchequer. If subsidies pile up, the government has to resort to borrowing. But there the borrowings not for purpose of production These are for the purpose of consumption. Therefore, such measures by the government are economically counter-productive These would definitely be a roadblock in the process of economic growth.

Q4. Do you think, increase in the price of electricity will be the best course to strike a balance between supply and demand of electricity in India? Write your observations in brief.

Ans. Electricity is the lifeline of production activity in the economy Increase in the price of electricity will cause a rise in the production cost which may discourage production activity in the economy. The best course of striking a balance between supply and demand would therefore be to increase the supply of electricity. However demand for electricity by the high end household users may be managed through high price structure.

Chapter – 9. Value-based Questions

Q1. Do you agree with a view that environmental degradation is an avoidable opportunity cost of development? Write your observations as a student of economics.

Ans. Opportunity Cost is the sacrifice made for enjoying an opportunity. This may be categorised as (i) avoidable, and (ii) unavoidable. It is unavoidable when, for example, wheat is grown on a piece of land in place of rice. Loss of output of rice is an unavoidable opportunity cost of producing wheat. Opportunity cost is avoidable when, for example, excessive smoke is emitted (than the permissible-limit) because of the poor maintenance of the vehicles. Other examples of avoidable opportunity cost are (i) Deforestation occurring due to illegal tree-felling, (ii) Water pollution and loss of aquatic life due to drainage of industrial waste into the rivers, (iii) illegal construction of residential houses, causing excessive exploitation of water resources of a particular region, (iv) Illegal mining leading to extinction of water bodies, and so on.

Briefly, avoidable opportunity cost occurs in terms of environmental pollution and environmental degradation. This is avoidable opportunity cost of development. Development process becomes sustainable only when this avoidable opportunity cost is actually avoided.

Chapter – 10. Value-based Questions

1. Do you agree with the statement that India has failed to grow as fast as China, because it has failed to check the growth rate of its population? Write your views in brief.

Ans. It is true that China has succeeded in controlling the growth rate of its population while India has failed. Owing to unbridled growth of population, the government in India has failed to contain the size of population below poverty line implying huge expenditure in terms of food subsidy, besides the expenditure related to health and education of the BPL population. While, all such expenditures are welfare-oriented, these are non-productive. Such expenditures do not add to production capacity of nation, rather they tend to erode it. Accordingly, growth process is adversely affected. This is one of the important reasons why India is lagging behind China in the area of economic growth.

2. While FDI in retail has proved to be growth-friendly in China, why should there be opposition to it in India? Give your opinion.

Ans. It is an undisputed fact that FDI (in wholesale or retail) is growth-friendly. After all it is an investment and increases production capacity of the nation. The opposition to FDI is not because it may be a roadblock in the process of growth. It is because it may generate unwarranted competition for the retail traders in India who may be marginalised and finally driven out of the market. Such a situation may erode the opportunities of self employment in the country, and may also lead to concentration of economic power with the foreign investors.

Chapter – 1. Short Answer Type Questions (3-4 Marks each)

1. Discuss the land settlement system introduced under the British Rule
2. How did commercialization of agriculture result in famines?
3. Why was there low level of productivity in agriculture during the British rule?
4. Discuss the adverse effects of partition of the country on the agriculture sector

5. "Decline of handicraft industry adversely affected the Indian economy." Comment.
6. What do you mean by capital goods industry? Discuss the status of such industry during the British rule.
7. Write a short note on drain of India's wealth during the British rule.
8. Mention two important features of India's during British period.
9. Briefly discuss the state of roads and railways during the British rule.
10. State three reasons for development of railways in India.
11. How was Zamindari system an important cause of agricultural stagnation during colonial period?
12. Briefly describe the impact of partition on the Indian economy.
13. Briefly mention the effects of the development of railways by the British rulers on Indian economy.

