

ECONOMICS

Paper-II

INDIAN ECONOMIC PROBLEMS

B. A. Part-I

**Long, Short and Objective
Question-Answers**

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SYLLABUS

ECONOMICS

Paper II : Indian Economic Problems

COURSE INPUTS

- UNIT-I** **Nature and Structure of Indian Economy :** Growth and composition. Sectoral development of the Indian Economy and their interrelationship. Utilization of resource human and natural. Problems of population and population policy of India. Need, Objectives and strategy of planning in India. Poverty, unemployment, its nature and extent, Employment policy.
- UNIT-II** **Agriculture :** Trends in production and productivity, reforms, tenurial system, distribution and land, ceilings consolidation of holdings. Agriculture labour and problem wages, employment and under-employment. Capital agriculture financial and physical. Problems of irrigation and supply of inputs. Organizational issues. Market cooperative farming, community development project agricultural and rural development programmes. Technology.
- UNIT-III** **Industry and Service Sector :** Growth and Structure of industry. Industrial and licensing policies of major industries, large, small and cottage industries. Industrial finance, foreign capital and multinationals. Industrial labour—wages and wage regulation, social security, housing, industrial peace, Trade Union movement.
- Service Sector :** Nature, Structure and Development.
- UNIT-IV** **Economy of Uttar Pradesh :** Nature, Structure and Development of U.P.'s Economy: U.P. Economy through plans. Demographic Scenario of U.P., Infrastructure : energy, transport and water resources. Decentralization of planning in U.P. industrial development in U.P. Public Sector Units, Small Scale Industries, Informal Sector, Hurdles and Prospects, Agriculture, Employment, Poverty, Inter-Regional Disparities and Policy Issues.

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UNIT-I

Indian Economic Problems

LONG ANSWER TYPE QUESTIONS

Q. 1. Describe the concept of economic development and economic growth.

Ans. In economic literature, the term 'economic development' can be used as the opposite of under-development, implies that an economy has a highly developed economic system. In short, economic development means growth plus change. When we speak on development, it will be necessary to say that it is a multi-dimensional concept. On the other hand, economic growth, it includes reduction in poverty, unemployment and income inequalities in a country. According to **C. P. Kindleberge**, "Economic growth means more output, while economic development implies both more output and changes in the technical and institutional arrangements by which it is produced and distributed. Growth may well involve not only more output derived from greater amounts of inputs but also greater efficiency *i.e.*, an increase in output per unit of input. Development goes beyond this to imply changes in the composition of output and in the allocation of inputs by sectors."

Meaning of Economic Development :

It is very difficult task to define economic development in a systematic manner because many criterion have been adopted for making distinction between developed and underdeveloped countries. However, some economists believe that national income should be used as an indicator of economic development. They are Paul Albert, Simon Kuznets, Youngson and Meier and Baldwin. On the contrary, some other writers believe that per capita income should be used as an indicator of economic development. They are Arthur Lewis, Benjamin Higgins and Harvey Leibenstein.

According to **Prof. Meier and Baldwin**, "Economic development is a process whereby an economy's real national income increase over a long period time." In the above definition, there are following ingredients of economic development :

- (i) Process,
- (ii) Real National Income, and
- (iii) Long Period.

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- (i) **Process** : Process implies the series of changes in social technological and economic forces which are very important in accelerating the pace of development. It also implies modern techniques of production, institutional reforms, technical development and social frame work.
- (ii) **Real National Income** : Real national income means "total output of final goods and services expressed in real terms but not in money terms."
- (iii) **Long Period** : In economic development, long period plays an important role. It implies that the real national income must show upward trend in the long period to sustain the process of economic development. Here it may be said that economic development is not a short-run phenomenon.

Definitions :

According to **Colin Clark**, "Economic progress can be defined simply as an improvement in economic welfare."

In the words of **Walter Krause**, "Economic development refers to a process of economic growth within the economy, the central objective of the process being higher and raising real per capita income for the economy."

According to **Prof. Viner**, "The term economic development signify not merely economic growth, but economic development with which is associated either rising per capita levels of income or the maintenance of existing high levels of income."

C. P. Kindleberger writes, "Economic development implies both more output and changes in technical and constitutional arrangements by which it is produced."

From the above definitions it may be concluded that economic development is a long period dynamic process which enables under-developed countries to break its vicious circle of poverty and can attain high level of income, output and employment.

Meaning of Economic Growth :

Economic growth means the transformation of an economy from the state of under-development to a state of development, from a low saver to high saver and from an agrarian to a highly industrialised society. In other words economic growth refers to the situation where output is growing in different sectors of the economy. It is concerned with the growth of output in an economy. It is measurable in terms of changes in national income.

Economic growth may be defined as an increase in the economy's real gross national product or real national income. Here an expanding real output means that the economy is growing. Some other economists believe that economic growth should be related with real per capita output. According to

these economists that the standard of living of any economy is measured in terms of real output per person. Here it may be said that economic growth is related to a quantitative sustained increase in the country's per capita output or income accompanied by expansion in its consumption, capital and labour force.

☞ **Economic Development and Economic Growth :**

In general sense, the terms economic development and economic growth are considered to be synonymous and are inter-changeable. But economists like Maddison, Bonne, Schumpeter, Mrs. U. K. Hicks and C. P. Kindleberger make the distinction between economic development and economic growth. According to Mrs. **U. K. Hicks**, "Economic development deals with the problem of underdeveloped countries whereas economic growth deals with the problem of developed countries. In underdeveloped countries, the problem are that of initiating and accelerating development. **Prof. Maddison** writes, "The raising of income levels is generally called economic growth in rich countries and in poor ones it is called economic development."

Prof. J. A. Schumpeter makes the distinction when he writes, "Development is a discontinuous and spontaneous change in the stationary state which for ever alters and displaces the equilibrium state previously existing, while growth is a gradual and steady change in the long-run which comes about a general increase in the rate of savings and population."

In the words of **Prof. Bonne**, "Development requires some sort of direction, regulation and guidance to generate the forces of expansion and maintain them. This is true of most of the underdeveloped countries whereas the spontaneous nature of growth characterises advanced free enterprises."

According to **C. P. Kindleberger**, "Growth involves focussing on height or weight while development draws attention to the change in functional capacity."

On the basis of the above mentioned view of different economists, it may be concluded that the terms development and growth are nothing to do with the type of economy. The difference in both is unreal. In this context.

Prof. G. Lewis writes, "Most often we shall refer only to growth but occasionally for the sake of variety to progress or to development." In the words of **Prof. P. A. Baron**, "The more notions of development and growth suggest a transition to something that is new from something that is old, that has outlined its utility."

Q. 2. Write the measured of economic development.

Ans. Economic development is measured in the following ways :

- (1) National Income Method;
- (2) Per Capita Real Income Method;

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- (3) Welfare Method;
 - (4) Comparative Concept Method;
 - (5) Social Indicators Method; and
 - (6) Standard of Living Method.
- (1) **National Income Method** : According to some economists, that growth of national income should be considered as one of the methods to measure economic development. These economists are Prof. Kuznets, Meier and Baldwin and Prof. Meade. For this purpose, net national product (NNP) should be preferred to gross national product (GNP) as it gives a suitable idea about the development of a country. In the words of **Meier and Baldwin**, "If an increase in per capita income is taken as the measure of economic development, we would be in the awkward position of having to say that a country had not developed if its real national income had risen but population had also risen at the same rate." In this context it is better to quote **Prof. Meade**. According to him, "Total income is a more appropriate concept to measure welfare than income per capita." Here it may be said that this method is suitable to measure economic development because the real national income is generally a pre-requisite for an increase in real per capita income and hence a rising national income may be considered as a sign of economic development.
- (2) **Per Capita Real Income Method** : Under this method some economists believe that the process of economic growth is incomplete if it does not increase the standard of living of the general public. Thus, they (economists) clearly state that the term of economic development is to concerned 'to increase output'. According to **Meier**, "Economic development may be defined as the process whereby the real per capita income of a country increases over a long period of time." Baran, Leibenstein, Rostow and Harvey favour the use of per capita output as an indicator of economic development.
- (3) **Welfare Method** : The third method to measure economic development is economic welfare. Under this method, economic development is used as a process whereby there is an increase in the consumption of goods and services of individuals. In the words of **Okun and Richardson**, economic development is "a sustained, secular improvement in material well-being, which we may consider to be reflected in an increasing flow of goods and services." Here it may be said that economic welfare is not only concerned with the distributive justice but also it is concerned with the composition of output and how this output is being valued. Here we cannot ignore the importance of social cost. In this context, Meier has stated that per capita real income is only a

partial index of economic welfare because the question of economic welfare also involves a judgement about the desirability of income distribution.

(4) **Comparative Cocnept Method** : Economic development is a comparative concept and it can be measured. Under the Comparative concept method we can show how much the economic development is attained in a country. The comparison can be made by the following methods :

- (i) Comparison within the country
- (ii) Comparison with other countries.
- (i) **Comparison with the Country** : With the help of the comparison of economic development, we can study on long period. This long period may be divided into different phases. For example, national income in 1991 is 1500 crores which rose to ₹ 1800 crores in 1994 and ₹ 2400 crores in 1997. Therefore, within the period of 3 years i.e., from 1991 to 1994, national income increases to the extent of 20 percent. From 1994 to 1997 it rose to 33.33 percent. This can be shown in fig. 1.1.

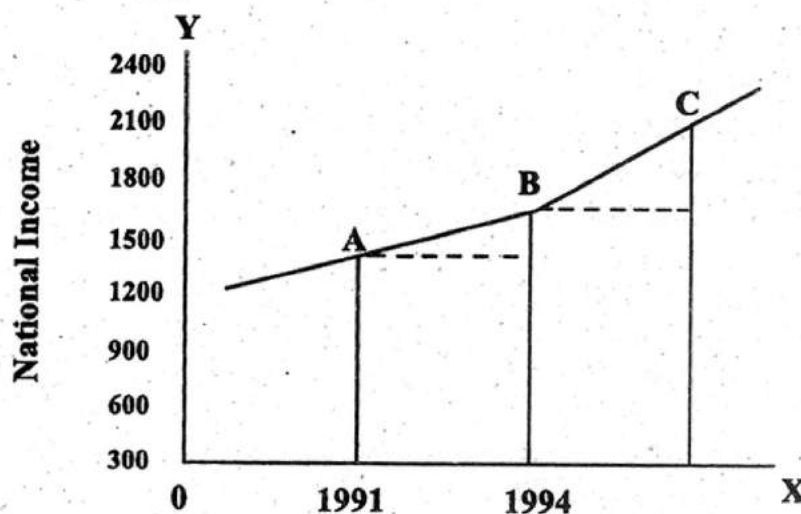


Fig. 1.1

- (ii) **Comparison with other Countries** : In fig. 1.2, time is shown on OX and national income on OY. MM_1 shows the path of development of country B. NN_1 shows the path of development of country A. In the initial stage, country B is at a much higher level of national income than country A. But in the meanwhile the development of A country becomes higher than country B. At point E the national income and time period of both the countries are equal. In the long period, national income of A country becomes higher than country B. Here we can say that country A is

developing economy and country B is a comparatively decaying country.

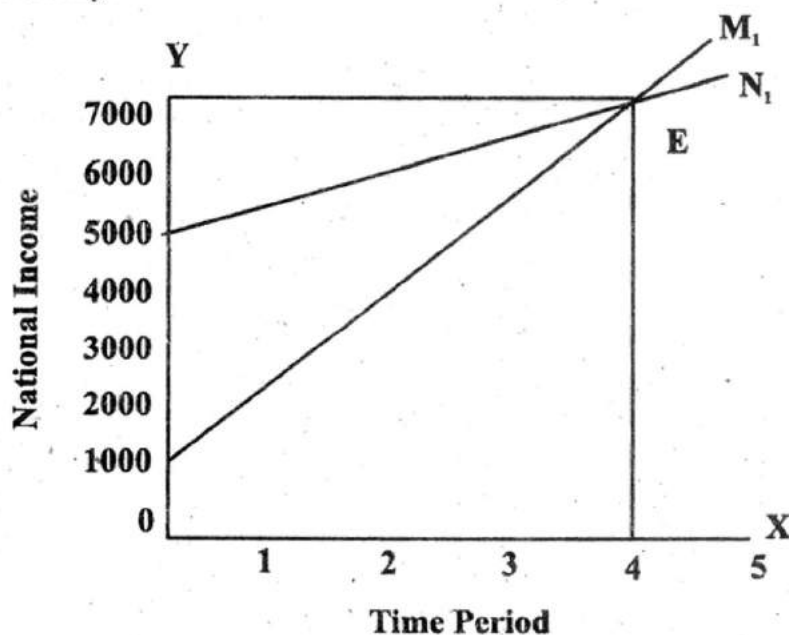


Fig. 1.2

- (5) **Social Indicators Method** : Some economists have tried to measure economic development in terms of social indicators. These indicators are health, clothing, food, nutrition, housing, transportation, literacy and skills, social securities etc. Morris D. Morris used three indicators *i.e.* life expectancy at birth, infant mortality and literacy rate to measure economic development.
- (6) **Standard of Living Method** : The sixth method to measure economic development is the standard of living. Under this method, national income and standard of living should be used as an indicator of economic development.

Q. 3. Describe the factors responsible for severe population growth or population explosion in India.

Or

Causes of increase in population and suggestions to control it.

Ans. FACTORS RESPONSIBLE FOR SERVECE POPULATION GROWTH OR POPULATION EXPLOSION IN INDIA

These factors are as described below :

- (1) **Increasing Birth Rate and Decreasing Death Rate** : One of the main causes of over population is increased birth rate in comparison with other countries. In 2001 in India, per thousand birth rate is 30.9%. The

causes of increased birth rate are people lacking with proper information about the means of family planning, marriage as a necessity, religion, conventionalism, illiteracy etc. Death rate is less in comparison with birth rate in India. In India in 2001, per year death rate at per thousand people is 10.8%. Death rate has been checked during last few years because of the improved medical facilities.

- (2) **Hot Climate** : Because of the hot climate here girls soon become mature and able to produce children in early age. Because of the long duration of the reproduction period they produce many children in their span of fertility.
- (3) **Child Marriages** : Small children are married because of the custom of child marriage. So, the reproduction time of the women (15 to 35 years) is fully used, resulting in that they have more children.
- (4) **Lack of the Means of Entertainment** : Low class people and villagers think women as the means of entertainment in lack of other means of enjoyments.
- (5) **Joint Family System** : Because of the prevalent joint family system, the old people wish to see the marriage of their sons and grandsons before they die. In such families, there comes difficulty in bringing up these children. Besides, a big family is considered a symbol of power, authority and reputation.
- (6) **Lack of Literacy** : Because of the lack of education, people do not understand the result of population growth and give birth to children continuously.
- (7) **Low Standard of Living** : People of low standard think that if they produce more children they will earn more money by employing all of them in some productive works and be able to lift up their standard of living. Besides, they have not to spend much money on education, bringing them up and comforts because of their low standard of living. Thus, if the number of children increases in such families, they suffer no difficulty.
- (8) **Lacking whole and proper information about the family planning measures** : The disinterest and the incomplete information about the means of family planning are also responsible for population growth.
- (9) **Marriage, a necessity** : Every Indian has to marry to maintain his reputation in the society because marriage has become a necessity for a family. It is a religious ceremony. So, when a person gets married, it is but natural to have children. But in the foreign countries it depends almost on the individual's will.
- (10) **Giving more importance to Sons** : According to religious books, it is very necessary to have a son for attaining salvation. So, people go on producing children until they get a son.

Q. 4. Explain the result of over population or population explosion.

**Ans. RESULTS OF OVER-POPULATION
(POPULATION-EXPLOSION)**

Ever increasing population in India has created many social, economic and political problems. It has spoilt the planned development of the country. The major results of excessive population growth are as given below :

- (1) **Over. Population and Economic Development :** According to **Prof. Colin Clark**, population growth is harmful for the economic development of a country because a great part of the savings is spent on the maintenance of the population. In the consequence, net income and per capita income remain very low.
- (2) **Population Growth and Food Problem :** Due to the rapid growth in population, food requirements can never be fulfilled according to the demand of the population. So, at times, we have to face the problem of starvation and ask for grains from foreign countries.
Due to lack of proper food and nutrients, the genetic and physical qualities of the human beings are going down. They are becoming physically weak and mentally incompetent.
Thus, the imbalanced development of the masses in the warning signal for the deteriorating health of a nation.
- (3) **Population Growth and Price :** The demand of the things increases with the population growth, but the prices also become higher because of the insufficient supply. Because of this dearness, even a normal family is unable to fulfil its necessities.
- (4) **Population Growth and Education :** With the population growth, the number of illiterates has also increased. Because of the limited means of education, the best of the educational facilities cannot be provided to this rapidly increasing population.
- (5) **Population Growth and Residential Problems :** With the population growth there arises the problems of arranging healthy environment and houses. People from villages come in cities and aggravate the problems of residence and slum areas. The development plans are disturbed because of this increasing population in cities. Here, the problems of water, electricity, and sanitation arise to their peaks.
- (6) **Population Growth and Unemployment :** Increasing population has given birth to unemployment and semi-employment.
- (7) **Population Growth and Standard of Living :** The limited income has to be spent on the members of the family and if the number of the members increases due to the population growth, it becomes impossible for a man to maintain his standard of living. In such a situation,

facilities of food, clothes, education, recreation etc. cannot be managed for all the members. Thus, population growth is responsible for the low standard of living in India.

- (8) **Population Growth and Poverty** : Excessive population growth has increased poverty in India. Every country has limited land and natural resources. If they are used for excessive population, the availability of per capita means is reduced. It affects the national production and national and per capita income in consequence. The poverty prevails in the country. Increasing population gives birth to begging.
- (9) **Population Growth and Crime** : If in a country, the population growth is rapid, it is impossible to tap the resources for their maintenance. In this situation, poverty and unemployment increase. Due to the lack of means, people even commit crimes for the fulfilments of their necessities. Women adopt prostitution and children join criminal gangs. Population growth gives rise to murders, arson and sabotage which create social disturbances.
- (10) **Population Growth and Family Disintegration** : Due to the increased number in the family, the problem of control also arises. Parents go out for earnings and children become wilful and rowdy. Family values and the authority of the chief are ignored. People feel disappointed. All these conditions are responsible for family disintegration.
- (11) **Population Growth and Problems of Good Citizenship** : Population growth has given birth to the problems related to industrialization and urbanization. People have started going to cities, leaving their villages. As a result, industries and cities face social problems.

Q. 5. Explain the National Population Policy in India.

Or

Explain population policy of India.

Ans. NATIONAL POPULATION POLICY

A new population policy was announced by the Union Health and Family Planning Minister on April 15, 1976. Under this, the family planning or the family welfare, the recent name given to it, includes the short-term as well as long-term measures. The short-term measures include popularising family planning methods and even going in for compulsory sterilization extensively on both males and females. The Government of India has also announced financial incentives for family planning in the form of cash awards for undergoing sterilization. Special favours for persons having two children or less was also introduced. Long-term measures strive to control families through ceaseless efforts over a considerable period of time. Quick and nation-wide adoption of family planning measures will be a distant reality as far as Indians are concerned. Many a hurdles need to be removed before reaching the goal. Hence, we cannot expect any miracle happening that the

family planning has turned out as a measure of national regeneration and revival. Therefore, long-term methods are of great significance in creating social consciousness and awareness for limiting the size of the families. The general prejudice found against limiting the size of families need to be changed. The long-term measures include the raising of the marriageable age for males and females. The Sharda Act or the Child Marriage Restraint (Amendment) Act passed in 1978 has fixed the minimum age for boys at 21 and for girls at 18 years which as earlier kept for boys at 18 years and for females 14 years.

The Seventh Five Year Plan thoroughly revised the earlier programmes and stressed the need for adopting voluntary sterilizations, which is till today considered as the most effective method of birth control. Forcible and indiscriminate methods adopted earlier for sterilization as well as the soft-peddalling of the programmes followed immediately after that really opened the eyes of the Government. The states with higher literacy rates have shown better results. This is the reason why the Government is undertaking activities which cater to the health requirements of the people and also provide education to the rural masses especially through the adult education programme.

In nutshell, we can conclude the main characteristics of the population policy of the Government of India as under :

- (1) **Reduction of Birth Rate** : The birth rate per thousand population in our country in a year was 36. This is to be reduced to 8.5 per thousand per year.
- (2) **Voluntary** : The family planning should be completely on voluntary basis. It should not be imposed on the people. Under the programme people need to be educated with particular reference to the health of the mother and her children.
- (3) **Representation in the Parliament** : The representation of the people in the Parliament and in the State Assemblies are determined on the basis of population as per the Census of 1971. This was to continue till 2001. There was not to be any addition to representation on the basis of the increase in population.
- (4) **Voluntary Sterilization** : The Central Government and the State Governments will not make any law for compulsory vasectomy or tubectomy operations. The couples who like to undergo this operation have to come forward on their own. They should only be motivated, but not compelled.
- (5) **Incentives** : The person whether male or female, who undergoes the family planning methods should be given incentives. More than 26 percent of the people live below poverty line having a number of children. Therefore, to bring down the birth rate it is necessary to give financial assistance to those persons who are willing to accept the methods.

- (6) **Medical Care** : After undergoing the family planning operations, one cannot undertake hard physical labour immediately. They have to take proper rest and medical care is also required. Such people should be provided with sufficient medical attention.
- (7) **Minimum Age for Marriage** : Under law, the marriageable age of boys has been increased to 21 years and for girls it is 18 years. If any marriage of children below this age limit is performed, that marriage will be illegal and an offence.
- (8) **Health Care** : Due to malnutrition large number of children in India suffer from a number of common diseases. In order to save such children, nutritious food and medicines should be made available. Provision has been made for taking care of the health of the children in the family welfare centres.
- (9) **Education** : It is very essential to make aware the younger generation should the ills of over-population and the advantages of population control. This should be included in the curriculum and taught in the educational institutions.
- (10) **Extension of the Programme** : The problem of population growth is more in rural areas than in towns and cities. For improving the situation, primary health centres have been established in the rural areas and the contribution made by them to the family planning programme is praiseworthy.

In short, we can say that the Government in India and the State Government have taken a number of measures for population control. These measures have, to a great extent, helped in improving the general health and the standard of living of the people.

Q. 6. Explain the nature of Indian Economy.

Ans. . NATURE OF INDIAN ECONOMY

The economy of India is a **mixed economy** in nature. The **economy of India** is the world's **sixth-largest economy by nominal GDP** and the **third-largest by purchasing power parity (PPP)**. India's **per capita GDP (nominal)** is \$1723 and it's **per capita GDP (PPP)** is \$6,616 (2016).

- In FY 2015 and 2017 India's economy became the **world's fastest growing major economy** surpassing China.
- **India topped the World Bank's growth outlook** for the first time in fiscal year 2015-16, during which the economy grew 7.6%.
- According to the IMF, India's growth is expected to rebound to 7.2% in the 2017-18 fiscal and 7.7% in 2018-19.

☞ Sectors of Indian Economy :

Three sectors : Primary, Secondary and Tertiary.

- Primary = Agriculture related.

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- Secondary = Industry related.
- Tertiary = Service related.

Sector share towards GDP : Tertiary (60%) > Secondary (28%) > Primary (12%).

Sector share by working force : Primary (51%) > Tertiary (27%) > Secondary (22%).

Agriculture Sector :

- The agricultural sector is the **largest employer in India's economy** but contributes to a declining share of its GDP (17% in 2013-14).
- India ranks **second** worldwide in **farm output**.

Industry Sector :

- The industry sector has held a steady share of its economic contribution (26% of GDP in 2013-14).
- The Indian automobile industry is one of the largest in the world with an annual production of 21.48 million vehicles (mostly two and three-wheelers) in 2013-14.
- India had \$600 billion worth of retail market in 2015 and one of world's fastest growing e-commerce markets.

Service Sector :

- India has one of the fastest growing **service sectors** in the world with an annual growth rate above 9% since 2001, which contributed to **57% of GDP** in 2012-13.
- India has become a **major exporter of IT services, Business Process Outsourcing (BPO) services, and software services** with **\$154 billion revenue** in FY 2017.
- The **IT industry** continues to be the **largest private-sector employer** in India.
- India is the **third-largest start-up hub** in the world with over 3,100 technology start-ups in 2014-15.

India as an Investment Destination :

India is the most attractive investment destination in the world, according to a survey by global consultancy firm Ernst & Young (EY). Organisation for Economic Co-operation and Development (OECD) projections on growth rate of India are 3.4 per cent for 2013-14, 5.1 percent in FY 2014-15 and 5.7 per cent in FY 2015-16. The HSBC Trade Confidence Index, the largest trade confidence survey in the world, has positioned India at the top with

142 points. The increasing demand due to its population makes the country a good market. Sectors projected to do well in the coming years include automotive, technology, life sciences and consumer products.

Indian Exports : India's exports have also been doing well, touching US\$ 303 billion in FY 2012–13, almost double of what it managed (US\$ 167 billion) four years ago. The US\$ 1.2 trillion investment planned for the infrastructure sector in the 12th Five-Year Plan will go a long way in improving export performance of Indian companies and the Indian growth story.

Indian GDP : India is the third biggest economy in the world in terms of GDP measured at purchasing power parity (PPP), according to a World Bank report. India is also projected to become the third largest economy (Nominal GDP) in the world by 2043.

Indian Economic Scenario and Growth Potential :

India's industrial economy is gathering momentum on the back of improved output of eight core sector industries – coal, crude oil, refining, steel, cement, natural gas, fertilisers and electricity. Some of the important economic developments in the country are as follows:

- Indian companies have been signing many private equity (PE) deals, registering substantial increase from previous years.
- Indian corporates have also been raising significant amount through commercial papers (CPs).
- The cumulative amount of FDI equity inflows into India were worth around US\$ 300 billion in the 2000–2014 period.
- The estimated value of FII holdings in India stands at US\$ 279 billion.
- IT spending by the Government of India is growing 7 per cent year-on-year, according to a report by research and advisory firm Gartner.

Q. 7. Write the meaning and definition of Poverty. Describe the causes of poverty in India. Or

Explain the causes of poverty in India.

Ans. Poverty is a universal problem. Even the developed countries have not been able to escape from its dragnet. There are so many families in India who are not leading even the average life. In 1999-2000, 21.09% people were living below poverty line. They do not manage even essential food and clothes for their survival. In ancient times, there was poverty but it was not so much terrible. Industrialization has created a big economic gap among the poor and the rich in the society.

MEANING AND DEFINITION OF POVERTY

Poverty and prosperity are relative terms. In an ordinary sense, poverty is meant for economic inequality, economic dependence and economic

inefficiency. According to W. W. Weaver, "Poverty may be defined as a plan of living that does not provide for health and physical efficiency."

The ratio of poverty is different in the village and urban areas. In the villages, the people who cannot spend ₹ 107 per capita per month are considered below the poverty line. In the urban society, the people who cannot spend ₹ 122 per capita per month are considered below the poverty line.

It is evident from the definition that poverty is such a state in which an individual can neither fulfil his necessities nor those of his dependents. Poverty is a relative term. It means that one whom we call poor in one country, can be rich in another country. In America, the person who cannot change his car every year is called poor. While such a person is called rich in India. Poverty is related to standard of living in a society. In every society, the standard of living is different which is determined by traditions, income and intelligence. But the primary factor is income. People with less income are called poor because in such a condition, the fulfilment of necessities and saving is not possible.

CAUSES OF POVERTY IN INDIA

Poverty in India is the result of mutual reactions of many factors which are as follow :

(A) Economic Causes :

- (1) In poverty, economic causes play a very significant role. The unequal distribution of wealth is one of the major reasons.
- (2) Similarly, monopoly of means of production and distribution in the hands of few is the another reason. It is due to this that the few get an opportunity to exploit money. It is also due to this that rich become richer and poor still more poorer.
- (3) In a country with agricultural economy, uneven distribution of land and quick division and sub-division of cultivable land increases poverty.
- (4) In the economic field, we find depression in trade and commerce and also labour unrest resulting in lock-outs and strikes. These are also some of the other causes of poverty.
- (5) A country which has been in a position to end unproductive hoarding, is bound to be poor and living standard of people is sure to come down.
- (6) As already said, unemployment is a major contributing factor in increasing poverty. Unemployment and poverty are to a great extent, directly related to each other.

(B) Personal Causes :

Nobody wants to be poor as such, he makes every effort to see that he has enough money and resources. Yet there are certain personal causes for poverty.

- (1) One such cause is sickness due to which on the one hand a person stands unable to earn whereas on the other hand, whatsoever little he earns is spent on medicines and thus, his living standard comes down. In fact, there is a vicious circle between poverty and sickness and both help each other.
- (2) Like sickness, poverty and mental diseases are interlinked with each other and one helps the other. In the words of **Pashley**, "*Poverty alone directly produces a very large number of causes of insanity among the indigent poor.*"
- (3) Large sized family with comparatively meagre sources of income; death of an earning member, drinking, prostitution, gambling, natural calamities and abnormalities of personality are other personal causes which are responsible for poverty.
- (4) Extravagancy and low means of income but more expenses are also responsible for poverty. This becomes more serious when money is spent on more unproductive items.
- (5) Illiteracy is also responsible for poverty. Usually in all developed countries, literate people have more sources of income than the illiterate ones. Thus, whereas on one hand, illiteracy reduces income, poverty stands in the way of the people to get education and become literate.
- (6) Still another personal reason can be idleness which is quite different from unemployment. In case of idleness, work is there but person concerned is not willing to work.

(C) Social Causes :

Like economic causes, social causes too are responsible for the poverty of a nation. They are :

- (1) Social evils and traditions due to which the people are forced to spend beyond their capacities. These customs and traditions are so deep rooted that even if few try to end them, they cannot do so without serious social disapproval of their action.
- (2) Another cause is denial of opportunities for improving health. If the society cannot provide even medical facilities to enable a person to become a fit citizen, what more can it contribute in the eradication of poverty.

(D) Geographical Causes :

There are many geographical causes responsible for poverty :

- (1) The nature may not favour a nation with favourable climate for production. Hence, the people are bound to be poor.
- (2) The country may be poor in natural resources and even if the people try to put in their maximum efforts the results may not be encouraging. We

find that due to poor natural resources, the people in the deserts and high mountains are usually poor.

- (3) Geographically unwanted calamities such as eruptions of volcanoes or earthquakes and lightnings etc. increase the magnitude and extent of poverty.

(E) Political Causes :

There are many political causes responsible for poverty :

- (1) The policy of Government is not encouraging production and increasing discontentment among the workers by giving them faulty, and defective labour laws.
- (2) The policy of Government to give monopoly rights to the few and put vast majority of consumers at their disposal is another cause of poverty.
- (3) The failure of Government to provide proper education to the citizens so that after completing their education, they can earn their livelihood.
- (4) Government can also enact laws which discourage exploitation. Similarly, Government can adopt wise economic policy, thereby providing employment to maximum number of people.
- (5) It can also provide home science training and encourage small scale and cottage industries. In this way, political causes can help a lot both in increasing employment and as well as in eradicating poverty.

As soon as all these or many of these causes combine together, the rate and ratio of poverty increases and vice-versa happens in their absence.

Q. 8. Explain the efforts done to remove poverty from India.

**Ans. EFFORTS DONE TO REMOVE
 POVERTY FROM INDIA**

Indian Government has made special endeavours for removing poverty. These are as follow :

- (1) **Five Year Plans :** Uptill now, eight five year plans have completed in the country and the ninth is going on. Under these plans, many efforts have been done to the check on inflation, removal of lack of estates, upliftment of living standard, improvements in agriculture, increase in industrial production, encouragement to cottage and small industries and increase in the opportunities of unemployment. At present, it is estimated that 26% people are poor and this percentage will reduce to 5% upto 2001.
- (2) **National Village Employment Programme :** Since 1980, the Government has applied National Village Employment Programme. In 7th Five Year Plan, there had been a provision of ₹ 2,487.47 crore for this programme. During 9th Five Year Plan, Government of India invested ₹ 2819.76 crore (upto March 1999) only on 'Employment Guarantee Schemes'.

- (3) **Agricultural Development :** Government has given the highest priority to the agricultural development. In this context, efforts are done to make the waste land fertile. Best quality of seeds, manure and agricultural instruments have been made available to the farmer in order to increase production. The construction of wells, tanks, tubewells, big and small dams have been done for irrigation. There had been a provision of 10,573.6 crore rupees on agricultural development in the 7th five-year plan. There have been an increase in 9th plan. This amount reached ₹ 3,789.94 crore only on fertilizer subsidy in March 1999.
- (4) **Family Planning :** There has been a check on the population growth through different programmes 10.62 crore births have been checked by family planning programme, upto 1989. There was a provision of 900 crore rupees for family planning and health in 7th plan. Recently the government is seriously putting a population policy that includes all possible measures to cause effective family planning.
- (5) **Village Development :** For the development of villages, community development programmes were started including land reforms, irrigation facilities, animal husbandry, development of forests, health, education, drinking water, electricity, roads and housing. Among the persons who are below the poverty line, there are 26% who live in villages. So, the development of village areas is essential for eradicating poverty. There was a provision of 2819.76 crore rupees only for employment in the 9th plan.
- (6) **Development of Large Scale Industries :** For the eradication of poverty, government has established many large scale industries. Some of them are fertilizer factory of Sindari, iron plants of Raurkela, Durgapur, Bokaro and Bhilai etc. There had been a provision of 23,941 crore rupees to be spent on industries and minerals' mining in 7th plan.
- (7) **Development of Cottage Industries :** To eradicate poverty, where on one hand, government has established large-scale industries, on the other hand, it has encouraged cottage and rural industries. A big number of persons get employment by these industries. There was a provision to spend 2,752.74 crore rupees for this purpose in 7th plan. There has been a wonderful growth in this sector during 9th five year plan. Only export of hand made carpets earned ₹ 700.12 crore during 1998-99.
- (8) **Twenty Point Programme :** Mrs. Indira Gandhi declared 20 point programme to eradicate poverty on 1st July, 1975. At present, twenty point programme is going on which includes development of rural employment, scheduled and tribal castes, removal of slum areas, housing arrangement and solution to many agricultural problems.

Q. 9. Describe the causes of Unemployment in India.

Ans. CAUSES OF UNEMPLOYMENT IN INDIA

There are two types of reasons behind unemployment in India. These are :

(I) Subjective Causes :

The points given below illustrate subjective causes behind unemployment in India :

- (1) **Age :** Maximum unemployment is found in children and old persons.
- (2) **Occupational Uncertainty :** Many a time the person himself is not able to decide as to which job suits him most. In such a condition he faces unemployment.
- (3) **Disease or Physical Inability :** When a person is diseased or lame or physically distorted, he has to face unemployment.

(II) Objective Causes :

Such causes are not related to the individual. However, they are the following :

- (1) **Population Growth :** Rapid growth of population is one of the main causes of unemployment. Population increases but the chances of employment do not increase in the same pace.
- (2) **Limited Land :** Population is increasing rapidly while the land is limited. So per capita land is decreasing day-by-day.
- (3) **Seasonal or Natural Causes :** The agriculture of India depends upon rain. If the farmers face natural calamities, they have to face unemployment.
- (4) **Backwardness of Agriculture :** Agriculture is in a state of absolute under-development. Methods, techniques and organisation of agriculture in India are not satisfactory. Under these conditions of agriculture, under employment of cultivators is very natural.
- (5) **Slow Progress of Industrial Growth :** There has not been much development in large-scale industries in comparison to the size of population with regard to cottage industries. The competition with the foreign made goods has affected them adversely. This has led to mass failure of cottage industries throwing millions of workers out of employment. The small-scale industries which provide employment to large numbers in countries like Japan, Switzerland and even in big countries like U.S.A. also have not been developed much in the country.
- (6) **Defective System of Education :** The present system of education is far from the realities of life. It was originally started by our British masters to develop clerks. Till now, the same system operates and little attention has been paid to technical and vocational education which may bring students near to real life. The result is that every person in

India, after completing his or her education, is after an administrative or clerical job which is very difficult for everyone to get. It is but natural that the number of such jobs is not high and many persons remain out of job. The new education system is expected to bring some relief on this front.

- (7) **Unequal Distribution of Agricultural Land holdings :** A small number of people are having the greater part of the fertile land in their hands. Most of the people work on the lands of owners on wages but they themselves are landless. They have no means of earning their livelihood.
- (8) **Localization of Industrial Growth :** Generally, the people of a particular city get the job where the industries have been located, while the person living in other parts of the country are left unemployed.
- (9) **Lack of Education and Industrial Training :** Indians workers, being uneducated and untrained, are unable to get jobs in industries.
- (10) **Lack of Mobility :** Indians lack mobility. They are bound by their religion, language, province and relatives. So, they do not want to go anywhere else.
- (11) **Industrialization :** In industries, the production is increased with the help of new machines but by less number of people which results in unemployment.
- (12) **Gap in the Demand and Supply of Labour :** When the demand of labour is less in comparison to its supply, the workers have to face unemployment.
- (13) **Trade Wheel and Slump :** The periods of boom or slump go on changing in trade. The trades have to remain closed with the trend of slackness and thus, the people working in them are left unemployed.
- (14) **Mal-adjustment between the Trade and Industry :** When the two relative or dependent trades or industries are mal-adjusted, they paralyse each other. For example, the absence of cotton causes the closure of cotton trade and cotton clothes industries or a break out of strike in the coal mines causes a dead-lock in all the dependent industries.
- (15) **Change in the Demand of the Things :** When the demand of a particular thing is decreased, the people relating with that are left unemployed. For example, many people are left unemployed after the prohibition of liquor.
- (16) **Lack of Money :** Industries, trades and agriculture cannot work in lack of capital (money). The population increases but the chances of employment cannot be created for the people.
- (17) **Reluctance towards Physical Labour :** Most people do not want to do any physical labour. They like to sit idle rather than do any physical labour.

- (18) **Industrial Tension** : Workers create tension by strikes, sabotage or lock-out resulting in the closure of factory and they are left unemployed.
- (19) **Prestige of White-Collar Jobs** : People give more importance to service instead of trade or business. Thus, they become unemployed until they get a white-collar job.
- (20) **Faulty Government Policies** : The import-export policy and industrial policy of Government also effect unemployment. If anything is imported in great quantity then also industries cannot progress and the chances of employment do not increase. But when the Government encourages or helps an industry, it flourishes and the chances of employment increase.

Thus, we see that unemployment is a complicated problem which results in many serious problems in our society.

Q. 10. Describe the governmental efforts to remove unemployment.

Ans. Government has done the following efforts in order to remove unemployment :

- (1) **Five-Year Plans** : Uptil now, eight Five-Year Plans have been completed in the country. Government has established many new industries, dams for irrigation and electricity, laws for land improvement, encouraged new techniques, machines, fertilizers and manure in agriculture. During the seventh planning period, the Government planned to arrange employment chance for at least 4 crore people.
- (2) **Crash Planning** : The crash planning has been done for providing employment in village areas. It was planned to give employment to 1,000 people in every district for at least two months under the crash planning.
- (3) **National Rural Employment Programme** : This planning has been started to remove village poverty and unemployment. The main object of this planning is the re-distribution of income and consumption in the poor class by providing them the opportunity of employment. This planning was started in October 1980. Under this planning, the Central and the State Government both bear the expenditure equally. Main objects of this planning are to arrange new employment opportunities, to form stable wealth in society and providing of the nutritious diet to the poor villagers etc. In the Seventh Five-Year Plan, ₹ 3,092 crore were spent on this programme.
- (4) **Rural Landless Employment Guarantee Programme** : This planning was started in 1983-84 with the object of providing employment to the landless agricultural labourers. The main object of this planning is to provide employment for at least 100 days in a year to the landless workers, and the formation of stable wealth in the villages so that there may be a rapid growth in the village economy. In Seventh Five-Year

Plan, ₹ 2,640 crore was spent. This amount reached ₹ 2819.76 crore by March 1999. This amount generated 4165.31 lakh day's employment against 4.29 crore labours. A total of 2,024.74 lakhs man days of employment, were generated by spending ₹ 1,592.54 crore during 2000-01. The main aims of this planning are to provide employment and to introduce such means which may be profitable for villagers and their income and condition may improve.

- (5) Government has constituted an 'Unemployment Export Committee' in order to solve the unemployment problem.
- (6) Government has started unemployment insurance and unemployment allowance planning for trained persons like doctors and engineers and for graduates and post graduates of Scheduled Castes and Scheduled Tribes.
- (7) For the employment of handicapped and incapable persons, 11 employment offices have been established. The Year 1981 was announced as the year of Handicapped in which they were helped in every way.
- (8) In order to remove unemployment in Scheduled Castes and Scheduled Tribes, their places in government in jobs have been reserved and percentage is also increased.
- (9) **Self-employment Planning :** This planning was started on 15 August, 1983 for such educated unemployed persons who have acquired the age of 18 years to 35 years. They can be given 35 thousand rupees to start any business by means of bank.

SUGGESTIONS TO REMOVE UNEMPLOYMENT

Two types of measures can be adopted to remove unemployment :

- (i) Long-term, (ii) Short-term.

(I) Long-term Measures :

The following long-term measures may serve the purpose :

- (1) Population growth must be controlled in an effective manner.
- (2) There should be a rapid growth in economic development.
- (3) Education system should be improved. There should be an adjustment between education and employment.
- (4) There should be an increase in constructive works like transportation, public welfare, education, health and medical-aids.
- (5) More employment offices should be started.
- (6) The young and unemployed man-power should be engaged in some work by giving training.
- (7) The mobility of labour should be created by removal of the evils related with caste system and joint family system.

- (8) Proper techniques, raw material, machines and capital should be provided.
- (9) Such techniques should be followed which are skillful so that employment chances may be increased.

(II) Short-term Measures :

The following short-term measures have been considered important to eradicate unemployment from India :

- (1) Villagers should be encouraged and trained to grow maximum crops in the small pieces of land. They should be provided with facilities for growing more than one crop in a year. Efforts should be made to remove seasonal unemployment.
- (2) Cottage industries should be given encouragement.
- (3) Individual incapacities should be ended.
- (4) Health arrangement should be done to improve their health.
- (5) Labourers should be given proper wages even in the period of their illness or accidents.
- (6) Proper facilities should be given to handicapped and incapable persons.
- (7) There should be proper land distribution among villagers.

SHORT ANSWER TYPE QUESTIONS

Q. 1. Write the importance of Economic Development.

Ans. IMPORTANCE OF ECONOMIC DEVELOPMENT

The study of economic development is of great importance on account of the following :

- (a) **Help to understand the causes of Poverty :** Meier and Baldwin observed that a study of the poverty of nations is the need of the hour. This type of study can show the causes of slow progress of the economy. It can help to make a plan effectively the process of economic emancipation in the developing nations. In the words of Meier and Baldwin, "What is novel today is that underdeveloped areas of the world have made of economic development as high ideal....."
- (b) **Help to understand the Development Problems :** There is no doubt to say that developed nations are faced a lot of developmental imbalances. In practice, these nations have crossed the poverty line but their development is not free from limitations. These nations faced with the problems as (i) how to face the problem of secular stagnation ? (ii) how to maintain a high rate of economic development ? Thus, the study of economic development we can solve the short-run and long-run problems of the developed nations.

- (c) **Long Period Analysis is Easy :** Economic development helps to divert the attention from short period analysis to long period analysis. The short term problems can be attended through a long-term perspective. No doubt to say, the role of economic development is of great importance when an under developed nation starts on to the part of self-sustained growth.

Q. 2. Describe the evil effects of poverty.

Ans. In a country, where the living standard of people is low, people there, are not courageous and industrious towards jobs. A hungry and poor man cannot be expected to show morality and honesty. People have to face many problems in the conditions of poverty. However, its evil effects are as follow :

- (1) **Physical Effects :** Poor persons do not take even sufficient food. In lack of nourishing diet, they get diseased and become weak. Their capacity is lessened. Tuberculosis is considered to be a poor man's disease. Due to lack of money, poor persons are unable to take medical aid which causes increase in death rate.
- (2) **Mental Effects :** Poverty is responsible for inadequate nourishment and mental diseases. The mental status of the poor children is low. Due to poverty, mental development is also affected because they are not provided proper education. Poverty raises the feeling of inferiority in the individual.
- (3) **Social Effects :** Poverty affects social status, post and role of the individual. Poverty means low social status. Poor people are unable to compete. Poverty is responsible for reducing production capacity and creating disappointment and mal-adjustment. It raises the feelings of opposition and revolution.
- (4) **Crimes :** Poverty also generates crimes to make out one's sustenance. Many studies on crimes have clarified this fact. When people are unable to fulfil their necessities, they indulge in crimes by using immoral means. When one is unable to fulfil the necessities of his family, one is fed of up and can even commit suicide because of poverty.
- (5) **Family Disintegration :** Because of poverty, all the members of a family have to work. Parents and children both separately go to their work places. The control of family on the children is loosened. Poverty also encourages immoral trafficking among the women.
- (6) **Beggary :** When people lack means of production, earning their livelihood, of capital and savings and they are physically unfit for hard work, they earn their livelihood by begging.
- (7) **Increase in the Addiction or Vices :** Because of poverty people are facing mental worries and disappointments. To get rid of these worries they indulge in drinking and gambling.

Q. 3. Write the meaning and definition of unemployment ?

Ans. Unemployment has embraced all the nations of the world in its clutches. Not only the under-developed countries but the developed countries are also facing severity of this problem. It is the problem which has been erupted with many other social problems and put forward a sound threat to the social order and its organisation. In under-developed and undeveloped countries, the situation, however, is altogether different. In these countries, usually there are large number of people who do not get any employment at all. The causes of unemployment in different countries are not the same. Unemployment is not only an economic but also a social problem. It distorts an individual's life and develops in him, a feeling of disappointment and inferiority.

MEANING AND DEFINITION OF UNEMPLOYMENT

In fact, unemployment is the state where a person is able and wishes to work but he does not get. In According to **Karl Pribran**, "*Unemployment is the condition of a labour market in which the supply of labour is greater than the number of available jobs.*"

The essential point among the definitions is that unemployment is a condition in which society fails to provide remunerative jobs to the people who have will, desire and capacity to work. It can be said in other words that unemployment is a condition or situation of economy in which society cannot provide jobs to all people who are willing to work.

KINDS OF UNEMPLOYMENT

Generally, following six kinds of unemployment are described :

- (1) **Seasonal Unemployment** : This type of unemployment is due to closing of seasonal industries.
- (2) **Sudden Unemployment** : In few employing agencies, work is not of regular nature. Usually they throw out people when the work is decreased.
- (3) **Subjective Unemployment** : Unemployment can be due to circumstances which are within the control of the individual. It is called subjective unemployment.
- (4) **Objective Unemployment** : When unemployment is due to the causes not within the control of the individual, it is called objective unemployment.

Q. 4. Write the population theory of Malthus.

Ans. **Malthus** propounded the population theory in his famous book 'An Essay On Principles of Population', in 1798. **Malthus** was a church priest and he deeply studied the increase in population in many countries of Europe. According to **Malthus**, *population increases in geometrical*

progression and its eatable resources increase in arithmetical progression. Thus, the population of a country doubles in 25 years. If men do not apply artificial birth control measures on the increasing population, then, nature itself controls it by the way of natural calamities like floods, earthquakes and epidemic diseases. There are three bases of the theory of **Malthus** :

- (1) **Increasing rate of Population** : He was of the opinion that population increases in geometrical way *i.e.*, 1, 2, 4, 8, 16, 32, 64, ... Thus, if there is no hindrance, the population of a country doubles in 25 years.
- (2) **Rate of Production of Agricultural Food-grain** : According to Malthus, the rate of production of food-grain is very slow in comparison to the rate of growth of population. The increase in food-grain is in arithmetical manner *i.e.*, 1, 2, 3, 4, 5, 6, 7, ... But in this duration, the increase in population is about 16 times. Therefore, it becomes a problem to arrange food-grains for the increasing number of mouths. Malthus stated that the population of a country must be in proportion to the available feeding resources there. The rapid growth in population gives birth to many evils in the country like—starvation, famine, struggle, war, crime etc.
- (3) **Population Control** : There are two plans to check the increasing population according to **Malthus** :
 - (i) Positive check, (ii) Preventive check.
 - (i) **Positive check** : Nature itself applies this positive check. The rate of death increases in this type of positive check. When there is an imbalance in the nature, it brings natural calamities in the form of food, famine, plague, epidemic diseases, starvation and other natural furies, which control population to balance it in proportion to the food production.
 - (ii) **Preventive check** : It includes the restrictions which society itself applies on it for controlling this increasing population.

It includes such plans which bring about low birth rate. Preventive checks are, self control, family planning, *brahmcharya* and use of artificial means. **Malthus** says that if people themselves do not control population by preventive checks then nature uses positive checks for diminishing population.

Criticism : (1) According to **Malthus**, population increase in geometrical progression while food-grains in mathematical progression and the population of a country doubles itself in 25 years. But there are no instances in history which can prove it.

- (2) **Malthus** has forgotten that the production of eatables can be increased upto the extent where it can be enough for the increasing population.
- (3) Because of the developed means of transportation, a country can fulfil its food requirements by bringing it from other countries.
- (4) When the standard of living is improved and education among women is spread, birth rate decreases automatically.

- (5) With the increase in population, the men-power also increases which itself can arrange eatables.
- (6) The increase in population is always not harmful for a country. Russia and Australia have taken many uses of population growth.
- (7) It is also not correct that natural calamities happen only in over populated countries. Even less populated countries also suffer from natural calamities.
- (8) The theory of **Malthus** does not apply on European countries where the population is stable due to the use of preventive birth controlling measures which are against natural laws.
- (9) The theory of **Malthus** shows pessimistic views.

Q. 5. Write the evil effects of Unemployment ?

Ans. EVIL EFFECTS OF UNEMPLOYMENT

Unemployment is a curse. Poverty is the worst result of unemployment, which is the root cause of all evils. Evil effects of unemployment are as follow :

- (1) **Individual Disintegration** : Being unemployed, a man does not care for his respect and reputation. He sleeps for a long time or sits idel, drinking or playing cards. He indulges in alms, loitering about and hooliganism. It results in decrease of his health and status.
- (2) **Bad Health** : When unemployed people do not get enough and balanced diet, they catch diseases. They remain incapable of getting medical aid for they have no means for it. Because of anxiety for income and living in unsuitable houses, their health deteriorates.
- (3) **Family Disintegration** : At the time of unemployment, the money saved is finished. Ancestral property is either mortgaged or sold. Family cannot provide the facilities of food, clothes, medicines, education and enjoyment to its members. Mutual tension and estrangement arise among the family members. The situation causes family distintegration.
- (4) **Social Disintegration** : Economic harm, as a result of unemployment, can be measured, but the evaluation of the social harm is difficult. The situations of disintegration in society gives rise to several evils such as, prostitution and begging etc.
- (5) **Economic Effect** : Unemployment gives birth to poverty and indebtedness and decreases income and status. Decrease in capacity decreases production and the industries have to keep closed. Industrial crisis takes place and the natural resources of the country are not properly utilized.
- (6) **Moral Decline** : Man is morally degraded while he is unemployed. He begins to adopt immoral means and corrupt ways in order to fulfil the necessities of his family members.

- (7) **Political Effect :** Countrywide unemployment gives rise to political agitations, unemployed people go for illegal demonstrations, destruction of Government properties etc. The lives of people are endangered and the Government is paralysed. Thus, democracy becomes a mockery.
- (8) **Cultural Decline :** Cultural upliftment is directly related to the economic prosperity of a country. Poor people do not pay any attention towards art, language, literature, science, philosophy, music etc. Hungry men think of bread and not of the cultural development.
- (9) **Increase in Crimes :** When the unemployed people have no means of earning their livelihood, they get engaged in crimes like theft, robbery, smuggling, forgery and burglary.

Q. 6. What do you mean by human resources ?

Or

Explain human resources.

Ans. Human resources are the people who make up the work force of an organisation, business sector, or economy. 'Human capital' is sometimes used synonymously with 'human resources', although human capital typically refers to a narrower effect (*i.e.*, the knowledge the individuals embody and economic growth). Likewise, other terms sometimes used include manpower, talent, labour, personal or simply people.

A human resource department of an organisation performs human resource management, overseeing various aspects of employment, such as compliance with labour law and employment standards, administration of employment benefits, and some aspects of recruitment.

Q. 7. Explain characteristics of Indian economy.

Ans. These following points are described the characteristics of Indian economy :

- (i) Low per capita income.
- (ii) Excessive dependence of agriculture and primary producing.
- (iii) High rate of population growth.
- (iv) Existence of chronic unemployment and under employment.
- (v) Poor rate of capital formation.
- (vi) Inequality in the distribution of wealth.
- (vii) Low level of technology.
- (viii) Under-utilisation of natural resources.
- (ix) Lack of infrastructure.
- (x) Low level of living.

- (xi) Poor quality of human capital.
- (xii) Demographic characteristics.

Q. 8. Importance of forestry in Indian economy.

Ans. Forests play an important role in the economic development of a country. They provide several goods which serve as raw materials for many industries. Wood grown in forests serves as sources of energy for rural households.

Most of the world's paper is made from wood and one rather reliable index to the degree of economic development of a country is its per capita consumption of paper. As an economy develops economically, paper is used as packaging material, in communications and in scores of other uses. No really satisfactory substitute for paper exists for many of its uses.


While it has long been recognised that forests play many roles in the economic development of a country in addition to providing wood fiber for many uses, the non-wood outputs of forests are coming increasingly to be recognised and valued everywhere in the world. Forests have watershed values especially in areas with fragile and easily eroded soils, tree cover may be highly valuable simply as protection to the watershed.

Q. 9. Causes and suggestions of unemployment in India.

Ans. For detailed answer see Long Question No. 9 and 10.

Q. 10. Achievements of economic planning in India.

Ans. Major achievements of economic planning in India are as follows :

- (i) It is concerned with survey and diagnosis of the present economic scenario.
 - (ii) It defines policy and objectives to be achieved in future.
 - (iii) It presents a macro economic projection for the whole economy.
 - (iv) It formulates strategies through which objectives are to be achieved.
 - (v) It guides and directs the economy along with the path of growth and development.
 - (vi) It creates productive capacity in the country.
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UNIT-II

Agriculture

LONG ANSWER TYPE QUESTIONS

Q. 1. Discuss the importance of agriculture in Indian economy and describe its features.

Or

Explain the importance of agriculture in Indian economy.