Chapter – 2. Short Answer Type Questions (3-4 Marks each)

1. Why did India opt for mixed economy?
2. Briefly discuss "Growth" as an important goal of five year plans.
3. The objectives of growth, modernisation and self-reliance may not improve the kind of life, until and unless the fourth objective of five year plans is achieved. Identify and discuss the fourth objective.
4. Explain "Modernisation" as a goal of five year plans.
5. "Land reforms more successful only in two states." Why?
6. How did government ensure that the small farmers also benefit from the Green Revolution?
7. The protection of domestic industries through import substitution suffered from two drawbacks. Mention them.
8. How was the licensing policy misused by some industrial houses?
9. Discuss the role of small-scale industries in the generation of employment
10. Why there was a need for protection of small-scale industries? State the steps undertaken by the government for their growth.
11. Why was goal of equity not fully achieved even after abolition of Intermediaries?
12. 'Green Revolution experienced the success in two phases.' Comment
13. Discuss any three achievements of Green Revolution
14. How were the industries classified according to the Industrial Policy Resolution 1956?
15. What were the three policy measures undertaken by government to deal with problems related to the agricultural sector at the time of independence?
16. Explain the benefits that arose from increasing marketed surplus during 1950-1990.
17. On what basis a small scale unit is distinguished from a large scale unit. What is diversification of industries?
18. List three achievements of industry and trade policy

Chapter – 3. Short Answer Type Questions (3-4 Marks each)

1. Mention any three causes, which were responsible for the economic reforms.
2. Briefly discuss the two kinds of measures, in which new economic policy can be classified
3. Name the three principal features of the New Economic Policy

4. What was the purpose of liberalisation?
5. State the economic reforms taken by the Government under liberalisation.
6. What are the important reforms introduced in the foreign exchange market?
7. Discuss the tax reforms introduced under the New Economic Policy of 1991
8. "The process of globalisation has produced positive as well as negative results." Comment
9. Discuss the concept of outsourcing. Name some of the services, which are being outsourced to India by the developed countries
10. Mention the major functions of World Trade Organisation.
11. What is meant by privatisation? What are the two ways in which privatisation can be done?

Chapter – 4. Short Answer Type Questions (3-4 Marks each)

1. How does low rate of economic development lead to poverty?
2. List some of the poverty alleviation programmes initiated by the Government.
3. How can the poor people be categorised?
4. Write a short note on 'Minimum Needs Programme'
5. Why the Growth-oriented approach of the government proved to be ineffective?
6. Briefly discuss the Mahatma Gandhi National Rural Employment Guarantee Act 2005
7. "Rapid economic growth is a necessary, but not a sufficient condition for poverty alleviation." Mention the other causes of poverty.
8. How does illiteracy among Indians lead to poverty?
9. Briefly discuss the "Swarnjayanti Gram Swarozgar Yojana"
10. State the criticism of "Monthly Per Capita Expenditure" method of determining poverty line.

Chapter – 5. Short Answer Type Questions (3-4 Marks each)

1. Briefly discuss the meaning of human capital.
2. How does expenditure on information act as a source of human capital formation?
3. "Human capital formation leads to inventions, innovations and technological improvement." Comment.
4. Discuss the concept of physical capital.
5. Higher productivity and production is the result of investment in human resources." Do you agree?
6. How does education contribute to economic growth?
7. What is meant by human capital formation? State its various sources.
8. Why government expenditure on tertiary education is important?
9. How does human capital create both private and social benefits?
10. How does "Expenditure on Migration" act as a source of human capital formation?
11. Explain the concept of human capital formation with some illustrations.
12. Is rapidly rising population a constraint in the process of human capital formation?
13. Explain how educational planning is necessary for human capital formation.
14. Do you agree with the statement that human resource has developed into the main economic factor?
15. Whom do you call literate? How is literacy different from education?
16. What in your opinion, should be the principal objectives of education in India?
17. How is health a source of human capital formation?
18. How migration promotes human capital formation?

Chapter – 6. Short Answer Type Questions (3-4 Marks each)

1. State the objectives for setting up of institutional sources by the government
2. Discuss the non-institutional sources of rural credit.
3. Discuss the role of National Bank for Agricultural and Rural Development (NABARD) in rural credit.
4. What is agricultural marketing? What are the problems faced by farmers in marketing of their produce?
of their agricultural produce.
6. What is meant by diversification of crop production?
7. India ranks first in the world in milk production due to the successful implementation of Flood. Defend or refute.
8. Make a critical evaluation of livestock farming
9. State the limitations of organic farming.
10. What objectives the cooperative credit societies should pursue in India?