Ans. Agriculture in Indian Economy plays a very significant and important role. It contributes 25% of GDP. Nearly 70% people are still dependent on agriculture for employment.

When can summarize the significance of agriculture as follows :

1. Agriculture provides raw material for industry. Cotton, sugar and jute are agricultural products used in industry widely.
2. With the beginning of globalisation era in India, agricultural products have already become important for exports.
3. The foreign trade of India also include major agricultural products such as tea, coffee, tobacco, sugar, cotton textiles, cereals, jute, spices, cashew and dry fruits in large quantities which in return brings huge foreign currencies thereby adding to India's prosperity.
4. When there is good production in agriculture it keeps inflation under control, boosts industrial production and helps increase income in agriculture. Above all, it helps generate employment. Thus agriculture has a deep impact on the functioning of entire economy.
5. The removal and eradication of poverty to a great extent, depends on the growth in agricultural sector. So we can say, the agriculture has a major social responsibility.
6. Agriculture supplies food to entire population. The foodgrains produced in the country are very large. Only 2% of this production is imported. India is now self-sufficient in foodgrain production, even though right now agriculture sector is going through a crisis which is causing increase in the prices of essential commodities. The government has taken decision to import foodgrain to tide over price rise.
7. Another good advantage of agriculture for industry lies in the fact if agriculture prospers it brings greater purchasing power to industrial goods by rural people thereby encouraging industries.

8. Undoubtedly, the agriculture is major source of government revenue. Not only that the profitability of railways and various other sectors also depend upon the favourable agriculture. Government gets major share of income from land revenue. More than central government, the states governments are benefitted from land revenue.
9. Agriculture has great commercial importance. In return of exports of jute, coffee, tea, we import the much needed machinery and manufactured goods.
10. As already discussed, when economy develops, income elasticity of demand for foodgrains increase. Thus major portion of additional income is put into foodgrains production.
11. Stagnation in agriculture hinders economic development and causes inflationary pressure. In order to avoid inflationary pressure agricultural development is necessary. Thus for self-sustained growth, agriculture development is one of the pre-conditions.
12. Agriculture has the potential for employment opportunities. If agriculture develops, it will lead to construction of irrigation projects and drainage systems which will be helpful in the generation of employment opportunities.
13. Agricultural sector is an outlet for the products of the expanding industries. If only industries develop and the market for products made by these industries do not develop then there will be depression. Thus, agriculture helps in expanding the market.
14. Agriculture development yields handsome marketable surplus which accelerates economic development.

FEATURES OF INDIAN AGRICULTURE

The following features can be noted in respect of agriculture :

1. Agriculture is still feudal in nature and the reforms in the area of land has not properly been implemented.
2. The small farmers are still the victims of usurious capital. Though the government has taken initiatives in establishing credit societies and rural lending institutions, they are not enough.
3. The low wages for agricultural labour is another feature which can be attributed to Indian agricultural scenario. Since the poor farmers have no option, due to lack of opportunity and lack of ignorance or skills, except to get employment in agriculture. It is because of cheap labour that labour intensive methods are still adopted and the mechanisation and modernisation of Indian agriculture has not started. Low wages and

low per capita income are mainly responsible for low production. Obsolete techniques are still adopted in subsistence farming.

4. Agriculture in India, to great extent, depends on monsoon. 70% of total net sown area is dependent on rainfall for irrigation. Besides Indian agriculture lack in storage and marketing facilities.
5. There are other economic factors. The non-availability of loan on fair rate of interest leads to low productivity. With increasing pressure of growing population, the cropped area has declined from 0.444 hectare in 1921 to 0.219 hectare in 1991. Since the land holdings is small, the capacity to invest is also low. The major reason for the sub-division of holdings is increasing pressure of population. This uneconomic size of holdings is the major hindrance in the modernisation and mechanisation of agriculture.
6. The land tenure system in which tenant continuously feel insecure, is also responsible for the lack of large scale investment.
7. Though the land is generally fertile, continuous cropping causes infertility in soil and this leads to low productivity.
8. A lot of organic manure is wasted in farming. Though the purpose of using chemical manure is to increase the fertility of agricultural land, on the contrary, it has damaged agricultural land.

☞ Suggestions/Measures taken to Improve Agriculture Sector :

The major focus of measures taken to improve agriculture was on two aspects :

1. How to develop a free market.
2. And how to reform laws which govern ownership of land and tenancy in agriculture.

First, agriculture should be now treated as industry. Secondly, parity in prices of agriculture products must be maintained, that is, there should be a parity of prices between what a farmer sells and he buys from non-agricultural producers in domestic market. Thirdly, export agricultural products more and more so that a profitable market for increased farm production can be developed. Fourthly, there is a need to provide push for agricultural products, for that special incentives must be given by the government.

Fifthly agriculture must be given a wider business orientation. It will encourage industry to invest in commercial agriculture.

And finally scrap land ceiling laws and freely leasing out of land by small farmers to industry.

Q. 2. Write a detailed note on Green Revolution and New agricultural strategy. Also discuss the sociological impacts of green revolution.

Or

Green Revolution in India.

Ans. MEANING OF GREEN REVOLUTION

By Green Revolution we mean :

- (i) Making and bringing great improvement in agricultural production in short period of time.
- (ii) Secondly, sustaining higher level of production in agricultural sector over a long period of time.

Indian Green Revolution is associated with the use of HYVS (High Yielding Variety Seeds), chemical fertilizers and new technology which led to sharp rise in agricultural production in the Third Five Year Plan. Earlier, in 1960-61 Intensive Agriculture District Programme was implemented in 7 districts of India. The main objective of Intensive Agriculture District Programme was to provide credit loans, seeds and fertilizers to the farmers and prepare an infrastructure for intensive farming in other areas of the country.

Consequently, wheat production grew from 120 lakh tonnes to 170 lakhs for the first time in the country. The term 'Green Revolution' was coined by American scientist when he saw such a sharp increase in wheat production by the adoption of new methods and new techniques in the agriculture. Then during the middle of 1960 our scientists made more effort in increasing wheat production and developed new high yielding varieties of wheat by processing wheat seeds which were imported from abroad. Next came the improvement in rice production through these new techniques and strategies. Thus, we can say, as a result of introduction of these high yielding varieties of seeds into agriculture sector, Green Revolution became a success thereby making India self-dependent in foodgrains.

Dr. S. M. Swaminathan and Noble Laureate Dr. Borlaug played a pivotal in bringing about Green Revolution in the country.

ECONOMIC EFFECT OF GREEN REVOLUTION

The major effect of Green Revolution witnessed was that agricultural production grew by 36% though shortlived it was. That increase in agriculture production was witnessed in phase of first Green Revolution which was launched by the government in Third Five Year Plan (1961-66). During second phase of Green Revolution the revolution spread to other crops also which was only confined to wheat crop in first phase. The other crops which registered impressive growth in production include cotton, jute, sugarcane and rice.

It was the adoption of intensive agriculture practices which made possible the increase in agricultural production and the increase was in accordance with yield per hectare. The data reveal that productivity measured as yield

per hectare showed a high increase in the production of foodgrains crops, though the non-foodgrains crops production declined. Among the foodgrains crops, it was again wheat of which production registered high increase. The other crops also saw increase in their production. These crops included rice, cotton, jute and sugarcane.

SOCIOLOGICAL EFFECT OF GREEN REVOLUTION

By the Green Revolution, the productivity in agriculture grew which led to increase in income of people in rural India. The government price measures for agricultural products worked as cushion for the people in rural areas who are engaged in agricultural activities.

But, there have also been negative effects of Green Revolution. It caused personal inequalities in the rural sector and also widened regional disparities.

So we can conclude that the effect of Green Revolution and new agricultural was realized only on wheat and other crops remained by and large untouched. Besides, only big farmers were benefited from this strategy and the new technology introduced in agriculture sector. The new strategy limited the impact of Green Revolution to few states thereby widening regional disparities. Another major concerns was huge cost involved on account of environment. Finally, the effects of Green Revolution were felt after two decades and soon they faded away.

Second Green Revolution : The Sixth Five Year Plan (1980-85) is said to be the most successful Five Year Plans till today because during sixth five year agriculture performed impressively and registered an actual growth rate of 4.3% as against 3.4% annual growth rate. During this plan, the foodgrains production was 152 million tonnes. The government termed and attributed it to Second Green Revolution. The First Green Revolution during the 1967-68 was caused by the introduction of high yielding varieties of Mexican wheat. The major factor behind second revolution was the expansion in supplies of inputs and services to farmers. The First Green Revolution was mainly confined to Punjab, Haryana and West U. P. but the second Green Revolution spread to West Bihar, Orissa, M.P. and Eastern U.P. These states gained a lot in agriculture sector.

So we can say that the Green Revolution was the greatest revolution in the country which helped the country to transform the Indian economy from the food shortage to self-dependence and self-sufficiency. It caused the manifold increase in India's farm production. Consequent to the New Agricultural Strategy, since late sixties, Green Revolution changed the face of Indian agriculture. The New Agricultural Strategy had the following main components :

1. Applying a package of inputs which would consist mainly high yielding varieties of seeds, fertilizers and introducing improved agriculture practices in area of irrigation.
2. Secondly, introducing short-term high yielding varieties of major cereals. This method enabled farmers to grow more and more crops in a year. Before the introduction of this technique, farmers used to grow only one crop.
3. Availability of timely credit facilities to the farmers, this enabled the farmers to buy the required inputs in time of the crop season.
4. The government announced minimum support price in advance of the sowing season so that farmers can be assured of reasonable prices for their produce. The main objective of minimum support price was to eliminate fluctuations in the incomes of farmers which is caused by the sudden slump in the market.

This new agricultural strategy in fact revolutionized agriculture in the country. The era of food shortage came to an end. It provided huge incentives to farmers thereby providing a break through in vicious circle of poverty and led to an agricultural take off.

Q. 3. Describe the main elements in the Green Revolution.

Ans. MAIN ELEMENTS IN THE GREEN REVOLUTION

There are several factors responsible for revolutionising Indian agricultural. Some of the important factors are as follows :

- (1) **Use of High Yielding Varieties** : Agricultural research conducted by the Indian Council of Agricultural Research and various Agricultural Universities resulted in the introduction of H.Y.V. seeds. The introduction of the high yielding dwarf varieties of wheat, Lerma Rojo and Sonara-64 both imported from Mexico facilitated their cross-breeding with the Indian wheat varieties IR-8, PR-106, Jaya etc. are the new varieties of rice which had been successfully tried in India. The new varieties of seeds are of short-term duration, and hence, instead of growing one crop, two or more harvests in one year could be taken in the same field. Jowar, millet, maize and other inferior cereals, however, got only a stepmotherly treatment.

In India, there are a number of agricultural farms which produce improved H.Y.V. seeds. These seeds are distributed to the farmers throughout the country through a network of sales centres organized by the National Seeds Corporation.

- (2) **Intensive Use of Fertilizers** : The use of H.Y.V. seeds could make a breakthrough with the increased use of chemical fertilizers. Demand for

fertilizers, both nitrogenous and phosphatic increased considerably. The consumption of fertilizers in India has soared since the seventies. In 1950-51, consumption was 0.54 kg per hectare, which rose marginally to 1.98 kg per hectare in 1960-61, then shot up to 13.61 kg per hectare in 1970-71. By the year 2001-02 consumption per hectare touched 90.12 kg. In the year 1960-61, the total consumption of fertilizers was 2.92 lakh tonnes, which increased upto 173.6 lakh tonnes in the year 2001-02.

- (3) **Extension of Irrigation Facilities :** The individual farmer in a particular area needs irrigation either through river projects, medium and minor irrigation projects or underground water which is a must for the new strategy of agriculture. Though output and productivity have gone up, one thing has remained constant all these years, *i.e.*, Indian agriculture's dependence on the monsoons. However, the advent of high yielding varieties has lent a new urgency to the question. H.Y.V. seeds not only require plenty of fertilizers, but also plenty of water at frequent intervals. Any cut in the water supply is bound to react adversely on the crop. The Government of India has given over-riding priority to major, medium and minor irrigation programmes, and the outlays on irrigation have been raised subsequently every year, including wells, shallow tube-wells, electric pump-sets and diesel pump-sets.
- (4) **Multiple Cropping :** Areas which are extensively irrigated and with the use of H.Y.V. seeds, farmers can grow three to four crops per year instead of two from the same plot in a year. Multiple cropping has helped in enhancing production of the major cereals and there is enough of a marketable surplus in the hands of the State, vital to feed a growing urban population.
- (5) **Use of Modern Equipment and Machinery :** Modern implements and machinery and being increasingly used in modern days agricultural operations. Tractors, harvesters, threshers, pump-sets, tube-wells etc. are the examples of time saving devices speeding up agricultural production.
- (6) **Organisation of Rural Credit :** Improved credit facilities are now being provided to the farmers by the nationalized banks and co-operative credit societies. Short-term as well as long-term credit for agriculture is supplied. They need these loans for making permanent improvement on land, for buying additional land, for buying tractors and other farming machineries, pump-sets for irrigation and for buying additional cattle etc. Therefore, provision of sufficient and timely credit will usher in an era of agricultural prosperity.

- (7) **Plant Preservation** : One argument against the new strategy was that H.Y.V. seeds would introduce diseases. Therefore, pests and diseases which destroy plants should be controlled. Plant protection measures such as seed treatments, weed control, spraying of crops, antirat operations etc. need to be intensified. The use of pesticides is to be undertaken before the pest population increases beyond the economic level. Vigorous efforts to control pests and diseases from an essential aspect to protect the plants from destruction.
- (8) **Soil Testing, Conservation and Reclamation** : In order to determine the fertility aspect of the soil, Government of India and the State Governments have made elaborate arrangements for soil testing. Soil testing will help the farmers to use fertilizers in the required quantity. Moving laboratories have also been established in many states for this purpose. Soil erosion is a wide-spread problem in many parts of the country. Soil erosion is a process of destruction of soil and removal of the destroyed soil particles from one place to another by the agents of erosion. Erosion also occurs due to ruthless destruction of forests. In U.P. alone, about 10 million acres of cultivable area are annually being destroyed during monsoon months. Soil conservation measures like afforestation, contour bunding, terracing, leveling, plugging of gullies and sowing quick growing grass etc. should be adopted. Reclamation of waste land had also helped in increasing agricultural products.
- (9) **Fair Price and Marketing Facilities** : A number of intermediaries function as a connecting link between the cultivator and the consumer. Each one of them makes some profit, which deprives the cultivator from getting fair price for his crops. In order to eliminate the vicious circle of middlemen, the State Governments and F.C.I. purchase wheat, rice and other cereals at the prices announced earlier which in fact establishes direct link between the cultivators and the consumers. Co-operative Marketing Societies also encourage and boost inter-state trade resulting in a steep rise in the sale of agricultural products by these societies.

Q. 4. Describe the reasons for the low Agricultural Productivity in India.

Or

Explain the causes of low productivity of Indian Agriculture.

Ans. Since independence much thrust has been given to boost the agricultural produce in our country. More and more funds are also being allocated in our country for the agriculture in various Five Year Plans. Despite all these efforts the agricultural production per hectare is very low compared to many of the developed countries of the world. Some of the reasons of low productivity are as under :

I. General Reasons :

- (1) **Pressure of Population on Land :** The main problem of Indian agriculture is that the major part of the population is dependent on agriculture and agriculture alone. Directly or indirectly around 57 percent of India's population is totally dependent on agriculture and allied occupations. There is no alternative sources of employment for the ever increasing population. On account of the deteriorating condition of the cottage industries, the craftsmen engaged in that occupation have also switched over their activities and many of them had taken up agriculture. Moreover, on account of the increase in the population, the available agricultural land has also become very meagre. Small agriculture land holdings have also given rise to disguised unemployment in the agriculture segment. This all has resulted in reducing the agricultural products to a very low level.
- (2) **Unhealthy Atmosphere in Rural Areas :** The Indian agriculturists are illiterate. They also believe in superstitions. The life of majority of them is influenced by the joint family system. Communal rivalry and caste conflicts are another features of the Indian villages. Due to their belief in destiny and also not willing to adopt modern technology in agriculture, the agricultural productivity remains very low.
- (3) **Insufficient Non-agricultural Services :** The services for the financial assistance to the farmers for different agricultural activities, and the market for the sale of the agricultural produce is very limited or not at all available. The farmers have to pay very heavily if these services are available. When the farmers are in need of money they have to approach the local money-lenders who provide the same at an exorbitant rate of interest. A good number of farmers find it very difficult to pay the high rate of interest, what to talk of the principal amount. When the poor farmers fail to pay back the money borrowed, they may even have to part with their lands. Due to the merciless lending policy, many farmers have to become landless. Now-a-days, a number of financial institutions like Commercial Banks, Co-operative Banks and Co-operative Credit Societies have come up in the rural areas providing financial assistance to farmers. But the drawbacks of these institutions are that the procedure for obtaining loans are very lengthy, and the farmers have to waste a lot of their valuable time in completing the formalities. Moreover, these financial institutions give loans according to the scale of financial fixed by them and that is not sufficient for the farmers to meet out their expenses, especially during the sowing season.

Another problem faced by the Indian farmers is that even if they produce food-grains with great endures, they have to undergo difficulties in

disposing off the same. They have to face many odds in the grain market where they do not get the actual cost of their produce. They become victims of big businessmen. Therefore, they are compelled to sell their produce in the village itself to the vendor or to the middlemen, again, at a cheaper rate. Normally, it is seen that during the harvest season the food-grains are cheap. The small and marginal farmers are always in need of money and they are left with no other alternative but to sell off the produce immediately after the harvest at a very low cost. The big businessmen and the middlemen purchase these at a very low rate during the harvest season and sell them after few months when the cost of grains are increased. In that way, the actual benefit of agriculture goes to the businessmen and the middlemen rather than the farmer who produces them. Even if some farmers want to keep the grains to be sold later on, they may not have any storage facility.

II. Institutional Reasons :

- (1) **Size of the Land Holding :** The size of the agricultural holdings in India is very small. As per the laws of succession, boys and girls both have the equal rights over the property of their parents. In that way, as time passes, and new generation comes up, the land is divided still further into small holdings. It is a fact that the size of the land is not increasing, but at the same time the population is increasing. For example, a farmer having 10 acres of land has 5 children, the land is divided into 5 pieces of 2 acres each. The elder son who gets two hectares of land further divides it among his 4 children and they get $1/2$ acre each. In this way, a person who used to cultivate 10 acres of land, only $1/2$ acre of land is left for him to cultivate when the third generation comes to the scene. Under these circumstances, it is very difficult to use mechanical aids like tractors, harvesters etc. for farming. Difficulties are also experienced for irrigation as the holding is very small. Often there are quarrels among the brothers or neighbours as a result of which much time and money is wasted for litigation etc. In addition, when land holding is very small and scattered the energy and time of the farmers are also wasted without getting reasonable return from the land.
- (2) **Defective Land Holding Policies :** Even though the zamindari system has been abolished in India, till today, the farmers are not free from all its evils. There are some other harmful evils which prevent the farmers from producing sufficient and satisfactory products. The farmers have to pay high rate of labour charges, high cost for fertilizers and pesticides. At many places the law determining the ownership of the land is not yet certain and the farmers are not sure of the title deed of the property which they cultivate.

III. Technical Reasons :

- (1) **Defective Methods of Production :** Indian farmers are poor and illiterate. Due to their ignorance and illiteracy, they are not willing to part with their traditional methods of cultivation. They are not willing to accept modern technology. They hesitate to deviate from the conventional methods of ploughing, sowing, irrigating, fertilizing and harvesting. Only few educated and progressive farmers use modern implements like tractors, diesel and electric pump-sets, power tillers, sowing and threshing machines etc. Above all, the Indian agricultural land have been in cultivation from times immemorial and as a result of which the fertility of the land has been reduced very much. In order to maintain the fertility of the land, it is very necessary to add natural and chemical fertilizers. The Government has provided facilities to test the soil and find out the deficiency which can be removed by putting adequate quantity of fertilizers. But due to the defective system in the soil testing and also unawareness of the facilities and advantages due to their illiteracy and ignorance, Indian farmers normally put compost or dry cow-dung in their agricultural fields. Only very few farmers go in for chemical fertilizers. The chemical fertilizers, improved variety of seeds and pesticides are all costly and the poor farmers who are dependent solely upon their farm produce cannot afford to purchase them.
- (2) **Insufficient Irrigation Facilities :** Indian farmers depend on rain for irrigation. If we have a good monsoon, we have a good crop and when the monsoon fails, there is drought like condition and crops dry away. At the time of independence of our country only 38% of our agricultural land had the facility of irrigation. After independence, the planners of our country gave much emphasis towards the improvement of irrigation facilities. A number of canals have been made, a good number of tube-wells have been installed and as a result of which the percentage of irrigated agricultural land has risen from 18 percent to 38 percent. But in many places, the working of the canals and tube-wells are defective. Many a time, the farmers complain that either they are not getting water at all or there is over watering. Both these conditions are harmful for the crops. The Government run tube-wells are also not far from defects. Erratic electric supply and lack of co-ordination, whenever a pump set is gone out of order take a long time to come in order. Above all, the staff deployed by the Government for the operation of the pump sets/ tube-wells etc. lack devotion and absent themselves from duty.

Q. 5. Suggest the measure to improve Agricultural Productivity in India.

**Ans. MEASURE TO IMPROVE
AGRICULTURAL PRODUCTIVITY**

Agriculture scientists offer the following measures to be adopted if we want to improve the agricultural productivity in our country :

- (1) **Improvement in Volume of Cultivable Land** : There is need to increase the cultivable land. The problem can be solved by bringing barren and uncultivable land under plough with the use of modern scientific methods of cultivation. Out of 84 crore acres of land, only 32 crore acres is under cultivation and the rest of the land has forests, deserts and uncultivated.
- (2) **Development of Irrigation Facilities** : In order to improve agricultural productivity the dependence on monsoons has to be cut off and permanent means of irrigation have to be developed. In this direction, River Valley Projects have been started by our government.
- (3) **Improvement in Land Tenure System** : Productivity cannot be increased unless the farmers are made the masters of land, i.e., ownership rights should be granted to the tillers.
- (4) **Implementation of Land Reforms** : In order to improve and raise productivity of the land, it is essential that the reforms in land tenure system should be introduced. At the same time the other programmes of land reforms should be speedily and effectively put through.
- (5) **Increase in Credit Facilities** : It is also essential that the farmers should be provided with cheap credit facilities so that they may be able to invest in land reform measures. It is true after nationalisation of banks in India, such facilities are being extended to rural areas.
- (6) **Fixation of Economic Holdings** : In order to check further subdivision and fragmentation land ceiling laws should be properly implemented. Consolidation of holdings has also proved helpful in this direction.
- (7) **Encouragement to Cooperative Farming** : Due to small and uneconomic holdings, it becomes uneconomic to introduce land reforms or cultivate the total cultivable land. Therefore, the government should encourage cooperative farming so that the total area of cultivable land may be put to an ideal use.
- (8) **Determination of Proper Price Policy** : In order to encourage sufficient investment in land by farmers, it is essential that they should get a profitable price for their produce. Thus, it becomes imperative for the government to fix minimum price for food-grains and other crops to break the instability in prices and uncertainty of the farmer's income.
- (9) **Coordination between Various Agricultural Activities** : A proper coordination between different agricultural operations from the

purchase of inputs to the marketing of produce should be established so that the farmer may perform all these activities easily and efficiently.

- (10) **Mechanisation of Agriculture :** The tools used by Indian farmers are conventional. In western countries, farm mechanisation has brought about a revolution. Due to machanisation the per hectare yield in such countries is much higher than that of our country and at the same time cost factor is also very low. Mechanised agriculture means the use of tractors, power tillers, threshers, harvesters etc. The problem with the Indian farmers is that they are very poor and cannot afford to purchase these equipments. Even if they manage to purchase these equipments with the financial help of commercial banks or government subsidy, as they are illiterate it will be very difficult for them to these farmers for the operation of the farm equipments. In India, Punjab is the only state where mechanised farming is undertaken. It may be observed that the per hectare agriculture produce of Punjab is much higher than the other states in India. The introduction of mechanised farming in other States may improve our food-grain production for feeding the increasing population of our country.

- (11) **Facilities for Small, Marginal and Landless Labourers :** The Government of India has also the responsibility of improving the economic condition of the small and marginal farmers and the landless labourers. In order to attain such purpose different schemes such as Small Farmers Development Agency (SFDA), Marginal Farmer and Agricultural Labour Project (MFAL), Integrated Rural Development Programme (IRDP) and Training Rural Youth for Self-Employment (TRYSEM) have been launched. The results of these programmes are praise-worthy.

- (12) **Development of Cottage and Small Scale Industries :** The average land holdings of the Indian farmers are very small and the farmers do not have work throughout the year. Once the sowing season is over, the farmers are more or less free. They have to spend very little time for weeding and irrigation till the time of harvesting. In order to keep the farmers occupied, and also to reduce the pressure on land, establishment of cottage and small scale industries is being encouraged. Once they take up such small scale enterprises like basket-making, weaving, oil extraction, the problem of unemployment may be largely solved.

Q. 6. Describe the steps taken by the government to improve Indian Agricultural Marketing.

Ans. Various steps which have been taken by the Government to improve the conditions of agricultural marketing are as under :

- (1) **Regulated Markets :** Regulated markets have been organised with a view to protect the farmers from the malpractices conducted by sellers and brokers.

Presently, these regulated markets are considered very useful for the eliminating of fraudulent practices adopted by different brokers, commission agents and also for standardising market prices of agricultural produce. These markets are ensuring fair prices for the agricultural produce to the farmers and adopting standard weights and measures. Considering its achievements, the Government has finalised its policy to convert all markets of the country within the fold of regulated markets.

- (2) **Use of Standard Weight and Grading :** The major defect of unregulated market was the use of improper weights to cheat the farmers. In order to stop this tendency, the government has passed the Standard Weight Act, 1939. The Central Government adopted the Metric System of Measures in 1958 by passing an Act in that regard. Moreover the State Governments have also appointed Weight Inspectors. Now, the shopkeepers have to use weights bearing Government stamps.
- (3) **Provision of Finance :** Indian agriculturist always remains in debt, thus, availability of sufficient finance pulls him out of pressures of money lenders. Therefore a good number of public agencies should come forward in the task of arranging adequate facilities of finance for the peasantry.
- (4) **Consumer Protection :** Producers and consumers are the two main elements in marketing process. Therefore, it is necessary for the Government to protect the interests of the producers and consumers. Producers are sought to be protected through the regulation of market while the consumers' interests are safeguarded through grading under 'Agmark' at the level of traders. The Central Govt. has also enacted Consumers Protection Act.
- (5) **Improvement in the Means of Transport :** Cheap and easy means of transportation help the farmers taking their produce to markets. They also instil confidence among the farmers and improve their bargaining power.
In an integrated road development programme, rural roads have been assigned higher priority so as to bring the villages into the national mainstream. Steps are taken to provide during a 10 year timeframe 100 percent linkage to village with a population of over 500 and 50 percent linkage to villages with a population between 200 and 500 in hilly areas. In tribal, coastal and desert areas, there are plans for 100 percent linkage, during the period of 10 years.
- (6) **Market Information :** The producers should have perfect knowledge of prevailing market prices so that they may get benefits of efficient marketing system.

Marketing information relating to agricultural products is made available to farmers through different media like radio, television, newspapers, etc. There are daily market news bulletins, weekly data, monthly information and yearly digests about such varied aspects of agricultural activities.

- (7) **Marketing Inspection, Research and Training :** There is a dire need to make adequate arrangements for marketing education, research, extension, market inspection and occasional surveys of market which will go a long way to help in identifying problems and finding solutions for efficient marketing system.

The government has paid attention to these requirements. The Directorate of Marketing and Inspection undertakes inspection of major agricultural products throughout the country and also undertakes research in various marketing problems.

- (8) **Grading and Standardization :** Grading means preparation, shifting and sorting of material according to certain criteria. The government has realised the need to introduce the standardization of agricultural produce. The Government passed the Agricultural Produce Act in 1937. A number of grading centres have also been established by the Marketing Board for securing an adequate return of the benefits of grading.

The Food Corporation of India was set up in the year 1965 to undertake the purchase, storage, movement, transport, distribution and sale of food-grains. Some of the functions such as the maintenance of warehouses in the various States carried out by Food Departments, were also transferred to it. Thus, State trading in food-grains is carried out partly by the Food Departments and partly by the FCI.

- (9) **NAFED :** NAFED is a central nodal agency for undertaking price support operations for pulses and oilseeds and markets intervention operation for horticultural items like Kinno/Malta, onion, potato, grapes, black pepper, red chillies etc. Some other organization in the co-operative sector are the National Co-operative Tobacco Grower's Federation Ltds., the National Consumers' Co-operative Federation and the Tribal Co-operative Marketing Development Federation of India Ltd.

- (10) **Commodity Boards :** The Commodity Boards continue to operate for rubber, coffee, tea, tobacco, spices, coconut, oil-seed and vegetable oils, horticulture etc. The National Dairy Development Board is also engaged in the marketing of agricultural commodities. Separate Directorates have been functioning for the development of agro-raw materials like sugarcane, jute, tobacco, oilseeds, rice, millets, cotton, pulses, cashewnuts, cocoa, arnut, spices etc. Moreover, there are

various organizations, active in the field of agricultural commodity exports such as the State Trading Corporation, the Cashewnuts Export Promotion Council, the Shellac Export Promotion Council and the Agricultural and Processed Food Development Authority, which works for encouraging agricultural exports.

Q. 7. Comment on economic condition of agriculture labour in India.

Ans. Agricultural labourers are the most exploited unorganised class of the rural population of the country. From the very beginning landlords and zamindars exploited these labourers for their benefits and converted some of them as slaves or bonded labourers and forced to continue the system generation after generation.

It led to wretched condition and total deprivation of the rural masses. After 50 years of independence, the situation has improved. But they remain largely unorganised, and as a result their economic exploitation continues. Their level of income, standard of living and the rate of wages have remained abnormally low.

❖ Agricultural Wages and Income :

In India, the agricultural wages are very low. The first Agricultural Labour Enquiry Committee in its report mentioned that the per capita annual income of agricultural labour families was as poor as ₹ 104 in 1950-51 and the annual average income of the household was ₹ 447.

The average annual income of the household then declined to ₹ 437 in 1955-66 and then it increased to ₹ 600 in 1963-64 and then increased significantly to ₹ 1,671 during 1974-75.

After the introduction of improved farming methods and mechanisation of the level of income of middle and rich farmers increased but the same time due to fall in the demand for labour real wages declined. As per the study conducted by Prof. Pranab Bardhan during the period 1960-61 to 1967-68, it was revealed that the agricultural production rose by 6 per cent but the agricultural wages declined in all the States excepting Kerala where the labourers were to some extent organised.

G. Parthasarathy estimated that in 1984-85, the daily money wages varied between ₹ 6 and ₹ 11 in all the States except Punjab, Haryana and Kerala where the level of wages is little bit higher. But the minimum daily wage required for maintaining a minimum subsistence standard of living is ₹ 22.

Thus, the level of agricultural wages prevailing in India is very poor and thus the living conditions of agricultural labourers in India are indeed pathetic.

Q. 8. Write the problems of Indian Agricultural Labourers.

Ans. The main problems of Indian agricultural labourers are as follows:

- (1) **Victims of Disguised Unemployment, Seasonal Unemployment :** Agriculture by nature is a seasonal occupation. A good number of our agricultural labourers, *i.e.*, males, females and children are not occupied throughout the year. It is estimated that near about 200 days they get work and another 40 days they do their own work. The rest of the days they remain idle and are unable to use their spare time, because of the absence of any subsidiary and cottage industries. Whereas female workers are employed for about 140 days and children for about 204 days. In sowing and harvesting seasons they get more work. In addition, a major chunk of our labour force in agriculture already suffer from disguised unemployment which also add problems to agricultural labour.
- (2) **Low Wages :** Our agricultural labourers are not paid even the wages needed for subsistence level. In fact, they constitute the lowest paid sections of the society. Even after 50 years of planning (from 1951-2001) our economy fails to make any substantial improvement in the wage pattern of agricultural labourers. Although all the states have enacted minimum wages act. But owing to unorganised character the agricultural labourers are deprived of minimum wages. In many states, they are paid just half of the prescribed minimum wages.
- (3) **Low Standard of Living :** Majority of agricultural labourers live in a vicious circle of poverty. If they need to improve their standard of living, it is essential to break this circle of poverty. Our rural masses as such live below poverty line since they do not get sufficient wages. Pitiably poor wages and employment opportunities available to the rural masses they cannot afford to eat sufficient food. They suffer from malnutrition. This section of the society, therefore, is incapable to put in efficient labour and this results in the reduction of the productive capacity of the labour force.
- (4) **Rural Indebtedness :** Even after the nationalisation of commercial banks and the credit facilities being extended to the rural areas also, the agricultural labour is not able to meet his financial requirements. Even today, agricultural labourers for most of their needs, only go to the village money-lenders like the *Mahajans* and the *Suhukars*. The result they need to pay exorbitant rate of interest, which excavates their burden further. Thus, they fall into the clutches of the unscrupulous money-lenders who insist for security or guarantee, for the financial assistance given to the agricultural labourers and they are bound to give security to the money-lenders which mostly are in the nature of lands.

In this way, the small size of land what they are having is also gone out of their possession because of inability to pay back the principal amount as well as interest. On top of everything, agricultural workers are always subjected to abuse and ill-treatment from the money-lenders.

- (5) **Lack of Subsidiary Industries :** With an increase in population the per capita availability of land is diminishing. This results in the subdivision and fragmentation of cultivable lands, and in due course of time, the number of landless agricultural labourers have gone up considerably. The subsidiary or ancillary agro-based industries are not abundantly available in the rural sector and this results in non-absorption of agricultural labourers in these establishments. On the contrary, if a good number of such industries are established in the rural and semi-urban areas, the unemployment faced with the agricultural workers can to some extent be solved.
- (6) **Poor Living Conditions :** Agricultural labourers lead a poor and miserable life. Landless agricultural labourers live mostly on the lands of the rich farmers. They are, therefore, forced to lead a life almost like that of a bonded labourer. They live below poverty line which seriously affects their health and ultimately their working efficiency. Thus, their low standard of living not only affects their health but also the health of their families.
- (7) **Lack of Organisation :** Most of the agricultural workers are illiterate and they can be exploited very easily by rich and affluent landlords. Agricultural labourers have little or no bargaining power because of unorganised character. Like the industrial workers they are not organised under any union. Organised workers under a strong labour union bargain for better facilities and help to improve the working conditions and wages of the workers. On the contrary, agricultural labourers in the absence of a strong union are exploited and subjected to inhuman dealings and are paid only very low wages.

Q. 9. Describe the steps taken by the government to improve the conditions of Agricultural Labourers in India.

Ans. The Government of India and the planners are fully aware of the problems of agricultural workers. Every Five Year Plan has paid attention so as to retrieve the labour force from their hardships by making sufficient outlays on various schemes that would benefit the agricultural labour. The important steps taken to reduce the problems are given below :

- (1) **Fixation of Minimum Wages :** The Minimum Wages Act, 1948 is of great importance as far as agricultural sector is concerned. This Act empowers the Central and the State Government to fix minimum wages to employees in industries specified in the schedule. The Minimum

Wages Act passed in 1948 subsequently extended to cover agricultural workers also. Provision has also been made in the Minimum Wages Rules to permit overtime wages act double the ordinary wage rate in respect of agricultural workers. Though this Act has remained ineffective from the very beginning. State like Kerala has not only fixed minimum wages but also revised and enhanced the minimum wages as and when an opportunity occurs. Now almost all the States have fixed minimum wages for agricultural work, and lakhs of farm workers are benefitted from the upward revision of the Wages Act.

- (2) **Abolition of Bonded Labour :** 'Bonded labour' is a special problem affecting the rural workers, who are bound to work for a landlord all their lives. Bondage always begins in money or food-grains, borrowed from the landlord to meet some emergency. The bonded workers in order to pay back their debts work for these landlords throughout their lives, but still then they fail to pay back their debts. So generation after generation they continue to work for the landlords. Under the Twenty-Point Programme all States have passed legislations abolishing bonded labour and cancelling all debts payable by bonded workers. In 1976, the Bonded Labour (Abolition) Act was passed and under this Act, bonded labour system was abolished and all bonded labourers were freed and cancelled all their debts. Under this Act, more than 5 lakh bonded labourers are identified and released. The State Government have been rehabilitating *the released bonded labour under various schemes organised by the government.*

- (3) **Provision of Land and Housing Sites to the Landless Labourers :** The Government with a view to improve the economic condition of agricultural labourers, have distributed land among the landless workers. State Governments are also distributing free house-sites to agricultural workers. Till the end of the Sixth Five Year Plan about 13 million landless families have been allotted housing-sites. Landless labourers are also protected against eviction where houses have already been constructed. As per the target kept by the Government, they are supposed to provide lands to every landless labourer by the end of 1988.

- (4) **Integrated Rural Development Programme :** The programme envisage to benefit the rural masses in particular, the landless labourers. For the same purpose, many development blocks are organised which need to benefit 3,000 poor families of landless labourers in every block in the country and also to provide them work opportunities both in agricultural and non-agricultural occupations.

- (5) **Development of Cottage and Small Scale Industries :** Small Scale and Cottage Industries are labour intensive and are capable of providing employment opportunities to thousands of agricultural labourers. Lack of Capital resources do not permit the introduction of large scale industries. Establishment of more and more cottage and small scale industries can relieve the labour force of their problems. Provision of raw materials, credit, technical assistance, marketing facilities etc. are increasingly provided to enable them to come out of their disabilities. These units could generate better opportunities to a great number of landless labourers which help them to raise their earning and standard of living. Operation Flood, Dairy Development Programme, TRYSEM, NREP, RLEGP etc. are undertaken with the same object in view.
- (6) **Establishment of Farmers Service Societies :** The establishment of the Farmers Service Society is for giving advices to the small and marginal farmers, village artisans and agricultural labourers. A number of societies had been established and the services rendered by these societies are praiseworthy.
- (7) **Debt Relief Measures :** Under the Five Year Plans, the U.P. Government and other State Government had chalked out a plan to give relief to the small and marginal farmers and agricultural labourers who had taken loans from different credit institutions and unable to repay the loan. Under these schemes, the government and paid loans upto ₹ 2,400 per family and relieved the farmers from the burden of repayment. During the year 1990-91, the farmers throughout the country got another debt relief of ₹ 10,000 per family from the government.
- (8) **Establishment of Regional Rural Banks :** The Government of India had established Regional Rural Banks for extending financial assistance to small farmers and agricultural labourers. A number of branches of these Regional Rural Banks are also opened in the rural semi-urban areas. These banks are directed to adopt simplified procedure for giving loans to the rural masses. The progress achieved by these banks are commendable.
- (9) **Other Measures :** For all-round development of the rural areas, the government has taken so many other measures also. They include rural electrification, technical education, making the *panchayats* responsible for the welfare of the rural labourers, establishment of cooperative societies, implementation of land development programmes, introduction of intensive cultivation and multiple cropping, development of transportation facilities etc.

SHORT ANSWER TYPE QUESTIONS

Q. 1. Give suggestions for solving the problems of Agricultural Labour.

Ans. Agriculture is the backbone of the Indian economy. Jawahar Lal Nehru once explained the importance of giving priority to agriculture and said that if agriculture does not succeed, the Government and the Nation both will fail. Since the vast majority of our labour force are agricultural labourers, they lead a miserable life. They are hardly employed for about 250 days in a year. Their wages are pitifully low. The problems of the agricultural labourers are very grave. It is, therefore, essential to pay proper attention to solve the problems of agricultural labour. Before reaching an explosive stage, the society and the Government should take necessary steps to improve the condition of the agricultural labour. Some of the suggestions for improving the lot of the agricultural workers are listed below :

- (1) Effective enforcement of Minimum Wages Act in all the States.
- (2) Provision of land to the landless agricultural labourers.
- (3) Establishment of rural industries.
- (4) Cultivable waste lands should be reclaimed.
- (5) Reorganization of agriculture.
- (6) Introduction of food for work programmes in rural areas.
- (7) Provision of housing.
- (8) Better agricultural techniques and intensive cultivation.
- (9) Abolition of bonded labour.
- (10) Fixation of working hours.
- (11) Better working conditions.
- (12) Organisation of agricultural labour.
- (13) Provision of credit at cheap rates.
- (14) Introducing scientific ways of farming, dairying, fishing etc.
- (15) Improving sanitation and health conditions of the workers.
- (16) Establishment of labour welfare centres.
- (17) Assured employment.
- (18) Training for advanced farming techniques.
- (19) Regulation of private credit system.

Q. 2. What is meant by Agriculture Labour.

Ans. AGRICULTURAL LABOURER

Agricultural labourers are those persons who work on the land of others on wages for the major part of the year and earn a major portion of their income as a payment in the form of wages for works performed on the agricultural farms owned by others.

The first Agricultural Labour Enquiry Committee of 1950-51 regarded those workers as agricultural workers who normally worked for 50 per cent of more days on the payment of wages.

The second Agricultural Labour Enquiry Committee, 1956-57 accepted a broad view and included all those workers into agricultural labourers who were badly engaged in agriculture and allied activities like animal husbandry, dairy, piggery, poultry farming etc.

This first committee again classified the agricultural workers into two different categories such as :

- (a) attached labourers are those workers who are attached to some other farmer households on the basis of a written or oral agreement.

These attached workers are working as per the wishes of their masters and are not free to work at any other place. They are working both in the house and farms of their masters. Thus, these attached labourers are working as serfs or servants and they are also known as bonded labourers.

- (b) On the other hand, casual labourers are those workers who are free to work in any farm on the payment of daily wages.

In India these casual labourers include :

- (a) small farmers having a very small size of holdings who devote most of their time working on the farm of others;
- (b) landless labourers who exclusively work for others;
- (c) tenants who work on leased land but work most of the time on the land of others;
- (d) sharecroppers who also work as agricultural labourers.

Q. 3. Discuss the problem of irrigation in Agriculture.

Or

Explain problems of Irrigation.

Ans. These are following problems of Irrigation :

1. Low Rainfall :

There is a huge temporal and spatial variation in rainfall and water availability in the country. While average annual rainfall is 1170 mm, some parts of north east get around 10000 mm per year, while parts of western Rajasthan get only 100 mm. The below graphics shows that that around 68% of total net sown area fall under either lower or low rainfall.

The basin wise availability of water is also quite varied—the Ganga-Brahmaputra river basin contributes more than 50 per cent of the total annual water availability, and the Southern and Western basins contribute about 15 per cent each.

2. Poor Utilization of Irrigation Facilities :

The potential created for irrigation is 112 million ha, and the gross irrigated area is merely 93 million ha. There is a staggering gap of 19 million ha.

The major causes for the gap between potential tapped and potential possible are poor maintenance of the canal system, lack of participatory management, changing land use pattern, deviation from the designated cropping pattern, soil degradation and delay in the development of the command area.

3. Low Irrigation Efficiency :

As per the Report of the Task Force on Irrigation (2009) constituted by the then Planning Commission, the gross water use is about 1.45 m (4.8 feet) per ha of the gross irrigated area. This is very high compared to water use in irrigation systems in developed countries.

This overuse in the country reflects low irrigation efficiency, of about 25% to 35% in most irrigation systems, with efficiency of 40% to 45% in a few exceptional cases.

4. Ineffective Ground Water Policy :

Groundwater has rapidly emerged to occupy a dominant place in India's agriculture and food security. It has become the main source of growth in irrigated area, and it now accounts for over 60% of the irrigated area. About 70% of the paddy and wheat production in the country is from irrigated areas. Heavy subsidies in electricity consumed for agriculture have tended to encourage wasteful use of energy and water.

The preference for water-intensive crops like rice, sugarcane, banana, cotton, etc., is high in regions known only for groundwater availability. It is to be clearly understood that despite huge groundwater potential for agricultural growth, the country is heading towards an irrigation crisis.

5. Increasing Demand of Water :

Agriculture sector is using about 83 per cent of available water resources, but demand from other sectors may reduce availability for agricultural use to 68% by 2050.

6. Surface Water Over Exploitation :

Overuse of surface water leads to drainage problems, which in turn leads to Water logging in some areas. Water-logging, however, is mostly associated with unlined or poorly maintained canal irrigation systems.

7. Climate Change Challenges :

Temperature drives the hydro-logic cycle, and influences hydro-logical processes in a direct or indirect way. A warmer climate may lead to

intensification of the hydro-logical cycle, resulting in higher rates of evaporation and increase of liquid precipitation. Its impact is further compounded by surging population, increasing industrialization and associated demands on freshwater.

Q. 4. Write Government's efforts to improve Agricultural Productivity.

**Ans. GOVERNMENT'S EFFORTS TO
IMPROVE AGRICULTURAL PRODUCTIVITY**

After achieving independence, the Government of India has taken several measures to increase productivity through five year plans. These Government efforts are given below :

- (1) **Education of the Farmer :** Efforts are being made to educate the farmers in the new techniques of farming, use of improved implements and fertilizers, sowing of improved seeds, pest control, rotation of crops and in getting more than one crop in a year.
- (2) **Establishment of Model Farms :** State Government have set up model farms where guidance, demonstrations and literature are provided to farmers by trained staff of the State Agriculture Departments.
- (3) **Establishment of Agricultural Research Institutes :** Agricultural Research Institutes have been established to conduct agricultural researches and pass them on to the farmers through mass media and agricultural farms. Many universities have been conducting researches and training personnel in the field of agriculture. They have developed many improved varieties of seeds and implements as well as methods of farming and pest control. The Agricultural Research Institute at New Delhi and the Agricultural University at Pantnagar in Uttar Pradesh are two such institutions.
- (4) **Supply of Improved Varieties of Seeds :** The improved varieties of seeds yielding higher crops requiring shorter growing period and are also resistant to disease are being supplied to farmers by National Seeds Corporation and other seeds producing agencies.
- (5) **Supply of Insecticides, Pesticides and Fertilizers :** Farmers are being supplied insecticides, pesticides and fertilizers at reasonable rates. The Government has enacted Fertilizer Control Order in 1987 to regulate the prices, trade and quality of fertilizers in the country, so that the farmers get the right quality of fertilizers at the right time and at a reasonable price.
- (6) **Supply of Agricultural Credit to Farmers :** Farmers are being provided loans and subsidies to buy machinery, seeds, fertilizers etc. on very easy terms. Multipurpose cooperative societies and banks have set up in villages for the benefit of small farmers.

- (7) **Prices of Farm Produce Made more Attractive :** Prices of farm produce have been raised to make the occupation more attractive and to induce more efforts.
- (8) **Broadcasting of Rural Programmes :** All India Radio and Doordarshan broadcast suitable rural programmes regularly which make the farmers conscious for the progress in agricultural field.

Q. 5. Explain the defects of Indian Agricultural Marketing.

Ans. The main defects of agricultural marketing in India are discussed as :

- (1) **Malpractices in Mandies :** A number of malpractices prevail in Indian agricultural market system. *Arthityas* and brokers take advantage of the illiteracy of the farmers. There are several middlemen using unfair means to cheat them. Similarly, the system of setting rates is also dubious in most of the cases.
- (2) **Lack of Credit Facilities :** The Indian farmer is poor who has to depend on village money lenders for his financial requirements. He does not have sufficient means to pay land revenue in time. Thus, he is compelled to sell off the produce immediately after the crop is harvested despite the fact that the prices at that time are very low. It is necessary to provide him credit facilities so that he may wait for better prices. As such credit facilities are not easily available, the farmers are forced to tie up in the clutches of money lenders.
- (3) **Lack of Market Information :** The Indian farmer does not have necessary information about the prices in different markets. He has a little contact with the outside mandies and depends mostly on the reports received by local *baniyas*. The information is based in favour of the market money. Often, he takes his produce to the mandies where he gets very lower price for his produce. Therefore, he does not succeed in getting reasonable return for his produce.
- (4) **Unregulated Weights and Measures :** There are a large variety of weights and measures used in Indian markets. This practice affords greater chances of cheating the ignorant cultivators. Here, it must be noted that Government of India has introduced uniform system of weights throughout the country.
- (5) **Lack of Grading and Standardization :** Different varieties of agricultural produce are not properly graded, which results in dishonest functioning in the market. The man in authority can declare any produce inferior and consequently quote lower prices for such stocks. This practice prevails both in private and government agencies. Thus, the farmer producing better qualities is not assured of better prices.
- (6) **Excessive Market Charges :** The market charges are very high. The producer has to pay even for those services which he does not receive. Unauthorized charges like charges of peon, sweeper, zakat, dharmoax and shagiridi etc. are imposed upon the farmer's produce.

- (7) **Lack of Storage Capacity** : There is absence of proper warehouses in villages. As a result, the farmer is compelled to store his produce in pits, mud vessels and kuccha store house etc., which causes considerable wastage.
- (8) **Lack of Farmers Organizations** : Generally, peasants sell their produce on individual basis while buyers are organised. Thus, the whole agreement is in favour of traders and money lenders on one side and unorganised small and weak farmers on the other side. Obviously, they are cheated and exploited by the intermediaries and traders.

Q. 6. Describe the low Agricultural Productivity in India.

Ans.

LOW AGRICULTURAL PRODUCTIVITY IN INDIA

The basic problem facing the Indian agriculture is its backwardness due to which the agricultural productivity is much below than the desired level. A study of the agricultural productivity in India can be undertaken on the basis of the following main points :

- (1) **Land Productivity** : When we compare the land productivity of our country in terms of produce per hectare with the land productivity in other countries, we see that the productivity of the Indian soil is much low. Due to the application of chemical fertilizers, the land in India has started showing improvement in per hectare productivity, yet we haven't reached the desired level.
- (2) **Labour Productivity** : In India, in the field of agriculture, the labour productivity is very low, compared to other developed countries of the world. In our country, when compared to the big industries the productivity of labourers engaged in agriculture is only 25 percent and in comparison to business, transport, operators, communication system etc. it is about 35 percent. In India, the density of population is also different in different States and accordingly the agricultural labour productivity also differs from State to State. According to a study published by an Agro-Economist, the agricultural labour productivity is the highest in Germany where it is 3,465 dollars, in America, it is 1,408 dollars, in Japan, it is 1,165 dollars, in Britain, it is 1,075 dollars; at the same time it is only 105 dollars in India. These statistics clearly indicate that in comparison to the developed countries, the labour productivity in Indian agriculture is very low. The main reason for this is the high density of population in our country. There is no provision for alternative employment for the ever increasing population in the rural area. When they do not get any employment, they get themselves engaged in agriculture, thereby resulting in a very low per capita agricultural productivity.

Q. 7. What do you understand by water resources ?

Ans.

WATER RESOURCES

Water resources are natural resources of nature that are potentially useful. Uses of water include agricultural, industrial, household, recreational and environmental activities. All living things require water to grow and reproduce.

97% of the water on the earth is salt water and only three per cent is fresh water, slightly over two thirds of this is frozen in glaciers and polar ice caps. The remaining unfrozen fresh water is found mainly as ground water, with only a small fraction present above ground or in the air.

Fresh water is a renewable resources, yet the world's supply of ground water is steadily decreasing, with depletion occurring most prominently in Asia, South America and North America, although it is still unclear how much natural renewal balances this usage, and whether ecosystems are threatened. The framework for allocating water resources to water users (where such a framework exists) is known as water rights.

Q. 8. Importance and characteristics of agriculture.

Ans. Below are the importances of agriculture :

1. Source of Livelihood :

The main source of livelihood of many people is agriculture. Approximately 70% of the people directly rely on agriculture as a mean of living. This high percentage in agriculture is as a result of none development of non-agricultural activities to absorb the fast-growing population. However, most people in developed countries do not engage in agriculture.

2. Contributon to National Revenue :

Agriculture is the main source of national income for most developing countries. However, for the developed countries, agriculture contributes a smaller percentage to their national income.

3. Supply of Food as Well as Fodder :

Agriculture sector provides fodder for domestic animals. Cow provides people with milk which is a form of protective food. Moreover, livestock also meets people's food requirements.

4. Source of Raw Material :

The main source of raw material to major industries such as cotton and jute fabric, sugar, tobacco, edible as well as non-edible oils is agriculture. Moreover, many other industries such as processing of fruits as well as vegetables and rice husking get their raw material mainly from agriculture.

5. Significance in Transport :

Bulks of agricultural products are transported by railways and roadways from farm to factories. Mostly, internal trade is in agricultural products. Moreover, the revenue of the government, to a large extent, relies on the success of agricultural sector.

CHARACTERISTICS OF AGRICULTURE

1. Source of Livelihood :

Agriculture is the main occupation. It provides employment to nearly 61% persons of total population. It contributes 25% to national income.

2. Dependence on Monsoon :

Agriculture in India mainly depends on monsoon. If monsoon is good, the production will be more and if monsoon is less than average then the crops fail. Sometimes floods play havoc with our crops. As irrigation facilities are quite inadequate, the agriculture depends on monsoon.

3. Labour Intensive Cultivation :

Due to increase in population, the pressure on land holding increased. Land holdings get fragmented and subdivided and become uneconomical. Machinery and equipment cannot be used on such farms.

4. Underemployment :

Due to inadequate irrigation, facilities and uncertain rainfall, the production of agriculture is less, farmers find work a few months in year. Their capacity of work cannot be properly utilised. In agriculture there is underemployment as well as disguised.

5. Traditional Methods of Production :

In India, methods of production of agriculture along with equipment are traditional. It is due to poverty and illiteracy of people. Traditional technology is main cause of low production.

UNIT-III

Industry and Service Sector

LONG ANSWER TYPE QUESTIONS

Q. 1. Describe the problems of Industrial Development.

Ans. This is the fact that industrialization is very much necessary for the economic development of under-developed and developing nations, but these countries have to face a number of difficulties in this process. It is very cumbersome for them to remove such difficulties, and create an atmosphere conducive for industrial development.