Chapter – 7. Short Answer Type Questions (3-4 Marks each)

1. What is the difference between labour force and workforce?
2. Discuss the two main forms of wage employment.
3. Discuss the distribution of employment on the basis of gender.
4. State any four causes of unemployment in India.
5. Discuss in brief, the distribution of employment in different sectors of economy on the basis of
6. Write a note on changing structure of employment.
7. Mention four measures to solve the problems of unemployment in India.
8. Write a short note on problems faced by the workers of informal sector
9. "The efforts of the government in generating employment can be broadly categorised into two. Comment.
10. Discuss the different sources of unemployment data.
11. Discuss the concept of "Disguised Unemployment"

Chapter – 8. Short Answer Type Questions (3-4 Marks each)

1. Both economic and social infrastructures are crucial: Do you agree with this statement?
2. Write a short note on the alternative systems of health care in India.
3. Distinguish between conventional and non-conventional sources of energy
4. What do you mean by primary and secondary sources of energy?
5. Write short note on 'Medical Tourism in India
6. What do you understand by global burden of diseases?
7. Discuss the participation of Community and Non-Profit Organisations in Healthcare.
8. "Women suffer many disadvantages as compared to men in the health care." Comment
9. How does infrastructure helps in generating employment?

Chapter – 9. Short Answer Type Questions (3-4 Marks each)

1. State the various causes of land degradation.
2. What do you mean by sustainable development? What does it aim to ensure?
3. Briefly discuss the concept of air pollution.
4. How does poverty lead to degradation of environment?
5. Enumerate some of the ways to control air pollution.

6. State the functions of pollution control boards
7. State the strategies needed to achieve sustainable development
8. Discuss in brief, the meaning of ozone depletion.
9. What is deforestation? Mention its adverse effects.

Chapter – 1. Long Answer Type Questions (6 Marks each)

1. Discuss the main reasons for India's agricultural stagnation during the colonial period.
2. "British rule adversely hampered the Industrial sector of India. Do you agree with this view? Give reasons in support of your answer.
3. Discuss the state of India's foreign trade during the colonial rule.
4. "The demographic condition during the British rule exhibited all features of a backward Indian economy." Do you agree? Give reasons in support of your answer.
5. Describe the salient features of India's occupational structure during British period.
6. Briefly discuss the state of infrastructural facilities during the British period.
7. Briefly discuss the various reasons for development of infrastructure by the British Government.
8. Give a brief outline of the policies of British rulers that led to exploitation of Indian Economy.
9. What was the condition of Indian industries on the eve of independence?

Chapter – 2. Long Answer Type Questions (6 Marks each)

1. "Subsidies put a huge burden on the government's finances, but are necessary for poor and marginal farmers." Comment
2. Discuss the risks involved under green revolution. Also state the steps taken by the Government to overcome these risks.
3. Critically appraise the development of agriculture between 1950 and 1990.
4. Briefly discuss the policy of industrial licensing.
5. Critically evaluate the industrial development during the period of 1950 to 1990.
6. Briefly discuss the progress of Indian economy during the first seven plans in the agriculture, industrial and trade sector.
7. Explain the New Agricultural Strategy. What were the supporting steps to follow New Agricultural strategy. Why were these steps taken?

Chapter – 3. Long Answer Type Questions (6 Marks each)

1. Discuss the various reasons for making economic reforms
2. Discuss the Industrial sector reforms Introduced under the new economic policy
3. Explain in brief, the liberalisation reforms Introduced in the financial sector.
4. What do you understand by the term 'Globalisation'? Mention any 4 changes made by the globalisation of the Indian economy.
5. Discuss the trade and investment policy reforms introduced under the new economic policy
6. Explain the arguments in favour of new economic policy.
7. Explain in brief, the various points of criticism of economic reforms.