PROBLEMS OF INDUSTRIAL DEVELOPMENT

The main difficulties faced by them in the course of industrialisation are as follows :

- (1) **Lack of Basic Infrastructure :** Industrial development requires the existence of basic infrastructure such as means of transportation, energy, high literacy level, training facilities, banking and insurance etc. If the country does not possess such infrastructure, industrial development is not possible.
- (2) **Lack of Energy :** The demand of energy increases with the growing industrialisation. But the supply of energy as per the demand does not increase which results in that the industries do not run for longer duration.
- (3) **Problem of Finance :** Lack of adequate finance is the biggest obstacle in the way of industrial development. It is very hard for the governments of underdeveloped or developing nations to arrange suitable finance for industrialisation in the country. Even in India, we are facing a very grievous problem of finance, but our government has opened several institutions working in that direction, such as, Industrial Finance Corporation of India, State Finance Corporation, Indian Industrial Credit and Finance Corporation Ltd., Indian Industrial Development Bank etc. Even these institutions are finding it very hard to satisfy all the needs of all the industries in India.
- (4) **Backward Plant and Machinery :** Most of the industries in India still rely on indigenous plant and machineries in the matter of production. Consequently, the goods manufactured fail in facing international standard. When the goods manufactured within the country do not find international market there is lesser industrial development.

- (5) **Lack of Efficient Personnels :** In under-developed and developing nations, the level of literacy is usually very low. As a result, such countries always lack efficient and skilled personnels. Inefficient labourers and other workers cannot contribute towards industrialisation.
- (6) **Inadequate Supply of Raw Materials :** Improper supply of raw materials as needed by the industries is another problem faced in the way of industrial development. There are several industries importing raw material from foreign countries.
- (7) **Higher Cost of Production :** In the beginning when industrialisation takes place, the cost of production remains higher. As the production goes higher, the cost of production becomes lower. As a matter of fact, this problem is faced only in the initial stage, and with the passage of time, the problem comes to an end.
- (8) **Indiscipline Amongst the Workers :** One of the main problems faced in the process of industrialisation is the prevailing indiscipline among the working class. Industrialisation offers the workers, an opportunity to unite. As a result, the workers are always placing one or the other demand before their employers. If those demands are not accepted, the situation of strike arises. In such a situation, the production level becomes lower, and national as well as per capita income also comes down.
- (9) **Problem of Urbanisation :** Industrialisation is at the root of urbanisation. Industrially developed areas become heavily populated; and as a result, the health services, the supply of electricity and water become adversely effected, and atmosphere becomes polluted.

Q. 2. Write the reasons for Low Industrial Development in India.

Or

What are the main problems of industrial development in India ?

Ans. REASONS FOR LOW INDUSTRIAL DEVELOPMENT IN INDIA

Though industrial development has started taking place in our country, still we have to do a lot towards that realisation. The main causes behind low industrial development in India are following :

- (1) **Lack of Efficient Entrepreneurs :** The main reason behind low pace of industrial development is lack of skilled and efficient entrepreneurs. Despite the fact of so many incentives offered by our government under New Industrial Policy, not so many entrepreneurs are coming forward taking initiatives so that the country may become industrially advanced.
- (2) **Lack of Sources of Energy :** There is also a dearth of sources of energy, required for running industries, in our country. The coal, water and petroleum are considered three main sources of energy. Though we

have huge deposits of coal, yet the superior quality of coal is lacking. Therefore, we have to import high quality of coal for running our iron and steel industries. There is also no proper planning to make maximum utilization of available water resources. We have to rely upon Arabian countries to fulfil our demand of petroleum products. That is other thing that we have succeeded in the exploration of a few areas rich in petroleum products.

- (3) **Adverse Social Atmosphere** : Caste ridden society, joint family system and prevailing superstitions are the essential part of our Indian social structure. The caste and joint family systems have always posed obstacles before the mobility of labour. The division of property under the law of succession has suspended the industrialists taking venture in those areas requiring huge capital investment.
- (4) **Lack of Advanced Machines and Technology** : Most of the industrialists in India rely upon backward machines and technology in the matter of production. Due to the lack of government support and encouragement, high class technologists from India are heading towards foreign countries seeking job opportunities.
- (5) **Lack of Capital** : National and per capita income in India is very low, as a result, the saving power of common man is almost nil. When there is no or very little saving power, it is very difficult to accumulate wealth to invest towards industrialisation.
- (6) **Lack of Means of Transport and Communication** : Developed means of transport and communication are an integral part of industrial development of any nation. India is lacking in both of these aspects. Even today, after fifty five years of independence, we do not have high quality of roads in our country. Indian Railways have shortage of wagons, and therefore, the goods can be seen lying in railway godowns. We do not have adequate postal and telegraph facilities in remote areas. All these reasons have proved fatal in our industrial development.
- (7) **Foreign Rule in Past** : Till 1947, India has been under the governance of foreign rule for centuries. The Britishers did not pay any attention towards industrial development of our country. Their main intention was of sending raw material from India to their own country to meet out their own industrial requirement. Thus, the foreign rule also proved to be of shattering influence for our industrial growth.

Q. 3. What do you understand by cottage and small scale industries ?

Ans. India has a tradition of industry as old as human history. Prior to the Industrial Revolution, India's handicrafts made in village huts all over the land, were prized in foreign countries and gold flowed to our country in return for their sale. Our textiles, pottery, bronze articles and metal-wares

were known all the world over. The Industrial Revolution that shook Europe in the 18th and the 19th century, spelled the ruin of our traditional village craft and impoverished Indian economy. Our village craft remained crippled till the British left our shores in 1947.

A significant feature of the Indian economy since 1947 has been the revival of cottage industry and the small scale sector. The Industrial Policy Resolutions of 1948 and 1956 gave to the small scale sector special role for creating additional employment with low capital investment.

COTTAGE INDUSTRIES

Cottage industries hold an important place in Indian economy. In an under-developed country like India where population is constantly increasing agriculture and big industries cannot absorb all those unemployed. The solution to the rising unemployment lies in the development of cottage and small scale industries. Thus is the kind of industry which has simple working but produces artistic goods which are exported to foreign countries. For example, Banaras and Jaipur are the traditional homes of world famous crafts. Gold and silk brocades from Banaras and jewellery from Jaipur are exported to all over the world. Because of the nature and working system of cottage industries, they are more important for the villages than for the cities and the towns. Only the cottage industries can make it possible that the agriculturists are retained in the agriculture itself and at the same time the problem of disguised and seasonal nature of unemployment is removed.

In case the agricultural households are imparted some training alongwith loan facilities and supply of raw materials and if the demand for the goods manufactured by them is created and marketing facilities improved then the cottage industry can become complementary to agriculture as an occupation. When the cottage industries on these terms are established, the cultivator, when he is busy in his agriculture, can work on part-time basis in his cottage industry, because even during busy season on his farms, all his time would not be needed. When the season is off he can work full time as he would not be having any other work to do. This way he could be fully employed. Thus, the cottage industries can play a very important role in the development of rural economy despite the fact that presently their contribution to the output and employment in villages is not fairly large.

The role which the cottage industries can play in the development of village economy can only be understood by first knowing in what manner a cottage industry differs from the factory system of manufacturing articles. In case a worker is working in some factory he would have to leave his home early in the morning to attend the place of work. In the factory where the worker is employed, he sells his labour power to the capitalist who organises the process of production. The living style of the family members of the worker and the process of production in which he sells his labour power are two

separate areas for the worker in modern system of production whether the industry is large scale or small scale. But this separation is not witnessed in traditional mode of industrial production. Any household or cottage can be used as place of work where all the members of the family can be engaged in the production of some handicraft. The product could be a piece of cloth made by handloom or a metal utensil wrought by hand or some other product.

MAIN COTTAGE INDUSTRIES OF INDIA

The main cottage industries of India are as follows :

- (1) **Handicraft** : Handicraft includes a large number of crafts and plays a significant role in Indian economy. They provide employment to nearly 40 lakhs people and are great foreign exchange earners. All India Handlooms and Handicrafts Board was set up in July 1981 to advise the government for the development of handlooms and handicrafts. Eighth Five Year Plan also aimed at setting up of around 150 craft development centres.
- (2) **Handloom** : Handloom occupies a significant place in our development programme. The handloom industry provides largest employment in the decentralised sector next only to agriculture.
- (3) **Coir Industry** : Coir industry employs nearly 92 lakhs people. The state of Kerala alone produces 90 percent coir production. The export of coir industry is estimated to be ₹ 40-50 crores per year. A statutory body known as 'Coir Board' has been established by the Central Government for the promotion and development of coir industry. The 'Coir Board' exports the coir and coir goods, and looks after the product batterment, modernization of manufacturing techniques and fixing grades and standards.
- (4) **Khadi and Village Industries** : Rural industrialization has been the objective since the very beginning. In the year 1957, Khadi and Village Industries Commission was set up to plan, organise and implement programmes for the development of Khadi and 25 specified industries such as honey, match-box, poultry, bee-keeping etc. The programmes are implemented through 25 State Khadi and Village Industries Board, 800 registered institutions and 29,000 co-operatives.

SMALL SCALE INDUSTRIES

In the category of small scale industries fall those industries which are usually established in cities and towns. The small scale industries run through power and machines with the help of labourers engaged on wages.

At one time, small scale industries were regarded those which had a capital investment of less than 5 lakhs and after sometime, the limit of capital was raised to 20 lakhs. In March, 1985, the government revised the limit of

investment to ₹ 35 lakhs and in case of ancillary units from ₹ 25 lakhs to ₹ 45 lakhs. At the present moment, the limit of investment is ₹ 1 crore. Investment implies investment in fixed assets, in plant and machinery whether held in ownership term or by lease or hire purchase.

There are two kinds of small scale industries, *i.e.*, modern and traditional. Modern small scale units use highly sophisticated machinery and equipments. Traditional small scale industries include khadi and handloom manufacturing, handicrafts, sericulture, coir etc. Traditional industries can provide part time employment to agricultural labourers and artisans.

DISTINCTION BETWEEN COTTAGE AND SMALL SCALE INDUSTRIES

Cottage industries can be distinguished from small scale industries on the following grounds :

- (1) A cottage industry is run by family members, whereas, a small scale industry is run by engaging labourers on the payment of wages.
- (2) The cottage industry manufactures goods made from hands, supplying local demand, whereas, the small scale industry manufactures goods made through machines, fulfilling demands of a very large area.
- (3) There is very little or no use of machines in cottage industry, while in small scale industry, the goods are manufactured with the help of machines.
- (4) The cottage industry obtains raw materials from the locality itself, whereas, small scale industry may require raw material from far-off areas, depending upon requirement.

Q. 4. Explain the role of cottage and small scale industries in India.

Or

Discuss the importance of cottage and small scale industries in Indian economy.

Ans. The small scale industrial sector and the large scale industrial sector are the two main supports of Indian economy, both of them having a great role to play in making Indian an industrialised country of the world. But the small scale sector plays even a greater pivotal role in terms of employment and economic growth due to the following reasons :

- (1) **Low Capital Investment** : In comparison to large scale industries, capital investment required for small scale modern industries and particularly for cottage industries is much less. The assets of the organised cotton textile industry, which is a large scale industry, run into thousands of crores, whereas a small scale modern industry has maximum asset as ₹ 1 crore per unit. Hence small scale sector plays a great role in a country like India where capital is in short supply.
- (2) **Labour Intensive** : Small industrial sector is labour-intensive. Capital required per employed person in small scale industries is very low. It

has been estimated that in modern small scale industries using sophisticated machinery the capital investment (fixed plus working) does not go beyond ₹ one lakh for every 10 persons employed. In the traditional small scale industries like handlooms, it works out even less. So if India invests in small sector, more people can be employed.

- (3) **Higher Output of Small Industries :** Small scale sector provides a higher output capital ratio, besides providing a higher employment capital ratio. The compound annual growth rate in small scale sector is 10.5 percent while for the large sector it is not even 6 percent. The performance of small industrial sector is noteworthy when we compare it with sluggish large scale sector. In a capital scarce economy like that of India, a greater encouragement must be given to small scale industries.
- (4) **Balanced Economic Growth :** The small scale sector has not been given so much encouragement by the government of India since 1951, as has been given to large scale sector. Yet the small scale sector has recorded a high rate of growth despite stiff competition from large scale sector. Consequently, the economic development of the country has been very unbalanced during the last three decades. Hence, for balanced growth of Indian economy, it is necessary that small scale sector is given due importance.
- (5) **Rural Development :** Village industries have received little attention from the government. Even after 56 years of independence Indian villages are poor and backward. Large enterprises are concentrated in metropolitan cities. Smaller towns and countryside must encourage smaller enterprises. Industrialisation of the country can become complete only when it penetrates the countryside. It may not be possible to start small enterprises in every village, but it is quite possible for a group of villages to start small enterprises there. This will increase employment opportunities in rural areas and also improve rural economy.
- (6) **Equity Argument :** Large scale industry encourages more concentration of economic power in a few hands. Small scale industry brings about greater equality of income distribution. In large scale sector, there is greater exploitation of labour. In small undertakings, the exploitation of labour does not take place because small scale undertakings are either proprietary or partnership concerns. Therefore, the relations between the employers and the employee are very cordial and harmonious. This is the reason that in small scale sector there is more equitable distribution of wealth.
- (7) **Safety from Class Struggle :** Since the relations between the employer and the employee in small scale undertaking are harmonious, there are little chances for class struggle. There is non-existence of trade unions.

- (8) **Greater Earning of Foreign Exchange** : Indian handicrafts are great foreign exchange earners. There has been substantial increase in exports of readymade garments, canned and processed fish, leather sandals and chappals, food product, hosiery and marine products.
- (9) **Improvement of Handicrafts** : When more money comes from export of handicrafts, handlooms and products of small and cottage industries, the artisans get encouragement. They try to improve their skill and display their craftsmanship and art to the fullest possible extent.
- (10) **Immediate Production** : In a small scale undertaking production starts as soon as it is established. In large scale undertaking, the production starts after a long time.

Q. 5. Describe the effective measures to solve the problems of Cottage and Small Scale Industries.

**Ans. EFFECTIVE MEASURES TO SOLVE
THE PROBLEMS OF COTTAGE AND SMALL
SCALE INDUSTRIES**

Several suggestions to remove hurdles in the way of development of cottage and small scale industries are as below :

- (1) **Encouragement by Government** : The government should help the small scale sector by protecting it from the competition of large scale industries. But Indian government has failed so far in achieving this objective. The operation of the licensing system has not been effective in preventing competition from the large scale industries and in providing the required degree of initial protection. Nor has it been possible to prevent concentration of industries in large cities and towns. The resource allocation in various plans for the improvement of small scale sector is not sufficient. For example, in the Sixth Five Year Plan, only less than 2 percent was sanctioned for village and small industries. The need of the hour is that more resources should be allocated for the development of this sector. Besides this, it is necessary that the list of items reserved for small scale sector should be enlarged. At present, the list includes 674 commodities. The list must be enlarged so as to protect small scale sector from the competition of the large scale enterprises.
- (2) **Credit Facilities** : The Second Report of the International Team says, "Considering the vital role of small industries within the Indian industrial economy, the total amount of loans granted to small industries forms a very small part of the total loans to Indian industry." This situation should be changed. The nationalised banks should have provided more credit at cheaper rate for the development of this priority sector.

Several studies have been made to find out the cause of industrial sickness among the small scale industries. One very important cause is

that many small scale industries depend upon the big business to whom they sell their produce and who do not make timely payment to the small entrepreneurs for the goods received from them. The result is that the liquidity of these small scale entrepreneurs is affected and they are forced to close down the production on account of paucity of working capital. The Government should come out boldly to solve this problem so that small scale industry may be saved from sickness due to lack of working capital.

Though nationalised banks have increased credit facilities to rural and cottage industries, most artisans and craftsmen particularly belonging to the poorer sections of the society and working in small towns and villages, are unable to satisfy their credit requirements. The nationalised banks should solve this credit problem at their end.

- (3) **Marketing Assistance :** Government should prefer the products sold by small firms. The National Small Scale Industries Corporation is helping small firms in obtaining greater share of government and defence purchases. More purchase orders from the Directorate General of Supplies and Disposal must be obtained for products of the small industries.
- (4) **Industrial Estates :** Many states have provided Industrial Estates to the small sector. On rental basis, good accommodation and other basic facilities are being provided to small industrialists. This scheme has so far only succeeded partially. The small scale industries which are running in these industrial estates are notorious for poor performance because the estates are wrongly located, the sheds are unsuitable and do not satisfy needs, capacity is not fully utilised and many factory sheds are occupied by government agencies.
- (5) **Development of Corporate Societies :** Small entrepreneurs must form co-operative societies for various purposes and to develop themselves.
- (6) **Standardisation of Products :** Small industries should standardise their products. The quality of the same product should not vary from one firm to another.
- (7) **Advertisement of Products :** The small entrepreneurs should make use of effective propaganda and adopt means of advertisement in order to develop the popularity of their products.
- (8) **Setting Up of Marketing Centres :** The Marketing Corporation should set up marketing centres for developing the sale of different products.
Other measures which may help the small sector are :
 - (i) Provision of electric power at cheaper rates and on priority basis.
 - (ii) Prompt supply of improved implements and machine tools.
 - (iii) Relief in excise duties.

Q. 6. Write the steps taken to promote Large Scale Industries.

**Ans. STEPS TAKEN TO PROMOTE
LARGE SCALE INDUSTRIES**

The Government of India has taken the following steps to promote large scale industries :

- (1) **Establishment of Financial Institutions** : Government of India has established Industrial Financial Corporation so that long term funds are supplied to large scale industries for a duration upto 25 years. Similar to Industrial Financial Corporation, the Government has also established IDBI, SFC and many other financial corporation providing loan facilities to large scale industries.
- (2) **Adoption of Liberalisation Policy** : The liberalisation policy aims at achieving following three objectives in large scale sector :
 - (i) Industries are encouraged to upgrade technology. There are a number of fiscale and financial incentives for adopting modern industrial technology.
 - (ii) All possible help is provided to industries so that cost efficiency is achieved.
 - (iii) Immense help is provided so that modernisation of plant and equipments consistent with the above first two objective is done.
- (3) **Sound Industrial Base** : The Government has taken the initiative for establishing and developing basic and key industries in the public sector. The establishment of basic industries provides sound structural base for the development of other industries.
- (4) **Development and Expansion of Public Sector** : The government provides every possible help for the development and expansion of public sector industries. The development of public sector builds economic infrastructure for the development of other large scale industries.
- (5) **Provision for Technical Knowledge** : Ministry of Human Resources and Development has launched many programmes to impart technical training in the country and abroad. Technical knowledge from developed countries has been imported. There is the opening of large number of engineering colleges and technical institutes. Presently, the position is that we ourselves are exporting technical know-how to various other countries.
- (6) **Removal of Regional Disparties** : Regional disparties can be removed when there is the establishment of industries in all the regions. In order to achieve this purpose, the Government of India has taken following steps :
 - (i) In the year 1968, the Government identified 246 districts as 'backward' and provided incentives and subsidies for the industries set up in such 'backward districts'.

- (ii) By enacting Industrial Development and Regulation Act, Government has permitted even the large industrial houses to set up units in industries otherwise closed to them if they are willing to establish them in backward areas.
- (iii) Licensing policy has been made such as forcing large business houses to locate industrial units in backward areas.

Q. 7. What are the main problems of Industrial Labourers in India ?

Ans. MEANING OF INDUSTRIAL LABOUR

The term 'industrial labour' includes all those labourers engaged in industries in the form of workers, clerks, for any other category of employee. The meaning of industrial labour in reference to Indian conditions is limited. Only those labourers are considered as industrial labourers in India who are engaged in organised factories or those factories functioning under the Factory Act of 1948.

EXTENT OF INDUSTRIAL LABOUR

The causes of industrial workers in India was first taken during the latter half of the century. In 1900, we had only 5 lakh industrial labourers. The figure had gone to 30 lakhs in 1950, 49 lakhs in 1970, 58 lakhs in 1975 and 85 lakhs in 2001. In India, the largest number of industrial workers is found in Maharashtra where they account for 17% of the total labour force. The second position is for West Bengal where they constitute 12% followed by Tamil Nadu and Gujarat where it is 9% each. In Uttar Pradesh, it is 8%, in Andhra Pradesh, it is 6% and in Bihar, 5%.

PROBLEMS OF INDIAN INDUSTRIAL LABOURERS

Like any other segment of the workers Industrial segment also is not free from problems. The main problems of Indian industrial labourers are as under :

- (1) **Low Wages :** The most important problem of the industrial labour is that he is paid very low. Even though in our country, the Minimum Wages Act is prevalent, this is not being implemented uniformly and have proved ineffective in so many cases. Besides this, the minimum wage fixed by the Government when compared with the present day price of essential commodities, is very low.
- (2) **Low Standard of Living :** As the Indian industrial labour is paid very low, his standard of living is also correspondingly low. He is compelled to live in a small room in a hut, where no fresh air or sunlight is available. The room rent in Industrial towns and cities are very high

compared to other places, the poor and low paid industrial workers lives in slums and as a result of which he gets sick quite often.

- (3) **Violation of Rules by the Factory Owners :** For the welfare of the industrial workers, the Government of India has enacted a number of Acts such as the Factory Act, Minimum Wages Act, Bonus Act, Industrial Disputes Act, Payment of Gratuity Act, Employees Provident Fund Act, Contract Labour Amendment Act, etc. But in actuality; the factory owners do not follow these Acts. When the worker does not get payment as provided in various Acts, he is not in a position to fight for his rights as he is not in an organised set-up. Benefits under the above Acts are only given to those factory employees who have a strong trade union.
- (4) **Problem of Unemployment :** The industrial labourers have to idle away a good portion of their time. Many a times it so happens that there is lockout in the factory or strikes by the workers; sometimes due to irregular supply of power, raw materials etc., the labourers do not get regular work. When there is no regular work, the income of the labourers goes down considerably. Many of these workers have no other source of income. Thus, a situation arises when the labourers find it very difficult to meet out their minimum requirements of daily life.
- (5) **Non-increase in Wages Commensurate with the Rise in Prices :** The Government pays dearness allowance to its employees. Dearness allowance means an allowance paid to the staff to combat the rising prices. When the prices rise, D.A. also increases. Likewise when prices come down, the D.A. also decreases. Only a few industries have introduced the D.A. system linked with the price index. The unorganised industrial segment do not have any such agreement with the labourers. The labourers working in such industries do not get their D.A. increased when the prices increase. In other words, there is no increase in their income when the prices continue to increase. Thus, the industrial labourers have a tough time to maintain their families.
- (6) **Lack of Organised Labour Unions :** It is the general tendency of the industrialists to exploit the work-force with very little wages in comparison to the volume and hours of work one has to put in. Only collective bargaining helps the workers to gain more from their employers. For collective bargaining, a strong labour union is a must. Where there is no such organised labour union exists, the industrialist fully exploits the situation and the workers suffer on account of this. In many industries, the workers commute from the nearby villages. They come for work at the start of the factory or little later and rush back to their home village as soon as the working hours are over. They do not get any time to sit together and discuss their problems and collectively take them to the industrialist. In that way, they are not in a position to

take benefit out of their work and get exploited by the rich and greedy capitalists.

- (7) **Retrenchment of Labour** : In the unorganised industries what the industrialist say or do is the law. The labourers are selected according to their choice. No appointment letter is given. The terms and conditions of the work is not known by the poor illiterate labourers. They have to work hard and return home with very little amount of wages. They cannot bargain. They have no freedom to argue. If their industrialist is displeased, next day he is removed from the job and these helpless labourers have no other way but to obey the commands of their masters. Thus, retrenchment is a big problem for the industrial labourers.
- (8) **Financial Strains** : The wages earned by the industrial workers are not sufficient to meet out their daily needs. So they often take loans from the money-lenders for very urgent needs. Such loans and borrowings carry very high rate of interest. These money-lenders are not interested in getting the monthly interest. So on the wage distribution day, they stand before the factory gates and get the interest realised from the workers. After paying to the money-lenders, the industrial labour has very little left with him for his own use. Thus, these labourers constantly remain in debt.
- (9) **Housing Problem** : In big industrial cities, the population is very high. The house rent is also very high and there is always a shortage of living accommodations. The industrial labourers due to their low wage structure cannot afford to live in those highly rented houses. Therefore, they go to the nearby slums and live therein. Thus, the industrial workers suffer a lot on account of housing problem.
- (10) **Illiteracy and Ignorance** : On the whole, the literacy percentage of Indian people is very low, particularly among the industrial workers. These workeres are straight away put on to their jobs without giving any training. Therefore, they are unskilled. This illiteracy and ignorance make them insufficient workers and fail to achieve satisfaction and higher wages.
- (11) **Unsatisfactory Working Conditions** : Our industrial workeres are working in unsatisfactory conditions in the factories in the absence of proper ventilation, clear drinking water, toilets, sanitation and drainage etc. In addition, the number of hours the working is required to put in are also quite long. Thus, the general working conditions in the factory are of unsatisfactory nature. This can be taken as yet another problem faced by industrial labour.
- (12) **Defective Industrial Set-up** : Industrialists concentrate on immediate gains and for achieving this, they exploit the industrial workers.

Organisers pay no heed to the problems of the workers at the same time they are quite unsympathetic and narrow-minded. They try to squeeze out work from their workers, on the other hand, the labourers for fear of losing their jobs suffer the hardships unwillingly.

- (13) **Slums** : A large number of industrial workers are living in slums in large cities. Majority of these inhabitants are employed in small scale units. The living conditions in these slums are apathetic.

Q. 8. Write the steps taken by the government to improve the condition of industrial labourers.

**Ans. STEPS TAKEN BY THE GOVERNMENT
TO IMPROVE THE CONDITION OF
INDUSTRIAL LABOURERS**

The Government of India after independence had taken a number of steps to improve the condition of industrial labour. Some of the important steps taken by the government are given below :

- (1) **Steps for Welfare and Social Security** : The Government of India had enacted a number of Laws for the purpose.

(i) Factory Act, 1948, (ii) Minimum Wages Act, 1948, (iii) Employees State Insurance Act, 1948, (iv) Employees Provident Fund Act, 1952, (v) Family Pension Scheme, 1971, (vi) Payment of Gratuity Act, 1972, (vii) Compensation Act.

These Acts take care of a number of industrial problems such as adequacy payment of wages, regulation of working hours, payment of over-time for the work done beyond the normal working hours, provision of medical facilities, education of the wards of the labourers, housing facilities, retirement benefits like pension and gratuity etc.

- (2) **Payment of Adequate Wages and Participation of Labourers in the Management** : Due to constant interference of the government now in many of the industries in India, the labourers get reasonable wages. Due to the legislations and the interference of the labour unions, the industrialists cannot cheat the workmen as it was done in the past. Now in many of the industrial establishments, the workers also have participation in the management. This all could become possible because of the independence of the country and a number of laws passed in the Parliament and State Legislative Assemblies.

- (3) **Better Housing Facilities** : A good number of industrialists have provided residential accommodation either free of cost or at a nominal rent in the vicinity of the factory. This has helped to a great extent in improving the health, happiness and efficiency of the workers. In factories, normally shift duties are prevalent. In such conditions, the labourers have to perform night duties. They may have to come to the

factory or go home in the early morning or late in the night. This was a very difficult task for them to do it when they commuted from the village. Lot of time and energy were wasted in the process. By providing residential accommodations near the factory area, the labourers are relieved of their good amount of troubles. Further more they even in work remain closer to their families and *vice versa*.

- (4) **Better Working Environment :** The Factory Act, 1948, provides for better factory premises. That means the factory buildings should have good lighting arrangements, ventilators for fresh air, drinking water facility, canteen facilities, clean toilets etc. The provision of these all had gone a long way in improving the efficiency and productivity of the labourers.
- (5) **Labour Welfare Measures :** It has been mandatory for the employers to provide all possible welfare to his employees. Government of India has enacted following Acts to provide welfare to industrial labourers and their family members :
- (i) Coal Mines Labour Welfare Fund Act, 1947
 - (ii) Mica Mines Labour Welfare Fund Act, 1947
 - (iii) Mines Act, 1952
 - (iv) Iron Ore Mines Labour Welfare Fund Act, 1961
 - (v) Bidi Workers Fund Act, 1976

Thus, we can conclude that with the efforts of the Government, the miserable state of the millions of industrial labourers have improved a lot. We can hope that in coming years the industrial labourers will be in an improved condition.

Q. 9. What are the main problems of Sugar Industry ?

Ans. The problems with the sugar industry can be broadly divided into two parts viz. natural issues and policy issues. Before dealing with them, we have to note that there are two policy scenarios viz. **before April 2013** and **Post-April 2013**. We can also call it *before Rangarajan* and *after Rangarajan* scenario. In the Pre-April 2013 scenario, various problems of the sugar industry can be summarized in the following graphics.

☞ Sugar—A Political Sensitive Commodity :

The biggest problem of the Indian sugar industry is that it is *one of the most politically sensitive commodities*. Despite having a very small share in the monthly household budget, the slightest price increase can trigger inflation in other commodities. On the other hand, a large number of farmers grow sugarcane, and a fall in the price of sugarcane can shake the state governments, particularly in UP and Maharashtra. Sugar is also an essential commodity as per essential commodities act.

Cyclicalities in Production

Another big problem of the sugar industry is the *cyclicalities in the sugarcane production*. By cyclicalities, we mean to say that the sugar cycle in our country gives three years of good production in a row followed by consecutive years of bad crop. This creates difficulties in policy making.

Levy Sugar and Minimum Distance between Mills :

To check the frequent rise and fall in the prices of sugar, government had introduced dual price mechanism. Under the dual price mechanism, the government fixed the ratio of **Levy sugar** and free sale sugar quota. By doing so, every sugar mill was allocated a command area in its vicinity. This command area varied from 15-25 kilometers radius. The mill is bound to purchase any sugarcane grown in that area and the cane farmers are also expected to sell only to the designated mill. A part of produce of these sugar mills is required to be **sold to the Government**. This part is known as Levy Sugar. The levy sugar is sold to the consumers through fair price shops of the public distribution system. This ratio initially was fixed 45:55, later kept revising till reached 20:80, before finally getting abolished in April 2013. *At present, there is no levy sugar in India.*

Monthly Release Mechanism :

Under the Levy sugar regime, the sugar mills had to sell a part to the government. The remaining free sale quota was also under a different regime called Monthly Release Mechanism. Under this mechanism, the government would dictate the mills *how much sugar they could sell in the open market on a monthly basis*. Sugar factories could not sell over or below the amount stipulated by the Government.

Cane Pricing Issue :

In most of the major sugar exporting countries, the sugarcane prices are linked to sugar prices. In our country, there is a disconnect between the two. This is mainly because at the same time, *the one cannot sustain the low sugar price, high cane price and a healthy flourishing sugar industry at the same time*. Numerous committees have tried to design a formula linking sugar and sugarcane prices, but as of now, none of such formulae is perfect. The problem in arriving at a formula is as follows :

- If there is abundant supply of sugarcane, the mills will drop the prices to be paid to farmers.
- If there is an erratic supply of sugarcane, the mills will raise the prices to be paid to farmers.

Your never know, how will be trend of sugarcane supply.

Historically, first such formula was Bhargava formula, which said that if there is an erratic supply of the sugarcane, the farmers, under an agreement with the sugar mills will get a fraction of the profits of mills as incentives.

The FRP and SAP Issue :

At present, the Central Government along with the CACP releases an all-India sugarcane price called 'Fair and Remunerative Price' (FRP) every year before the start of the sugar season. This FRP is a formula-linked cane price to encourage higher productivity. This FRP is what the mills would have to pay to the cane farmers.

But some states would like the mills to bleed more. They would fix a cane price over and above the FRP, which the mills would have to pay to the farmers. This price is called State Advised Price (SAP). The problem with the State Advised Price is that it is generally politically motivated. We take an example of Uttar Pradesh here. In that state, successive governments kept SAP high for electoral gains. Consequent to this, the Sugarcane became the most attractive crop to grow. On the one hand, farmers increased the cultivation of sugarcane crops, while on the other hand, the mills were forced to pay higher prices. The result was that arrears to farmers kept rising until they reached record high.

A few years ago, the Ministry of Food has made a proposal for curbing the state's political government's maneuvers regarding sugar prices. It said that if the state governments want to fix a SAP over and above the FRP, they could do so, but instead of mills, the extra amount will have to be paid by the state government. This proposal finds place in dustbin as of now.

Q. 10. What is the importance of small and cottage industries in Indian economy ? What efforts have been done for their promotion by Government of India ?

Ans. For detailed answer see Long Question No. 4 and 5.

SHORT ANSWER TYPE QUESTIONS

Q. 1. What is meant by Industrial Policy ?

Ans. INDUSTRIAL POLICY

An **industrial policy** of a country, sometimes denoted **IP**, sometimes **industrial strategy**, is its official strategic effort to encourage the development and growth of all or part of the economy, often focused on all or part of the manufacturing sector. The government takes measures "aimed at improving the competitiveness and capabilities of domestic firms and promoting structural transformation." A country's infrastructure (including

transportation, telecommunications and energy industry) is a major enabler of the wider economy and so often has a key role in IP.

Industrial policies are interventionist measures typical of mixed economy countries. Many types of industrial policies contain common elements with other types of interventionist practices such as trade policy. Industrial policy is usually seen as separate from broader macroeconomic policies, such as tightening credit and taxing capital gains. Traditional examples of industrial policy include subsidizing export industries and import-substitution-industrialization (ISI), where trade barriers are temporarily imposed on some key sectors, such as manufacturing. By selectively protecting certain industries, these industries are given time to learn (learning by doing) and upgrade. Once competitive enough, these restrictions are lifted to expose the selected industries to the international market. More contemporary industrial policies include measures such as support for linkages between firms and support for upstream technologies.

Q. 2. Explain Industrial Finance.

Or

What do you mean by Industrial Finance ?

Ans. Finance is considered as the life-force of industry. Without getting adequate finance industrial development is not at all possible. Due to the lack of adequate finance, industrial development in India could not achieve a significant position and shape. Industries require both short term, medium term, and long term finance for meeting their requirements of fixed capital expenditure and also to meet their working capital needs.

Sources of Industrial Finance : (i) Shares and Debentures, (ii) Public Deposits, (iii) Commercial Banks, (iv) Indigenous Bankers, (v) Term-lending Institutions, (vi) Retained Profits.

Q. 3. What do you mean by localisation ?

Ans. The tendency of industries to concentrate in certain areas or towns which possess certain special advantages conducive to the development of industries can be termed as localisation of industries. The tendency of industries to concentrate at one particular region or place is the result of the availability of raw materials, cheap labour, capital, transportation etc. The main consequence of localisation is that such place becomes famous for the production of a particular commodity. In this way, certain areas acquire state-wide reputation while others acclaim national and international reputation. For instance, cloth printing and dyeing industry is localised in Farrukhabad and Tanda, cotton textile industry in Mumbai and Ahmedabad, sugar industry in Uttar Pradesh and Bihar, jute mills in Kolkata and iron and steel industry in Bihar and West Bengal. Mysore, Kanchipuram and Banaras

are famous for silk all over India, whereas Kashmiri *shawls* have an international market. The localisation of an industry in a place is due to some favourable conditions or factors which are instrumental in keeping the cost of production of the commodity at the lowest level. Localisation of industries is also known as the territorial division of labour or geographical specialisation.

According to **Robertson**, "*Localisation of industry is the propensity of particular trades to cling and breed and cluster in particular localities.*"

Q. 4. Describe the problems faced by large scale industries.

**Ans. PROBLEMS FACED BY LARGE
SCALE INDUSTRIES**

Large scale industries suffer from certain handicaps, some of which are given below :

- (1) **Lack of Capital** : Large scale industries require a huge amount of fixed and working capital. Whenever there is shortage of capital, the industry becomes sick. Due to lack of capital, no industry can develop.
- (2) **Lack of Power** : Large scale industries require power. If power is difficult to obtain, or there are irregularities in its supply, the production falls down.
- (3) **Industrial Relations** : Large scale industry has to face the opposition of trade unions. Lockouts and strikes are common in large scale industries. Thus, production ceases for some time.
- (4) **Lac of Raw Material** : A large scale industry requires raw material in large quantities. If raw material does not come to the industry, or if its supply is irregular, the production suffers.
- (5) **Heavy Government Duties** : The Central as well as the State Government impose heavy taxes on large scale industry which enhances the cost of production.
- (6) **Modernisation** : Modernisation is necessary for lowering down prices. But labour does not like modernisation for fear of being displaced. The industrialist is checked from carrying out innovations in the productive process. Sometimes lack of capital does not permit an industrialist to go for modernisation and innovations.
- (7) **Legislative Control** : Sometimes the government policies are not favourable for the growth of an industry. Control and decontrol of prices are seldom useful to the industry.
- (8) **Increasing Costs** : Increasing cost of raw materials is a very serious problem with every industry. Labour demands higher rates of pay and bonus. The entrepreneur finds it difficult to sell the goods at competitive rates.

Q. 5. Give suggestions to solve the problems of Indian industrial labourers.

**Ans. SUGGESTIONS TO SOLVE THE
PROBLEMS OF INDIAN INDUSTRIAL
LABOURERS**

In order to improve the working conditions of the industrial labourers in India and to solve their problems, the following suggestions have been offered :

- (1) **Improvement in the Wage Structure** : The government should adopt ways and measure to improve the wage structure of the industrial workeres. They should fix minimum wages and also the hours of work and ensure that these are implemented by the industrialists. No worker should be paid less than significance wages.
- (2) **Improvement in Hosing and other Welfare Measures** : The government and the industrialists jointly take measures to provide healthy living accommodations so that the labourers can keep good health and show better performance.
- (3) **Safeguarding the Labourers from Loss of Working Days** : It is essential to see that the industrial labourers get continuous employment and income to maintain their standard of living. When there is frequent lockouts and lay-offs, the labourers have to face hardships. To ensure regular jobs, the government and the factory owners should take necessary steps.
- (4) **Strict Implementation of Labour Laws** : There are a number of industrial and labour laws safeguarding the interests of the industrial labourers. But these laws are not implemented by the industrialists with the connivance of officials. The industrialists also try to exploit the labourers. The only remedy for these problems is that the government should ensure that the law enacted for the welfare of the workers are strictly implemented.
- (5) **Prevention of Unlawful Retrenchment** : The industrialists who are in the private sector employ labourers according to their choice and also remove them without any rhyme or reason. This creates very big problem for the labourers. In order to get rid of this evil, government should ensure proper follow-up of its laws so that unnecessary victimization is prevented.
- (6) **Organising Labour Unions** : In many of the factories, the labourers are not allowed to organise themselves into any union and these poor labourers remain unorganised. To save the labourers from exploitation and unnecessary harassment, they should be allowed to form unions in all industrial establishments.
- (7) **Payment of Dearness Allowance** : Industrial workers are normally paid only wages. Either no dearness allowance is paid or wherever it is

paid, is not realistic. India being a developing country and the rate of inflation is also very high as a result of which the cost of items of daily needs are increasing day by day. To cope with the increasing cost of commodities, industrial workers should be paid dearness allowance linked with price index as is given to the government employees.

Q. 6. Describe the importance of large scale industries.

Ans. LARGE SCALE INDUSTRIES

There is much importance of cottage and small scale industries, taking into consideration further generation of employment, more equitable distribution of income and wealth and more equitable regional dispersal of industrialisation. At the same time, it is to be noted that large scale industries account for the major part of fixed capital invested in industry. Besides, these industries produce the largest share of industrial output in the factory sector and provide employment to nearly 63 lakh people.

India started her quest for industrial development after independence in 1947. The Industrial Policy Resolution of 1948 marked the beginning of the evolution of Indian Industrial Policy. The resolution not only defined the broad contours of the policy, it also delineated the role of the State in industrial development, both as an entrepreneur, and as an authority. Successive policy resolutions also reiterated this basic tilt in favour of the public sector. The Industrial Policy Resolution of 1956 gave the public sector a strategic role in the economy. It categorized industries which would be the exclusive responsibility of the state or would progressively come under state control and others. Earmarking the pre-eminent position of the public sector, it envisaged private sector co-existing with the state and thus attempted to give the policy framework flexibility.

IMPORTANCE OF LARGE SCALE INDUSTRIES

Progress of large scale industries in a country leads to the following advantages to the country :

- (1) **A Better Utilisation of Resources** : Natural as well as human resources which once remained unutilised are utilised for production.
- (2) **More Employment Opportunities** : Large scale production creates a large demand of labour.
- (3) **Increase in Government Taxation** : Government earns large revenue by imposing higher rates of taxes.

Q. 7. Write the problems of cottage and small scale industries.

Ans. PROBLEMS OF COTTAGE AND SMALL SCALE INDUSTRIES

The problems faced by cottage and small scale industries are given below :

- (1) **Problems of Raw Materials** : Small scale industries do not get raw material as easily as the large scale industries. If they are able to secure

raw material, it is got at higher prices. They are also not able to stock the raw material on account of lack of finances.

- (2) **Problem of Finance and Credit :** Small scale entrepreneurs have very little internal resources. They have no surplus to live upon during the period of business strain. Banks, therefore, do not give them unsecured loans. The loans advanced to small scale sectors form a very small part of the total loans allocated to industrial sector. There is a need for changing outlook of banks towards the small scale entrepreneurs. They must be given short-term and long-term loans at a reasonable rate of interest. The credit worthiness of a small scale enterprise should not be judged in terms of the realisable value of the assets, but in terms of the ability of an enterprise to perform and earn profit.

Reserve Bank of India has evolved a Credit Guarantee Scheme for small scale industries in 1960. The State Bank of India and other public sector banks have also evolved several schemes to help the growth of small scale industries.

- (3) **Backward Technology :** The small scale sector is handicapped by the present low level of technology and shortage of trained and experienced supervisory personnel. The result is low productivity.
- (4) **Marketing Difficulties :** Small scale firms suffer from marketing difficulties because their products are often unstandardized and of variable quality.
- (5) **Competition of Large Scale Industries :** Small scale industries have to face still competition from large scale enterprises. The costs of articles produced by large scale industries are much less than the cost of articles produced by small sector. Hence, they cannot stand against them in competition.
- (6) **Lack of Technical Assistance :** The development of small scale enterprises is hampered by the present low level of technology and shortage of trained and experienced supervisory personnel. Provision of technical service is, therefore, an important and justified form of aid to stimulate increased productive efficiency.
- (7) **Lack of Demand of Goods Produced :** The demand for goods produced by small scale sector is not much because the consumer is not attracted towards them. These goods are generally dearer and small enterprises are not able to advertise them.

UNIT-IV

Economy of Uttar Pradesh

LONG ANSWER TYPE QUESTIONS

Q. 1. Write the Uttar Pradesh (U.P.) economy in fifty years.

Ans. Uttar Pradesh is the most populous state in the country accounting for 16.4 percent of the country's population. It is also the fourth largest state in geographical area covering 9.0 percent of the country's geographical area encompassing 2,94,411 square kilometres and comprising of 83 districts, 901 development blocks and 1,12,804 inhabited villages. The density of population in the state is 473 person per square kilometres as against 274 for the country.

1. Population :

The total population of the state was 9.8 crores in 1971. It increased to 11.1 crores in 1981 and then reported to be 13.9 crores in 1991. The increase in population in these two decades was almost identical at 25 percent. As against this, the national population shows a declining trend from 25 percent in 1971-81 to 23.8 percent in 1981-91. Since 1971-81 the decadal variation of U.P. population in percentage forms has remained higher than that of the national.

2. Urbanisation :

The pace of urbanisation has been lower in the state. The level of urbanisation has also been lower than most other states. The numbers of urban centres with more than one lakh population have grown slowly over last thirty years. The growth of urban centres with population less than five thousand have, on the other hand, have grown more significantly and these centres have grown in larger numbers in the western part of the state.

3. Economy :

The per capita income of the state at ₹ 4787 in 1993-94 is one of the lowest in the country except Orissa (₹ 4726) and Bihar (₹ 3620). The per capita of the state in 1950-51 at ₹ 259 was very close to the national per capita income of ₹ 267, short by only ₹ 8 i.e., 3 percent only. In 1995-96 this

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shortfall stood at ₹ 35.8 and is likely to go up. The average annual growth in total income of the state in the period between 1951-74 was always far less than the country. However, the population growth in the state being lower in the country during the period, the gap in the per capita income between the state and the country was constructed to some extent.

The post-1974 period was, however, marked by a significant improvement in the total income of the state. The state achieved a growth of 5.7 percent per annum, which is higher than the national growth of 5.3 percent. But this gain in higher growth rate of total income in the state was lost to the state due to increase in the growth rate of population from 1.8 percent per annum in 1961-71 to 2.3 percent in 1971-81 which is higher than the country's population growth rate of 2.2 percent.

The increasing trend of growth in income in the period following 1974 is likely to be replaced by an average annual growth of even less than 3 percent which is much lower than the country's growth rate of almost six percent. This means that the shortfall in the states per capita income, which was 35 percent in 1994-95, is unlikely to change in recent time.

Thus the lower rates of growth in the total income of the state during the period 1951-74 was followed by high population growth in the last two decades. But the state is now faced with the reappearance of lower growth in income while the population growth remaining unchanged in foreseeable future.

The structure of state income shows that the contribution of primary sector has declined to 41 percent of the state income though the sector still sustains 41 percent of the total working force. This shows the continued pressure of working population in the primary sector. The share of secondary sector, on the other hand, has gone up to 20 percent of the total state income which now employ 9 percent of the total workers in the state. This percentage is the lowest among all the major Indian states except Bihar (4.6 percent in 1991 census), Madhya Pradesh (8.4 percent in 1991) and Orissa (7.5 percent in 1991). The share of tertiary sector has been more impressive from 15 percent in 1970-71 to 37 percent in 1994-95 and the percentage share of workers employed by this sector has risen from 15 percent to 18 percent in 1991. It thus shows that the U.P.'s growth has been more capital intensive than labour intensive, more urban based than rural based and the shift of income from primary to other sectors is not accompanied by corresponding change in employment pattern.

A distinguishing feature of Uttar Pradesh's economy is its regional imbalances. In terms of economic indicators like agricultural productivity, infrastructural facilities, industrial growth, the Uttar Pradesh's economy can be categorised into five regions; Western, Eastern, Central, Rohelkhand and Bundelkhand. The Western Uttar Pradesh is agriculturally prosperous. It is relatively industrialised and has seen greater degree of urbanisation. At the other end is Bundelkhand. Low agricultural growth, less number of industrial units,

lesser gross value of industrial products marks out this region as the least developed in the state.

4. Poverty :

Poverty estimation in India is based on : (a) the concept of poverty line which is the prescribed minimum calorie intake necessary for a normal human being to survive, and (b) size and distribution of population by expenditure obtained from the household consumption surveys conducted by national sample survey. Evidently, the incidence of poverty in the state has fallen from about 57 percent in 1973-74 to 42 percent in 1987-88. The fall in the incidence of poverty is slightly more in the rural areas. However, the numbers of population below the poverty line have increased by 31 lakh between 1977-78 and 1987-88. This increase is more in the urban area than in the rural area *i.e.*, there has been urbanisation in the root of poverty in Uttar Pradesh during the last two decades. Further, there has been increase in the intensity of poverty in the state over all these years.

5. Social Indicators of Uttar Pradesh :

Almost all social indicators of the state show that the state stands on 13th or 14th position among the sixteen major States. Bihar and in some cases Orissa, are the only two states which lag behind U.P. in terms of social development indicators like medical facilities, teacher-pupil ratio in primary schools, birth rate, death rate, infant mortality rate, literacy, per capita income, electrification of villages, per capita power consumption etc. Uttar Pradesh is often seen as a case study of development in a region of India that currently lag behind other parts of the country in terms of a number of important aspects of well being and social progress. Their region consists of Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh. There are important differences between these four states. But the cause of social backwardness in these four different States, never the less, appear to have much in common and recent comparative research have pointed to many similarities in the social, cultural and even political makeup of these states which have contributed to their backwardness.

6. Health :

Life in Uttar Pradesh is short and uncertain. Female expects to less than 55 years and the under-five mortality rate is as high as 141 per thousands. In these respects Uttar Pradesh resembles Saharan Africa for with 53 years of life expectancy and 160 under five mortality rate. Among all major Indian states, Uttar Pradesh has the highest under five mortality rate, the second highest crude death rate and the third lowest life expectancy figure. The number of maternal deaths per 1,00,000 live birth in the state estimated to be 931 in the mid 1980s. If a girl is born in Kerala she can expect to live 20 years longer than if she is born in Uttar Pradesh. The probability that she will die before the age of one is more than six times as high in Uttar Pradesh

than in Kerala. According to the recent National Family Health survey, Uttar Pradesh comes second to Bihar among the major Indian states in terms of the incidence of under nutrition among children below the age of five. This corroborate as well as explain to a large extent the lower possibility of child survival in Uttar Pradesh.

Further, the demographic transition of U.P. has been slow. Among all the major Indian states, Uttar Pradesh has the highest birth rate and the highest fertility rate.

7. Education :

Four states identifies as lagging behind other major states in terms of democratic transition turn out to be the four states with the lowest literacy level. The 1991 census indicates that the age literacy rate in these four states in the age group between 7 years and above ranges from 38 percent in Bihar to 44 percent in Madhya Pradesh.

Female literacy situation in Uttar Pradesh is dismal. Only one out of four in the 7 + age group was able to read and write in 1991. This figure go down to 19 percent for rural areas, 11 percent for the scheduled castes, 8 percent for scheduled castes in rural areas, and 8 percent for the entire rural population in the most educationally backward districts. The 1981 census figures suggest that in Uttar Pradesh the crude female literacy rate among scheduled castes in rural Uttar Pradesh in 1981 was below 18 percent in 18 out of Uttar Pradesh's 56 districts and below 2.5 percent in a majority of districts.

In terms of more demanding criteria of educational attainment on the completion of primary or secondary education, in Uttar Pradesh, in 1992-93 only 50 percent of literate males and 40 percent of literate females could complete the cycle of eight years of schooling involved in the primary and middle stages. One other distinguishing feature of Uttar Pradesh education system is the persistence of high level of illiteracy in the younger age group. Within the younger age group, the illiteracy was endemic in rural. In the late 1980s, the incidence of illiteracy in the 10-14 age group was as high as 32 percent for rural males and 61 percent for rural females, and more than two-thirds of all rural girls in the 12-14 age group never went to school.

The problems of education system is exacting. Due to public apathy the school are in disarray, privately run school are functional, but beyond the reach of ordinary people. The State government has taken programmes to make the population totally literate. There are special programmes like World Bank aided DPEP. Steps are being taken with the help of NGOs and other organizations to raise popular participation. At the level of higher education and technical education Uttar Pradesh has 16 general universities, 3 technical universities, one Indian Institute of Technology (Kanpur), one Indian Institute of Management (Lucknow), one Indian Institute of

Information Technology and large number of polytechnics, engineering institutes and industrial training institutes. This provides the State with firm basis for providing opportunities for higher education to its youth.

Q. 2. Describe the economy of Uttar Pradesh (U.P.).

Or

Write an essay on economy of Uttar Pradesh.

Ans. Uttar Pradesh is the second largest economy in India after Maharashtra. Uttar Pradesh's gross state domestic product for 2004 is \$ 339.5 billion by PPP and \$ 80.9 billion by nominal. After partition, the new Uttar Pradesh state produces about 92% of the output of the old Uttar Pradesh state.

Gross State Domestic Product at Current Prices (93-94 Base)

figures in crores of Indian Rupees

Year	Gross State Domestic Product
1980	15.554
1985	27.748
1990	55.506
1995	106.249
2000	173.068
2005	241.196

Between 1999 and 2008, the economy grew only 4.4% per year, one of the lowest rates in India. But between 2007 and 2011 under the Mayawati govt. the economy grew at over 7% GDP growth rate in the time when Indian economy faced the melt down due to global recession. Furthermore, UP has been one of the five state including Bihar, Chhattisgarh, Punjab, Maharashtra, have registered growth rates higher than their respective targets set for the 11th Plan period (2007-12). so far, Parliament was informed today. UP registered growth rate of 7.28% against the target of 6.10%. Uttar Pradesh attains a 8.08% GDP growth rate in year of 2010-2011. The state's debt was estimated at 67 percent of GDP in 2005.

There are following ingredients of economic development :

- (1) Agriculture, live stock and fishing
- (2) Industry
- (3) Services
- (4) Companies
- (5) Natural resources
- (6) Tourism
- (7) Information technology, electronics and services
- (8) Handloom and handicrafts
- (9) Biotech
- (10) Minerals and heavy industries.

1. Agriculture, Live stock and Fishing :

Uttar Pradesh is a major contributor to the national food grain stock. Partly this is due to the fertile regions of the Indo-Gangetic plain and partly owing to irrigation measures such as the Ganges Canal and tube-wells. Lakhimpur Kheri is a densely populated sugar producing district in the country. It is also home to 78% of national livestock population. It has been the most common producer of food grains in India since the 1950s due to high-yielding varieties of seed, greater availability of fertilizers and increased use of irrigation.

Western Uttar Pradesh is more advanced in terms of agriculture as compared to the other regions in the state. Majority of the state population depends upon farming activities. Wheat, rice, pulses, oil seeds and potatoes are the major agricultural products. Sugarcane is the most important cash crop throughout the state. Uttar Pradesh is one of the most important state in India so far as horticulture is concerned. Apples and mangoes are also produced in the state.

Uttar Pradesh supports about 15% of India's total livestock population. Of its livestock in 1961, 15% were cattle, 21% buffaloes, 13% goats and 8% other livestock. Between 1951 and 1956 there was an overall increase of 14% in the livestock population. There are about 8,000 km² of water area, including lakes, tanks, rivers, canals and streams. The fishing area in the state is over 2,000 km² and there are more than 175 varieties of fish.

2. Industry :

UP has also witnessed rapid industrialization in the recent past, particularly after the launch of policies of economic liberalization in the country. As of March 1996, there were 1,661 medium and large industrial undertakings and 296,338 small industrial units employing 1.83 million persons. The per capita state domestic product was estimated at ₹ 7,263 in 1997-98 and there has been visible decline in poverty in the state. Yet, nearly 40 percent of the total population lives below the poverty line. There are numerous types of minerals and many industries have come up based upon these minerals. There are a number of cement plants in Mirzapur in the Vindhya region, a bauxite-based aluminium plant in the Banda region and Sonbhadra region and copper in Pithora Garh, Almora Chamoli and Tehri Garhwal. In the hilly regions of the state many non-metallic minerals are found which are used as industrial raw materials. Coal deposits are found in the Singrauli region.