Chapter – 4. Long Answer Type Questions (6 Marks each)

1. Discuss the common characteristics of poor people.
2. Briefly discuss the concept of relative and absolute poverty

3. Discuss the concept of poverty line
4. Poverty in India has been studied from two points: urban and rural." Comment.
- 5 Write a note on magnitude of poverty, with special emphasis on extent of rural and urban poverty in India
6. Discuss the various causes of poverty.
7. Briefly describe the two poverty alleviation programmes, launched by the government, for provision of wage employment opportunities.
8. "The poverty alleviation programmes have been found unsatisfactory due to number of reasons" Comment.
9. Write short notes on:(i) National Food for Work Programme;(ii) National Social Assistance Programme

Chapter – 5. Long Answer Type Questions (6 Marks each)

1. Distinguish between physical capital and human capital.
2. How does the following act as a source of human capital formation: (i) Expenditure on Health (ii) Expenditure on Education
3. Discuss the educational achievements in India.
4. Briefly discuss the various problems of human capital formation.
5. How does expenditure on "On-the-Job-Training" and "Information" act as a source of human capital formation?
6. Why it is difficult to prove cause and effect relation between human capital and economic growth?
7. Distinguish between human capital and human development.

Chapter – 6. Long Answer Type Questions (6 Marks each)

1. Briefly discuss the process of rural development.
2. Discuss the various institutional sources of rural credit.
3. Discuss the "Self-Help Group Bank Linkages Programme"
4. Discuss the various problems being faced in the process of rural banking
5. Why is agricultural diversification required? State the benefits of diversification. What are the two types of diversification?
6. Briefly discuss the various measures adopted by the Government of India to improve the system of agricultural marketing.
7. Briefly discuss the "Animal Husbandry" and "Dairying".
8. "Fisheries have become an important non-farm area of employment." Comment.
9. "Horticulture is an important sector for potential diversification and value addition in agriculture." Comment
10. Information Technology (IT) is playing an important role in acting as a source of sustainable living in rural areas. Elucidate.
11. What is meant by organic farming? Discuss its benefits.
12. Discuss the various challenges before organic farming.
13. Make a critical evaluation of rural development.
14. Explain the significance of SHGs in rural areas.

Chapter – 7. Long Answer Type Questions (6 Marks each)

1. What do you mean by employment? Discuss the two main forms of employment
2. Briefly discuss the various causes of unemployment in India
3. Discuss the male-female distribution of workforce on the basis of region (Aural-Urban) in India.
4. Briefly discuss the distribution of employment in different sectors of economy
5. Discuss the various remedial measures, which are needed to solve the problem of unemployment in India.
6. What do you mean by formal and informal sectors? Discuss the conditions of workers in each sector.
7. What do you mean by casualisation of workforce? Discuss the concept with relevant facts.
8. Discuss the distribution of workforce in formal and informal sectors
9. Discuss the steps taken by the government to solve the problem of unemployment.
10. Discuss following types of unemployment:(i) Disguised Unemployment:(ii) Seasonal unemployment (iii) Open Unemployment

Chapter – 8. Long Answer Type Questions (6 Marks each)

1. Briefly discuss the concept of economic and social infrastructure
2. Discuss the importance of infrastructure
3. Discuss the challenges that India's power sector is facing.
4. Discuss the main drawbacks of our health care system
5. Briefly discuss the various measures needed to meet the power crisis in India
6. "People living in rural areas do not have sufficient health infrastructure." Comment
7. Discuss the role of private sector in providing health services in India.

Chapter – 9. Long Answer Type Questions (6 Marks each)

1. Discuss the various reasons for environmental crisis.
2. Explain in brief, the strategies for sustainable development.
3. What do you mean by global warming? Why does it occur? How can it adversely affect the earth
4. Discuss the five rules, which should be followed to achieve sustainable development.
5. "India's environmental problems are both poverty Induced as well as the consequence of affluence. Comment.
6. What is meant by environment? Briefly discuss its various functions
7. Write short notes on: (i) Global Warming (ii) Ozone Depletion.