The state is poor in its mineral resources. The only considerable deposits are of limestone in Mirzapur, Dehradun and Almora districts. These are being extracted and are used largely in cement manufacture.

Uttar Pradesh has booming electronics industries, especially in UP-Delhi-NCR and Lucknow-Kanpur Corridor. It produces almost all types of electronics products.

Traditional industries, such as handloom and handicrafts, have traditionally provided livelihood to a large number of people in the state :

Varanasi is a world famous centre of handloom woven, embroidered textiles; the main products are Zari-embroidery and brocade-work on silk sarees. Lucknow is a centre of 'Chikan' embroidery, renowned for its grace and delicacy, a skill more than 200 years old. Uttar Pradesh produces about 15% of the total fabric production of the country, employs about 30% of the total workforce of artisans in India and is responsible for an annual production of about US\$1.2 billion in the state.

The state has two major production centres of leather and leather products, with over 11,500 units; Agra and Kanpur are the key centres. About 200 tanneries are located in Kanpur.

Uttar Pradesh Accounts for about 60% of India's total handicrafts exports.

Meerut is the biggest gold market of Asia. It is the biggest exporter of sports related items and music instruments of the country.

Services :

Uttar Pradesh is the 'IT-Hub' of North India, with a share of software exports next to that of Karnataka. But, unlike South Indian states, IT enterprises are limited to particular areas only, like NOIDA, Greater Noida, Ghaziabad etc., which lie in National Capital Region (NCR), and state capital Lucknow.

Noida is also famous for TV News broadcasters almost all News channels such as Star News, Zee News, NDTV, Mahua News and several other News channels are in Film City.

India's first and the world's second human DNA bank Rs 4-bn Discovery Centre, for which an approval has been given by the Ministry of Science and Technology, is to be set up in the Rajiv Gandhi Institute of Information Technology (RGIIT), Amethi.

Companies :

Over 3% of the S&P CNX 500 conglomerates have corporate offices in Uttar Pradesh. See also List of conglomerates in Uttar Pradesh.

Natural Resources :

Uttar Pradesh has ample reserves of coal, dolomite and gems. Other important minerals include diaspore, sulphur and magnesite, prophyllite, quartzite, sand and limestone.

6. Tourism :

Uttar Pradesh attracts a large number of both national and international visitors. There are two regions in the state where a majority of the tourists go. These are the city of Agra and the holy cities : the cities of Varanasi, Ayodhya, Mathura, and Allahabad by the sacred rivers the Ganges and Yamuna are all located in the state. The state hosts a Kumbha Mela every year, where over 10 million Hindus congregate—the largest gathering of human beings in the world.

A vast number of tourists visit the Taj Mahal in Agra. Another important tourist attraction in Agra is the Agra Fort. Also famous is a 16th century capital city built by the Mughal emperor Akbar known as Fatehpur Sikri near Agra. Dayal Bagh is a temple built in modern times that many visitors are still under construction, and would take an estimated one century for completion. The life-like carving in marble is not seen anywhere else in India.

Dudhwa National Park is one of the best Tiger reserves in the country. Lakhimpur Kheri is a must see location, and home to the Tiger reserve. In Sept. 2008, Uttar Pradesh has got another Tiger Reserve area in Pilibhit named Pilibhit Tiger Reserve. Millions of tourists and pilgrims visit the cities of Allahabad, Varanasi and Ayodhya, as those are considered to be the holiest cities in India. Every year thousands gather at Allahabad to take part in the festival on the banks of the Ganges, the Maha Mela. The same festival is organised in a larger scale every 12th year and attracts millions of people and is called the Kumbha Mela.

Varanasi is widely considered to be the second oldest city in the world after Jerusalem. It is famous for its ghats (steps along the river) which are populated year round with people who want to take a dip in the holy Ganges River.

About 13 km from Varanasi is the historically important town of Sarnath. Gautama Buddha gave his first sermon at Sarnath after his enlightenment and hence is an important pilgrimage site for the Buddhists. Also at Sarnath are the Ashoka Pillar and the Lion Capital, both important archaeological artifacts with national significance.

Some areas require a special permit for non-Indians to visit.

7. Information Technology, Electronics and Services :

Uttar Pradesh is the 'IT-Hub' of North India, with a share of software exports next to that of Karnataka. But, unlike South Indian states, enterprises are limited to particular areas only, like NOIDA, Greater NOIDA, Ghaziabad etc., which lie in National Capital Region (NCR).

Upcoming Logix Techno Park in Noida will be the largest STPI in North India.

Uttar Pradesh has booming electronics industries, especially in UP-Delhi-CR and Lucknow-Kanpur Corridor. It produces almost all types of mobiles.

Handloom & Handicrafts :

It provides livelihood to over 200,000 people in the state. Uttar Pradesh produces about 15% of the total fabric produced in the country. About 30% of the total workforce of artisans in India, responsible for about US\$1.2 billion of annual production are from Uttar Pradesh.

Uttar Pradesh accounts for about 60% of India's total handicraft exports. Varanasi is a world famous center of hand-made textiles. The main products are Zari and brocade work on sarees.

UP has been the centre of Chikan embroidery, renowned for its grace and delicacy, a skill more than 200 years old.

Uttar Pradesh has two of the Major production centre of leather and leather products, with over 11,500 units; Agra and Kanpur are the key centres. About 200 tanneries are located in Kanpur.

Biotech :

Asia's first and the world's second human DNA bank has been set up at the Biotech Park in Uttar Pradesh's Lucknow district.

Rs 4-bn Discovery Park, for which an approval has been given by the Ministry of Science and Technology, is to be set up in the Rajiv Gandhi Institute of Information Technology (RGIT), Amethi.

10. Minerals and Heavy Industries :

Uttar Pradesh has ample reserves of coal, dolomite and gems. Other important minerals include diaspore, sulphur and magnesite, prophyllite, silica sand and limestone.

Q. 3. What are the main causes of Regional Disparities in Uttar Pradesh ?

Ans. These are following causes of Regional Disparities in Uttar Pradesh :

1. Historical Factor :

Historically, regional imbalances in India started from its British regime. The British rulers as well as industrialists started to develop only those earmarked regions of the country which as per their own interest were possessing rich potential for prosperous manufacturing and trading activities.

British industrialists mostly preferred to concentrate their activities in two states like West Bengal and Maharashtra and more particularly to three metropolitan cities like Kolkata, Mumbai and Chennai. They concentrated

all their industries in and around these cities neglecting the rest of the country to remain backward.

The land policy followed by the British frustrated the farmers to the maximum extent and also led to the growth of privileged class like zamindars and money lenders for the exploitation of the poor farmers. In the absence of proper land reform measures and proper industrial policy, the country could not attain economic growth to a satisfactory level.

The uneven pattern of investment in industry as well as in economic overheads like transport and communication facilities, irrigation and power made by the British had resulted in uneven growth of some areas, keeping the other areas totally neglected.

2. Geographical Factors :

Geographical factors play an important role in the developmental activities of a developing economy. The difficult terrain surrounded by hills, rivers and dense forests leads to an increase in the cost of administration, cost of developmental projects, besides making mobilisation of resources particularly difficult.

Adverse climate and proneness to flood are also responsible factors for the poor rate of economic development of different regions of the country as reflected by low agricultural productivity and lack of industrialisation. Thus these natural factors have resulted in uneven growth of different regions of India.

3. Locational Advantages :

Locational advantages are playing an important role in determining the development strategy of a region. Due to some locational advantages, some regions are getting special favour in respect of site selections of various developmental projects.

While determining the location of iron and steel projects or refineries or any heavy industrial project, some technical factors included in the locational advantage are getting special considerations. Thus regional imbalances arise due to such locational advantages attached to some regions and the locational disadvantages attached to some other backward regions.

4. Inadequacy of Economic Overheads :

Economic overheads like transport and communication facilities, power, technology, banking and insurance etc. are considered very important for the development of a particular region.

Due to inadequacy of such economic overheads, some regions are getting a special favour in respect of settlement of some developmental projects.

whereas due to inadequacy of such economic overheads, some regions of the country, viz., North-Eastern Region, Himachal Pradesh, Bihar etc. remained much backward as compared to other developed regions of the country.

Moreover, new investment in the private sector has a general tendency to concentrate much on those regions having basic infrastructural facilities.

5. Failure of Planning Mechanism :

Although balanced growth has been accepted as one of the major objectives of economic planning in India, since the Second Plan onwards but it did not make much headway in achieving this object. Rather, in real sense, planning mechanisms has enlarged the disparity between the developed states and less developed states of the country.

In respect of allocating plan outlay relatively developed states get much favour than less developed states.

From First Plan to the Seventh Plan, Punjab and Haryana have received the highest per capita plan outlay, all along. The other three states like Gujarat, Maharashtra and Madhya Pradesh have also received larger allocation of plan outlays in almost all the five year plans.

On the other hand, the backward states like Bihar, Assam, Orissa, Uttar Pradesh and Rajasthan have been receiving the smallest allocation of per capita plan outlay in almost all the plans.

Due to such divergent trend, imbalance between the different states in India has been continuously widening, inspite of framing achievement of regional balance as one of the important objectives of economic planning in the country.

SHORT ANSWER TYPE QUESTIONS

Q. 1. Explain the growth data of population in Uttar Pradesh and India.

**Ans. GROWTH OF POPULATION IN
UTTAR PRADESH AND INDIA**

Census Year	Uttar Pradesh	India	U.P. as % of India	Decadal U.P.	Growth India
1901	486	2384	20.39
1911	482	2521	19.12	(+) 0.97	(+) 575

1921	467	2513	18.58	(+) 3.08	(+) 0.31
1931	498	2790	17.85	(+) 6.66	(+) 11.00
1941	565	3187	17.73	(+) 13.57	(+) 14.22
1951	632	3611	17.50	(+) 11.82	(+) 13.1
1961	737	4392	16.78	(+) 16.66	(+) 21.51
1971	883	5482	16.10	(+) 19.78	(+) 24.80
1981	1109	6833	16.18	(+) 25.49	(+) 24.64
1991	1391	8463	16.44	(+) 25.48	(+) 23.85

Q. 2. Explain demographic scenario of Uttar Pradesh.

Ans.

**DEMOGRAPHIC SCENARIO
OF UTTAR PRADESH
(Projections)**

Year	1991	2001	2011	2021
Total Population (In Crores)	13.91	17.63	22.13	27.50
Birth Rate	35.1	33.5	30.50	28.00
Death Rate	11.1	8.5	7.5	7.0
Total Fertility Rate	5.2	4.6	3.9	3.1
Net Reproduction Rate	8	1.6	1.4	1.2
Growth Rate	2.3	2.4	2.3	2.2
Infant Mortality Rate	93	75	65	60
Natural Increase	24.0	25.0	23.0	21.0

Q. 3. Give the short notes of following :

- (A) Uttar Pradesh Infrastructure,
(B) Uttar Pradesh Transportation.

Or

What are the means of transportation in Uttar Pradesh ? Clarify.

Ans. (A) UTTAR PRADESH INFRASTRUCTURE

Uttar Pradesh has a well planned infrastructure, including transportation, energy and power. The transportation of Uttar Pradesh interconnects the important places within Uttar Pradesh and connects the state with rest of India. Some quick facts about the transportation of Uttar Pradesh is given below :

- **Infrastructure of Air Transportation of Uttar Pradesh :** Delhi and Mumbai are connected to Uttar Pradesh by the domestic airports of Agra, Kanpur, Lucknow and Varanasi. Regular flights are offered by the state via important public and private airlines.
- **Infrastructure of Rail Transportation of Uttar Pradesh :** Express, super-fast and passenger trains link Lucknow, Kanpur and Allahabad with the other parts of the country.
- **Infrastructure of Road Transportation of Uttar Pradesh :** The state has an extensive road network made up of a number of highways like the National Highways 2, 25, 26, 27, 29 and 45 and some State Highways.

Some important energy projects undertaken in Uttar Pradesh are as follows :

- Uttar Pradesh renewable energy bagasse based cogeneration power projects at Balrampur Chini Mills Limited, Balrampur.
- Uttar Pradesh renewable energy bagasse based cogeneration power projects at Haidargarh Chini Mills, Haidargarh.
- Uttar Pradesh municipal Solid Waste (MSW) processing cum power generation plant at Lucknow by Asia Bioenergy Limited (ABIL).
- Uttar Pradesh renewable energy bagasse/biomass based 22 MW cogeneration project by Triveni Engineering and Industries Limited at Deoband sugar plant.
- Uttar Pradesh renewable energy bagasse based cogeneration power project with export of surplus power at Dhampur, Uttar Pradesh by Dhampur Sugar Mills Limited.

The infrastructure of power sector of Uttar Pradesh is also reformed by the following ways :

- Unbundling and restructuring of Uttar Pradesh State Electricity Board by converting power generation, transmission and distribution functions into autonomous entities.
- Promotion of participation of private sector in power generation.

(B) UTTAR PRADESH TRANSPORTATION

In the northern part of India, Uttar Pradesh is located with a well planned transportation, which connects the state with the other parts of India. The transportation of Uttar Pradesh also interconnects the important places within Uttar Pradesh. Some quick facts about the transportation of Uttar Pradesh and its important destinations is given below :

- **Air Transportation of Uttar Pradesh :** Cities like Delhi and Mumbai are connected to Uttar Pradesh by four domestic airports, namely Agra, Kanpur, Lucknow and Varanasi. Flights are operated regularly from the state by important public and private airlines.
- **Rail Transportation of Uttar Pradesh :** Uttar Pradesh is connected with the major cities of India by railways. Express, super-fast, and passenger trains connect Lucknow, Kanpur, and Allahabad with the other parts of the country.
- **Road Transportation of Uttar Pradesh :** The state has an extensive road network formed of a number of highways like the National Highways 2, 25, 26, 27, 29 and 45 and few State Highways.

Transportation facts for some important destinations within Uttar Pradesh are given below :

☞ Lucknow :

- **Air Transportation :** The Lucknow air port connects the important places in India like Delhi, Patna, Kolkata, Mumbai and Varanasi.
- **Rail Transportation :** Lucknow houses a major railway station, which connects it to all major towns.

☞ Agra :

- **Air Transportation :** Airways of Agra well connect it with Delhi, Khajuraho, and Varanasi.
- **Rail Transportation :** Some prominent trains like the Shatabdi, the Taj Express, and the Intercity Express link Agra and Delhi, Gwalior, Bhopal, and Jhansi are also connected with Agra by the Shatabdi.

☞ Allahabad :

- **Air Transportation :** Varanasi, Lucknow and Kanpur have the nearest airports.
- **Rail Transportation :** Allahabad houses four railway stations—City Station, Prayag Station, Daraganj Station, and Allahabad Junction, Mahanagari Express (Varanasi-Allahabad-Mumbai) and Magadh Express (Patna-Allahabad-New Delhi) are two major trains at Allahabad.

OBJECTIVE TYPE QUESTIONS

1. Which of the following is implicit cost ?
 (a) Cost of land purchased from others
 (b) Cost of Building
 (c) Wages paid to labourers
 (d) Owned piece of land on which production is carried out. **Ans. (d)**
2. Who has propagated idea of real cost ?
 (a) Adam Smith
 (b) Marshall
 (c) (a) and (b)
 (d) Neither (a) nor (b). **Ans. (c)**
3. Which of the following is U-shaped curve ?
 (a) Marginal Cost
 (b) Fixed Cost
 (c) Total Cost
 (d) All of these. **Ans. (a)**
4. Which of the following does not change with the increase of quantity produced ?
 (a) Average cost
 (b) Total cost
 (c) Supplementary cost
 (d) None of these. **Ans. (c)**
5. Factories Act was came into existence in :
 (a) 1927
 (b) 1948
 (c) 1952
 (d) 1956. **Ans. (b)**
6. Equal pay for equal work is a :
 (a) Constitutional provision
 (b) Legal provision
 (c) Non-statutory provision
 (d) Voluntary provision. **Ans. (a)**
7. Industrial workers in unorganised sectors suffer most from :
 (a) More hours of work
 (b) Uncertainty of employment
 (c) Low wages
 (d) All of these. **Ans. (d)**
8. Which of the following workers do not have special fund for their welfare ?
 (a) Coal mine's workers
 (b) Mica mine's workers
 (c) Biri workers
 (d) Furniture workers. **Ans. (d)**
9. Which of the following directly affects the efficiency of labour ?
 (a) Mental ability of the labour
 (b) Standard of living
 (c) Democratic administration
 (d) All of these. **Ans. (d)**
10. Which of the following does not affect the efficiency of labour ?
 (a) Gender inequality
 (b) Air-conditioning of work-place
 (c) Trade union movement
 (d) None of these. **Ans. (d)**
11. Which of the following statements is true in case of efficiency of labour ?
 (a) Right of wealth is a fundamental right in India
 (b) Right to strike is a fundamental right in India
 (c) Equal pay for equal work is not mentioned in Indian Constitution
 (d) None of the above. **Ans. (b)**

12. **Law of Diminishing Returns was first given by :**
 (a) Adam Smith (b) Physiocrats
 (c) Ricardo (d) Marshall. **Ans. (b)**
13. **Classical economist does not see the operationality of the Law of Diminishing Returns in which of the following ?**
 (a) Industry (b) Agriculture
 (c) Fishing (d) Mining. **Ans. (a)**
14. **Which of the following does not decrease while the Law of Diminishing Returns is in operation ?**
 (a) Total product (b) Marginal product
 (c) Average product (d) None of the above. **Ans. (a)**
15. **Law of Diminishing Returns is also known as :**
 (a) Short run production function
 (b) Law of variable proportion
 (c) Law of increasing cost
 (d) All of the above. **Ans. (d)**
16. **Which of the following is not associated with Laws of Returns ?**
 (a) Ricardo (b) Marshall
 (c) Mrs. John Robinson (d) A. Samuelson. **Ans. (d)**
17. **Who, among the following, is a labourer ?**
 (a) Person working in a farm
 (b) Person teaching to students
 (c) Person checking tickets at the station
 (d) All of the above. **Ans. (d)**
18. **Labour is a :**
 (a) Passive factor of production (b) Active factor of production
 (c) Free factor of production (d) Immobile factor of production. **Ans. (b)**
19. **No production is possible without :**
 (a) Land (b) Labour
 (c) Capital (d) Organisation. **Ans. (a)**
20. **Which of the following is not a characteristic of land ?**
 (a) Free gift of Nature (b) Land is a stable factor
 (c) Active factor (d) Basic factor. **Ans. (c)**
21. **Production means :**
 (a) Creation of utility (b) Value addition
 (c) Destruction of utility (d) (a) and (b). **Ans. (d)**
22. **Which of the following is an example of production ?**
 (a) Collection gum from the forest
 (b) Washing clothes
 (c) Running a school
 (d) All of these. **Ans. (d)**

23. Which of the following is not a deciding factor of the production ?

- (a) Availability of the trained man-power
- (b) Demand for the product
- (c) Power to satisfy wants
- (d) Increasing the joy.

Ans. (d)

24. Which of the following is not production ?

- (a) Feeding fishes in a religious pond
- (b) Keeping Vodka wine for years
- (c) Treating of a patient by a doctor of a government hospital
- (d) Identification of a herb for its medicinal value.

Ans. (a)

25. Which of the following methods can be useful in the eradication of poverty ?

- (a) The wholesale business of the cereals should be taken up by Government in its own possession.
- (b) Implementation of Untouchability Crime Act, 1955.
- (c) Nationalization of General Insurance.
- (d) Establishment of Employment Offices.
- (e) Strengthening Village Panchayats.
- (f) Proper Selection of Chief Minister.
- (g) Stress on Family Planning Programme.
- (h) Socio-economic Programme of Janta Party.

Ans. (d), (h)

26. Whom will you call a person unemployed ? Select one option of the following :

- (a) A mad person who does not get a job anywhere.
- (b) An uneducated farmer of village who is not getting a job even after efforts.
- (c) The graduate son of rich parents who neither works anywhere nor wants to look after his father's factory.

Ans. (b)

27. First priority in the First Five Year Plan was given to :

- (a) Agriculture
- (b) Industry
- (c) Infrastructure
- (d) Commerce.

Ans. (a)

28. What was the actual growth rate of agricultural sector during Ninth Five Year Plan ?

- (a) 2.1%
- (b) 3.9%
- (c) 8%
- (d) 5%.

Ans. (a)

29. Investment limit for small scale industries is :

- (a) Upto 1 crore
- (b) Upto 60 lakhs
- (c) More than 1 crore
- (d) Upto 25 lakhs.

Ans. (a)

30. Which is not a problem of small scale industries ?

- (a) Problem of raw material
- (b) Problem of large capital
- (c) Problem of finance and credit
- (d) Competition of large scale industries.

Ans. (b)

31. Small scale industries are useful to :

- (a) Better utilisation of resources
- (b) Equity
- (c) Increase in export
- (d) Increase in standard of living.

Ans. (b)

32. Natural reason of localisation of industries is :

- (a) Climate
- (b) Availability of trained workers
- (c) Availability of capital
- (d) Security considerations.

Ans. (a)

33. Advantage of localisation is not :

- (a) Popularity of the place
- (b) Research and training
- (c) Availability of trained workers
- (d) Regional imbalances.

Ans. (d)

34. Social cause of localisation of industries is :

- (a) Security consideration
- (b) Historical place
- (c) Availability of capital
- (d) Nearness to market.

Ans. (b)

35. Industry localised in Mumbai and Ahmedabad is :

- (a) Cotton textile industry
- (b) Sugar industry
- (c) Jute industry
- (d) Iron and steel industry.

Ans. (a)

36. The new industrial policy was declared in India, in :

- (a) July, 1991
- (b) July, 1996
- (c) April, 1990
- (d) May, 1991.

Ans. (a)

37. The time period of 9th plan was :

- (a) 1985-90
- (b) 1992-97
- (c) 1990-95
- (d) 1997-2002.

Ans. (d)

38. The actual growth rate of industry in 9th plan was :

- (a) 8.0 percent
- (b) 8.2 percent
- (c) 4.5 percent
- (d) 6.0 percent.

Ans. (c)

39. In 10th plan, provision of expenditure for industrial development is :

- (a) ₹ 58,939 crore
- (b) ₹ 71,644 crore
- (c) ₹ 72,353 crore
- (d) ₹ 73,454 crore.

Ans. (a)

- 40. The aim of privatisation is not :**
 (a) To increase efficiency
 (b) To create monopoly of private sector
 (c) To improve quality of products
 (d) To create new opportunities of employment. **Ans. (b)**
- 41. The effect of privatisation is :**
 (a) Increase in the growth rate of industrial sector
 (b) Decrease in the growth rate of industrial sector
 (c) Increase in foreign capital investment
 (d) Increase in the rate of domestic capital formation. **Ans. (c)**
- 42. The actual inflow of foreign capital investment at present in India is :**
 (a) 3904 million dollars (b) 2907 million dollars
 (c) 3208 million dollars (d) 2509 million dollars. **Ans. (b)**
- 43. The economic reforms in India was started since :**
 (a) July, 1991 (b) June, 1992
 (c) July, 2000 (d) January, 1995. **Ans. (a)**
- 44. The problem of industrial development in India is :**
 (a) Lack of foreign exchange (b) Lack of infrastructure
 (c) Lack of energy (d) All of these. **Ans. (d)**
- 45. The reason for low industrial development in India is not :**
 (a) Lack of natural resources (b) Lack of infrastructure
 (c) Adverse social environment (d) Adverse political environment. **Ans. (a)**
- 46. According to Census-2001, the average annual growth rate is :**
 (a) 1.93 (b) 2.14
 (c) 2.68 (d) 2.50. **Ans. (a)**
- 47. According to SRS-2000, the birth rate in India is :**
 (a) 37.0 (b) 25.8
 (c) 15.8 (d) 21.3. **Ans. (b)**
- 48. The reason for high growth rate of population in India is :**
 (a) High birth rate (b) Declining death rate
 (c) Huge population (d) All of these. **Ans. (d)**
- 49. The population density is lowest in India in :**
 (a) U. P. (b) West Bengal
 (c) Arunachal Pradesh (d) Punjab. **Ans. (c)**
- 50. Which is the single state of India having sex ratio favourable to women ?**
 (a) Kerala (b) Rajasthan
 (c) Uttar Pradesh (d) Punjab. **Ans. (a)**

51. Which of the following is/are treated as a basic factor of production ?
 (a) Land (b) Labour
 (c) Capital (d) All of the above. **Ans. (a)**
52. Which of the following is/are part of the land ?
 (a) Agricultural field (b) Mines
 (c) River and ponds (d) All of these. **Ans. (d)**
53. Which type of unemployment is faced by agricultural labourers ?
 (a) Seasonal (b) Structural
 (c) Frictional (d) Cyclical. **Ans. (a)**
54. Productivity of agricultural labourers is low because of the :
 (a) Indebtedness (b) Illiteracy
 (c) Migratory character (d) All of these. **Ans. (d)**
55. Agricultural labourers are suffering most from the :
 (a) Poverty (b) Unemployment
 (c) Malnutrition (d) Indebtedness. **Ans. (a)**
56. High incidence of poverty is in :
 (a) Cultivators (b) Agricultural labourers
 (c) Mine workers (d) Plantation workers. **Ans. (b)**
57. Which of the following is implicit cost ?
 (a) Cost of land purchased from others
 (b) Cost of Building
 (c) Wages paid to labourers
 (d) Owned piece of land on which production is carried out. **Ans. (d)**
58. Who has propagated idea of real cost ?
 (a) Adam Smith (b) Marshall
 (c) (a) and (b) (d) Neither (a) nor (b). **Ans. (c)**
59. Which of the following is U-shaped curve ?
 (a) Marginal Cost (b) Fixed Cost
 (c) Total Cost (d) All of these. **Ans. (a)**
60. Economic Planning is a subject:
 (a) in the Union List (b) in the State List
 (c) in the Concurrent List (d) unspecified in any special list. **Ans. (a)**
61. Economic planning is an essential feature of ?
 (a) Dual economy (b) Mixed economy
 (c) Socialist economy (d) Capitalist economy. **Ans. (c)**
62. 'Economic Planning' refers to ?
 (a) The allocation of resources (b) The planning of manpower
 (c) The mobilisation of both taxes and manpower
 (d) The mobilisation of taxes. **Ans. (a)**

63. Economic survey is published by :

- (a) Ministry of Finance
- (b) Planning Commission
- (c) Govt. of India
- (d) Indian Statistical Institute.

Ans. (a)

64. Equilibrium of the monopolistic firm :

- (a) necessarily is profitable
- (b) occurs where $P = MC$
- (c) occurs where $MR = MC$
- (d) occurs where $P = MR$.

Ans. (d)

65. Estimates of national income in India are prepared by the ?

- (a) Ministry of finance
- (b) Reserve bank of India
- (c) Central statistical organization
- (d) Planning commission.

Ans. (c)

66. Excise Duty is a tax levied on the ?

- (a) export of goods
- (b) import of goods
- (c) production of goods
- (d) sale of goods.

Ans. (c)

67. EXIM Bank was set-up in the year :

- (a) 1980
- (b) 1982
- (c) 1985
- (d) 1987.

Ans. (b)

68. Fiscal Deficit in the Union Budget means ?

- (a) The sum of budgetary deficit and net increase in internal and external borrowings
- (b) The sum of monetized deficit and budgetary deficit
- (c) The difference between current expenditure and current revenue
- (d) Net increase in Union Government borrowings from the RBI.

Ans. (a)

69. Fiscal Policy is connected with ?

- (a) exports and imports
- (b) Issue of currency
- (c) public revenue and expenditure
- (d) None of these.

Ans. (c)

70. For internal financing of Five Year Plans, the government depends on :

- (a) taxation only
- (b) taxation and public borrowing
- (c) public borrowing and deficit financing
- (d) taxation, public borrowing and deficit financing.

Ans. (a)

71. For regulation of the Insurance Trade in the country the Government has formed :

- (a) SEBI
- (b) Reserve Bank of India
- (c) Insurance Regulatory and Development Authority
- (d) General Insurance Corporation.

Ans. (c)

72. Fresh evaluation of every item of expenditure from the very beginning of each financial year is called ?

- (a) Fresh Budgeting
- (b) Deficit Budgeting
- (c) Performance Budgeting
- (d) Zero-based Budgeting.

Ans. (d)

73. From which country India adopted the Five Year Plans ?

- (a) USSR
- (b) USA
- (c) Australia
- (d) Germany.

Ans. (a)

74. Gilt-edged market means ?

- (a) Market of government securities
- (b) Bullion market
- (c) Market of commodities
- (d) Market of pure metals.

Ans. (a)

75. Globalisation of Indian Economy means :

- (a) stepping up external borrowings
- (b) establishing Indian business units abroad
- (c) having minimum possible restrictions on economic relations with other countries
- (d) giving up programmes of import substitution.

Ans. (c)

76. Goa's economy is mainly based on ?

- (a) Export of ores
- (b) Tourism
- (c) Agriculture
- (d) None of these.

Ans. (a)

77. Government imposes taxes to ?

- (a) Run the machinery of state
- (b) Uplift weaker sections
- (c) Check the accumulation of wealth among the rich
- (d) None of these.

Ans. (a)

78. Gross domestic capital formation is defined as ?

- (a) Expenditure incurred on physical assets only
- (b) Production exceeding demand
- (c) Flow of expenditure devoted to increased or maintaining of the capital stock
- (d) Net addition to stock after depreciation.

Ans. (d)

79. Gross Domestic Product (GDP) is the monetary value of ?

- (a) goods for the market and for self consumption
- (b) stock of goods and services
- (c) all final goods and services produced in a year
- (d) goods produced for the markets only.

Ans. (c)

80. Growth rate of population means :

- (a) The difference of growth between male and female
- (b) The difference in population between urban and rural area
- (c) The number of births per thousand people
- (d) The difference between birth and death rates.

Ans. (c)

81. Hard Currency is defined as currency :

- (a) which can hardly be used for international transactions
- (b) which is used in times of war
- (c) which loses its value very fast
- (d) traded in foreign exchange market for which demand is persistently relative to the supply. **Ans. (d)**

82. If the price of an inferior good falls, then its demand :

- (a) Rises
- (b) Falls
- (c) Remains constant
- (d) Can be any of these. **Ans. (d)**

83. If the RBI adopts an expansionist open market operations policy, this means that it will ?

- (a) Openly announce to the market that it intends to expand credit
- (b) Sell securities in the open market
- (c) Offer commercial banks more credit in the open market
- (d) Buy securities from non-government holders. **Ans. (c)**

84. In a free economy, inequalities of income are mainly due to ?

- (a) Free competition
- (b) Private property and inheritance
- (c) Differences in the marginal productivity of labour
- (d) Private property only. **Ans. (b)**

85. In equilibrium, a perfectly competitive firm will equate :

- (a) Marginal social cost with marginal social benefit
- (b) Market supply with market demand
- (c) Marginal profit with marginal cost
- (d) Marginal revenue with marginal cost. **Ans. (d)**

86. In estimating the budgetary deficit, the official approach in India is to exclude :

- (a) Long term borrowings from the market
- (b) Borrowings from the Reserve Bank of India
- (c) Drawing down of the cash balance
- (d) Borrowings from Reserve Bank in the form of ways and means advance. **Ans. (d)**

87. In general our five year plans aim at making our country to attain the status of a/an ?

- (a) Rich country
- (b) Developed country
- (c) Self sufficient country
- (d) Industrially advanced country. **Ans. (b)**

88. In India largest share of revenue comes from ?

- (a) Direct Taxes
- (b) Excise Duties
- (c) Sales Tax
- (d) None of these. **Ans. (b)**

89. In India which of the following measures of Money denotes the Broad Money ?

- (a) M1
 - (b) M2
 - (c) M3
 - (d) M4.
- Ans. (c)**

90. In India, the bank NABARD does not provide refinance to :

- (a) Scheduled Commercial Banks
 - (b) Regional Rural Banks
 - (c) Export-Import Banks
 - (d) State Land Development Banks.
- Ans. (c)**

91. In India, the first bank of limited liability managed by Indians and founded in 1881 was :

- (a) Hindustan Commercial Bank
 - (b) Oudh Commercial Bank
 - (c) Punjab National Bank
 - (d) Punjab and Sind Bank.
- Ans. (b)**

92. In India, which of the following have the highest share in the disbursement of credit to agriculture and allied activities ?

- (a) Commercial Banks
 - (b) Cooperative Banks
 - (c) Regional Rural Banks
 - (d) Microfinance Institutions.
- Ans. (a)**

93. In India, Inflation is measured by the ?

- (a) National Income Deflation
 - (b) Consumers Price Index for agriculture workers
 - (c) Consumers Price Index for urban non-manual workers
 - (d) Wholesale Price Index number.
- Ans. (d)**

94. In India, Paper Currency first started in the year ?

- (a) 1774
 - (b) 1810
 - (c) 1852
 - (d) 1861.
- Ans. (d)**

95. In India, present trend of rapid urbanisation is due to :

- (a) lack of employment opportunities in rural areas
 - (b) influence of cinema and electronic media
 - (c) break up of joint family system
 - (d) abolition of zamindari system.
- Ans. (a)**

96. In India, present trend of rapid urbanisation is due to ?

- (a) Break up of joint family system
 - (b) Abolition of zamindari system
 - (c) Lack of employment opportunities in rural areas
 - (d) Influence of cinema and electronic media.
- Ans. (c)**

97. In India, the concepts of Minimum Heeds and Directed Anti-poverty Programmes were the innovations of :

- (a) Fourth Five-year Plan (b) Fifth Five-year Plan
(c) Sixth Five-year Plan (d) Seventh Five-year Plan.

Ans. (b)

98. In India, the first bank of limited liability managed by Indians and founded in the year 1881 was ?

- (a) Punjab National Bank (b) Punjab and Sind Bank
(c) Oudh Commercial Bank (d) Hindustan Commerical Bank.

Ans. (c)

99. In India, the interest rate on savings accounts in all the nationalised commercial banks is fixed by :

- (a) Finance Minister of India (b) Union Finance Commission
(c) Indian Bank Association (d) Reserve Bank of India.

Ans. (d)

100. The place where bankers meet and settle their mutual claims and accounts is known as :

- (a) treasury (b) clearing house
(c) collection centre (d) dumping ground.

Ans. (b)

101. In India, the Public Sector is most dominant in ?

- (a) Steel production
(b) Organised term lending financial institutions
(c) Transport
(d) Commercial banking.

Ans. (d)

102. In India, which of the following affects poverty line the most ?

- (a) Quantum of gold reserve (b) Per capita income
(c) Production quantum (d) Level of prices.

Ans. (b)

103. In the context of India's Five Year Plans, a shift in the pattern of industrialization, with lower emphasis on heavy industries and more on infrastructure begins in :

- (a) fourth Plan (b) sixth Plan
(c) eighth Plan (d) tenth Plan.

Ans. (c)

104. In the last one decade, which one among the following sectors has attracted the highest foreign direct investment(FDI) inflows into India ?

- (a) Services sector (b) Insurance sector
(c) Telecommunication (d) Defence sector.

Ans. (c)

105. In the second phase of nationalization of commercial banks, how many banks were nationalized ?

- (a) 4 (b) 6
(c) 8 (d) 10.

Ans. (b)

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106. In the terms of economics, the recession occurring two times with a small gap in between is known as :

- (a) Double Deflation
- (b) Deflation
- (c) Deep Recession
- (d) Double Dip Recession.

Ans. (c)

107. In the year 1969 how many banks were nationalised ?

- (a) 12.
- (b) 14
- (c) 16
- (d) 18.

Ans. (b)

108. In which of the Five Year Plans, preference was given to the weaker sections of the society ?

- (a) Second
- (b) Third
- (c) Fourth
- (d) Fifth.

Ans. (d)

109. In which one of the following five year plans the actual growth performance in India in respect of GDP (at factor cost) was less than the target set ?

- (a) Sixth five year plan
- (b) Seventh five year plan
- (c) Eighth five year plan
- (d) Ninth five year plan.

Ans. (d)

110. Which sector is the backbone of Indian economy ?

- (a) Service Sector
- (b) Financial Sector
- (c) Tourism Sector
- (d) Agriculture Sector.

Ans. (d)

111. Which among the following is not a cereal ?

- (a) Rice
- (b) Wheat
- (c) Gram
- (d) Maize.

Ans. (c)

112. Who announced the introduction of National Food Security Act ?

- (a) Pranab Mukherjee
- (b) Manmohan Singh
- (c) P. Chidambaram
- (d) Arun Jaitley.

Ans. (a)

113. When was NFSM launched ?

- (a) Mid of 9th Five-Year Plan
- (b) End of 10th Five-Year Plan
- (c) Mid of 11th Five-Year Plan
- (d) End of 11th Five-Year Plan.

Ans. (d)

114. Who announced the launch of Rashtriya Krishi Vikas Yojana ?

- (a) Narendra Modi
- (b) Dr. Manmohan Singh
- (c) Atal Bihari Vajpayee
- (d) I. K. Gujral.

Ans. (b)

115. Which among the following does not belong to welfare schemes for the farmers ?

- (a) Kisan Credit Card Scheme
- (b) SHG Bank Linkage Programme
- (c) National Agricultural Insurance Scheme
- (d) Employee Referral Scheme.

Ans. (d)

- 116. When did the Government present Kisan Credit Card Scheme ?**
 (a) April 1853 (b) August 1998
 (c) July 1991 (d) November 1995. **Ans. (b)**
- 117. When was On Farm Water Management Scheme launched ?**
 (a) July 2000 (b) March 2002
 (c) March 2004 (d) January 2004. **Ans. (b)**
- 118. When were Kisan Call Centres established ?**
 (a) July 2000 (b) March 2002
 (c) March 2004 (d) January 2004. **Ans. (d)**
- 119. When was Micro Irrigation launched ?**
 (a) March 2002 (b) March 2004
 (c) January 2004 (d) January 2006. **Ans. (d)**
- 120. When was the new agricultural policy established ?**
 (a) July 2000 (b) March 2002
 (c) March 2004 (d) January 2004. **Ans. (a)**
- 121. Which of the following is the largest fertiliser producer in India ?**
 (a) Coromande International Ltd.
 (b) Indian Farmers Fertiliser Corporation Limited
 (c) Gujarat State Fertilizers & Chemicals Ltd.
 (d) Rashtriya Chemicals & Fertilizers Ltd. **Ans. (b)**
- 122. Which is the highest food grain producing Indian state, as per 2013-14 ?**
 (a) Madhya Pradesh (b) Punjab
 (c) Uttar Pradesh (d) Maharashtra. **Ans. (c)**
- 123. Which is the highest coarse cereal producing Indian state, as per 2013-14 ?**
 (a) Karnataka (b) Maharashtra
 (c) Rajasthan (d) Uttar Pradesh. **Ans. (c)**
- 124. Which is the highest Pulses producing Indian state, as per 2013-14 ?**
 (a) Madhya Pradesh (b) Maharashtra
 (c) Uttar Pradesh (d) Rajasthan. **Ans. (a)**
- 125. Which is the highest Oilseeds producing Indian state, as per 2013-14 ?**
 (a) Gujarat (b) Madhya Pradesh
 (c) Rajasthan (d) Andhra Pradesh. **Ans. (b)**
- 126. Which is the highest milk producing Indian state, as per 2012-13 ?**
 (a) Andhra Pradesh (b) Punjab
 (c) Uttar Pradesh (d) Rajasthan. **Ans. (b)**

127. Which is the highest egg producing Indian state, as per 2011-12 ?
(a) Andhra Pradesh (b) Haryana
(c) Maharashtra (d) Tamil Nadu. **Ans. (a)**
128. Which is the highest wool producing Indian state, as per 2009-10 ?
(a) Andhra Pradesh (b) Jammu & Kashmir
(c) Karnataka (d) Rajasthan. **Ans. (d)**
129. Which is the highest meat producing Indian state, as per 2009-10 ?
(a) Andhra Pradesh (b) Maharashtra
(c) Uttar Pradesh (d) Madhya Pradesh. **Ans. (a)**
130. Which Indian state has the largest irrigated agricultural area, as per 2010 survey ?
(a) Gujarat (b) Madhya Pradesh
(c) Rajasthan (d) Uttar Pradesh. **Ans. (d)**
131. Which Indian state has the largest area irrigated by water tanks, as per 2010 ?
(a) Andhra Pradesh (b) Karnataka
(c) Tamil Nadu (d) Uttar Pradesh. **Ans. (c)**
132. Which one of the following is the most significant feature of the Indian population ?
(a) Declining birth rate.
(b) Improvement in the literacy level.
(c) The size of its adolescent population
(d) Improvement in health conditions. **Ans. (c)**
133. What is Sex ratio ?
(a) Number of females per thousand male
(b) Number of females per hundred male
(c) The study of population growth
(d) Difference between birth rate and death rates. **Ans. (a)**
134. What was the population density of India according to 2001 ?
(a) 124 person / km² (b) 224 person / km²
(c) 324 person / km² (d) 424 person / km². **Ans. (c)**
135. A large proportion of children in a population is a result of:
(a) High birth rate (b) High death rate
(c) High life expectancies (d) More married couples. **Ans. (a)**
136. Which is the most populous country of the world ?
(a) India (b) United States
(c) China (d) Russia. **Ans. (c)**

137. The number of people in different age groups is referred as:
 (a) Sex ratio (b) Age composition
 (c) Adolescent population (d) Occupational structure.
 Ans. (b)
138. Which of the following factors are responsible for sprase population ?
 (a) Flat plains and abundant rainfall
 (b) Rugged terrain and unfavourable climate
 (c) Fertile soil and abundant rainfall
 (d) Rugged terrain and favourable climate.
 Ans. (b)
139. In how many years is the official enumeration of population carried out for census.
 (a) 1 year (b) 5 years
 (c) 10 years (d) 2 years.
 Ans. (c)
140. Which of the following is an important social indicator to measure to extent of equality between males and females in a society at a given time ?
 (a) Age composition (b) Literacy Rate
 (c) Sex ratio (d) Death Rate.
 Ans. (c)
141. Name the Union Territory having the highest density of population ?
 (a) Chandigarh (b) Delhi
 (c) Puducherry (Pondicherry) (d) Daman and Diu.
 Ans. (b)
142. As per 2001 census, which of the following states has the least density of population ?
 (a) West Bengal (b) Bihar
 (c) Arunchal Pradesh (d) Uttar Pradesh.
 Ans. (c)
143. Countries that have higher population density than India are :
 (a) China (b) U.S.A.
 (c) Britain (d) Bangladesh.
 Ans. (d)
144. The most populous state of India is :
 (a) West Bengal (b) Kerala
 (c) Uttar Pradesh (d) Bihar.
 Ans. (c)
145. When did the National Population Policy come into effect ?
 (a) 2001 (b) 1947
 (c) 1952 (d) 2000.
 Ans. (d)
146. Which one of the following is not a Tertiary activity ?
 (a) Banking (b) Transport and Communication
 (c) Administrative services
 (d) Building and Construction work.
 Ans. (d)

147. Birth rate is the number of live birth per thousand persons in:
(a) 10 years (b) 5 years
(c) 2 years (d) 1 year. **Ans. (d)**
148. Which one of the following activities constitutes primary activities?
(a) Fishing (b) Teaching
(c) Construction (d) Manufacturing. **Ans. (d)**
149. The total area of India accounts for how much percent of the world's area?
(a) 2.4 percent (b) 16.7 percent
(c) 3.28 percent (d) 1.02 percent. **Ans. (a)**
150. Name the state having the highest percentage of literacy level:
(a) Kerala (b) Maharashtra
(c) Punjab (d) West Bengal. **Ans. (a)**
151. What year is considered a great demographic divide in India?
(a) 1911 (b) 1921
(c) 1931 (d) 1751. **Ans. (b)**
152. The magnitude of population growth refers to :
(a) The total population of an area
(b) The number of persons added each year
(c) The rate at which the population increases
(d) The number of females per thousand males. **Ans. (b)**
153. Which of the following migration of population does not change the size of the population?
(a) External migration (b) Internal migration
(c) International migration (d) National migration. **Ans. (b)**
154. Which one of the following activities comes under primary activity?
(a) Fishing (b) Banking
(c) Construction (d) Transportation. **Ans. (a)**
155. Transport, communication, commerce come under the :
(a) Primary activities (b) Secondary activities
(c) Tertiary activities (d) Rural activities. **Ans. (c)**
156. Which among the following is not included in policy framework of NPP 2000?
(a) Imparting free and compulsory school education above 14 years of age
(b) Reducing infant mortality rate
(c) Achieving universal immunization of children against all vaccine preventable diseases
(d) Making family welfare a people centered program. **Ans. (a)**

- 157. Which of the following is not included in Primary activities ?**
 (a) Agriculture (b) Poultry farming
 (c) Mining (d) To give Education. **Ans. (d)**
- 158. Which of the following will not have a direct impact on human capital formation ?**
 (a) Education (b) Medical care
 (c) Training (d) Irrigation. **Ans. (d)**
- 159. Which one of the following is a market activity ?**
 (a) A teacher teaching her child
 (b) A teacher teaching in school
 (c) A mechanic repairing his car
 (d) A barber cutting his son's hair. **Ans. (b)**
- 160. What percentage of World's population lives in India ?**
 (a) 16.5% (b) 17.5%
 (c) 20% (d) 15%. **Ans. (b)**
- 161. At the present rates of population growth of India and China, by which year is India likely to overtake China as the world's most populous country ?**
 (a) 2025 (b) 2040
 (c) 2030 (d) 2050. **Ans. (c)**
- 162. During which decade did India see a negative population growth ?**
 (a) 1901-11 (b) 1931-41
 (c) 1911-21 (d) 1951-61. **Ans. (c)**
- 163. Which among the following is the least populated state in India ?**
 (a) Sikkim (b) Goa
 (c) Manipur (d) Mizoram. **Ans. (a)**
- 164. Which of the following statements is/are true ?**
 1. Population of Bihar is more than that of Maharashtra.
 2. Population of West Bengal is less than that of Bihar.
 (a) 1 only (b) 2 only
 (c) Both 1 and 2 (d) Neither 1 nor 2. **Ans. (b)**
- 165. Which of the following statements is/are true ?**
 1. Kerala has the highest literacy rate in India.
 2. All the 4 southern states – A.P., Karnataka, Tamilnadu and Kerala, have achieved the literacy target of 85%.
 (a) 1 only (b) 2 only
 (c) Both 1 and 2 (d) Neither 1 nor 2. **Ans. (a)**

166. Which of the following statements is/are true ?

1. The sex ratio in India is 940.
2. The sex ratio has seen a decline in the past decade.
3. India had the worst sex ratio in 1991 when it was 927.

- (a) 1 and 2 only (b) 1 and 3 only
(c) 2 and 3 only (d) All the three. **Ans. (b)**

167. Which of the following is being taken as the census moment since 2001 ?

- (a) 00.00 hrs of 01 Apr (b) Sunrise of 01 Apr
(c) 00.00 hrs of 01 Mar (d) 00.00 hrs of 31 Mar. **Ans. (c)**

168. Which state in India has the lowest number of females in comparison to males ?

- (a) Bihar (b) Rajasthan
(c) Punjab (d) Haryana. **Ans. (d)**

169. Which among the following countries has a better gender ratio than India ?

- (a) Bhutan (b) Pakistan
(c) China (d) Afghanistan. **Ans. (b)**

170. The population of which of the following States is greater than that of Delhi ?

- (a) Uttarakhand (b) Assam
(c) Himachal Pradesh (d) Jammu and Kashmir. **Ans. (b)**

171. What is the overall literacy rate of India as per 2011 census ?

- (a) 74.04% (b) 82.14%
(c) 76.06% (d) 65.5%. **Ans. (a)**

172. Next to Delhi, which is the most populated Union Territory in India ?

- (a) Chandigarh (b) Puducherry
(c) Daman and Diu (d) Andaman and Nicobar.

Ans. (b)

173. Which of the following States has the lowest literacy rate in India ?

- (a) Rajasthan (b) Jharkhand
(c) Chhattisgarh (d) Bihar. **Ans. (d)**

174. Who advocated that India would be truly independent only when the poorest of its people become free of human suffering ?

- (a) Mahatma Gandhi (b) Indira Gandhi
(c) Jawahar Lal Nehru (d) Subhash Chandra Bose.

Ans. (c)

- 175. Which one of the following states in India has focused more on human resource development ?**
 (a) Punjab (b) Karnataka
 (c) Kerala (d) Tamil Nadu. **Ans. (c)**
- 176. Which of the following programme was launched in the year of 2000 ?**
 (a) National Rural Employment Guarantee Act.
 (b) Prime Minister Rozgar Yojana.
 (c) Swarna Jayanti Gram Swarozgar Yojana
 (d) Pradhan Mantri Gramodaya Yojana. **Ans. (d)**
- 177. Who conducts the periodical sample survey for estimating the poverty line in India ?**
 (a) National Survey Organisation
 (b) National Sample Survey Organisation
 (c) Sample Survey Organisation
 (d) None of the above. **Ans. (b)**
- 178. Which scheme was started in 1993 to create self-employment opportunities for educated unemployed youth in rural areas and small towns ?**
 (a) Prime Minister Rozgar Yojana
 (b) National Rural Employment Guarantee Act.
 (c) Rural Employment Generation Programme
 (d) Swarnajayanti Gram Swarozgar Yojana. **Ans. (a)**
- 179. For how many days NREGA provides employment ?**
 (a) 70 (b) 80
 (c) 90 (d) 100. **Ans. (d)**
- 180. Who is considered as poor ?**
 (a) Landlords (b) Landless labourer
 (c) A rich farmer (d) Businessman. **Ans. (b)**
- 181. Which among the following is the method to estimate the poverty line in India ?**
 (a) Investment method (b) Capital method
 (c) Human method (d) Income method. **Ans. (d)**
- 182. Women and children under the age of five are food insecure population due to :**
 (a) Malnutrition (b) Healthy diet at
 (c) Fats (d) None of the above. **Ans. (a)**
- 183. Which one of the Social groups is vulnerable to poverty ?**
 (a) Scheduled caste (b) Urban casual labour
 (c) Rural Agricultural households
 (d) All of the above. **Ans. (a)**

184. By which year governments are aiming to meet the Millennium Development Goals including halving the rate of global poverty ?
 (a) 2011 (b) 2015
 (c) 2045 (d) 2035. **Ans. (b)**
185. Which among the following schemes was started in the year 2000 for the indigent senior citizens ?
 (a) PDS (b) NFWP
 (c) SGSY (d) APS. **Ans. (d)**
186. What is the average calories required in rural areas for measuring poverty ?
 (a) 2400 calories per person per day
 (b) 2100 calories per person per day
 (c) 2800 calories per person per day
 (d) None of these. **Ans. (a)**
187. What is not a one of the major cause of income inequality in India ?
 (a) Unequal distribution of land (b) Lack of fertile land
 (c) Gap between rich and poor (d) Increase in population. **Ans. (b)**
188. In which of the following countries did poverty actually rise from 1981-2001 ?
 (a) Sub-Saharan Africa (b) India
 (c) China (d) Russia. **Ans. (a)**
189. The calorie requirement is higher in the rural areas because:
 (a) they do not enjoy as much as people in the urban areas
 (b) food items are expensive
 (c) they are engaged in mental work
 (d) People are engaged in physical labour. **Ans. (d)**
190. Which of the following is an indicator of poverty in India ?
 (a) Income level (b) Illiteracy level
 (c) Employment level (d) All of these. **Ans. (a)**
191. Which one of the following Economic groups is vulnerable to poverty ?
 (a) Scheduled Caste (b) Scheduled Tribes
 (c) Rural Agricultural Household
 (d) All the above. **Ans. (d)**
192. Which of the following is true regarding percentage of seasonal and chronic hunger in India ?
 (a) It has increased (b) It has decreased
 (c) It is remained same (d) It has marginally changed. **Ans. (b)**

193. Which one of these is not a cause of poverty in India ?

- (a) Low level of economic development
- (b) Migration of people from rural to urban India
- (c) Income inequalities
- (d) Unequal distribution of land.

Ans. (b)

194. Which of the following is not a valid reason for the poverty alleviation programme in India ?

- (a) Lack of proper implementation
- (b) Lack of right targeting
- (c) Corruption at the highest level
- (d) Overlapping of schemes.

Ans. (b)

195. What is the accepted calories requirement in urban areas ?

Or

What is the average calorie requirement in India in urban areas (per person per day) ?

- (a) 2000 cal / person / day
- (b) 2100 cal / person / day
- (c) 2300 cal / person / day
- (d) 2400 cal / person / day.

Ans. (b)

196. Which communities are categorized as economically vulnerable groups in India ?

- (a) Schedule caste
- (b) Agricultural labour household
- (c) Schedule tribes
- (d) All of the above.

Ans. (b)

197. In which year was N R E G A enacted ?

- (a) 2005
- (b) 2000
- (c) 1999
- (d) 1993.

Ans. (a)

198. Which of the following is not a major reason for the lack of effectiveness of targeted anti-poverty programmes ?

- (a) Lack of proper implementation
- (b) Lack of right targeting
- (c) Overlapping of schemes
- (d) All the above.

Ans. (d)

199. Calorie requirement in rural areas is more than in the urban areas because :

- (a) rural people eat more
- (b) rural people have high bodies
- (c) rural people do more hard physical work
- (d) rural people have to take more rest.

Ans. (c)

200. Poverty ratio in which of the following state has above the national average:

- (a) West Bengal (b) Tamil Nadu
(c) Andhra Pradesh (d) Karnataka. **Ans. (a)**

201. The Concept of 'entitlements' was introduced by:

- (a) Pranab Mukharjee (b) Amartya Sen
(c) Manmohani Singh (d) Sonia Gandhi. **Ans. (b)**

202. The most vulnerable social groups for poverty are:

- (a) Scheduled Tribes (b) Urban Casual Labourers
(c) Rural Agricultural Labourers
(d) Scheduled Castes. **Ans. (a)**

203. Which of the following states of India has the highest poverty ratio ?

- (a) Bihar (b) Orissa
(c) Punjab (d) Assam. **Ans. (b)**

204. Which of the following is not considered as a social indicator of poverty ?

- (a) Less no. of means of transport
(b) Illiteracy level
(c) Lack of access to health care
(d) Lack of job opportunities. **Ans. (a)**

205. Who are considered as the poorest of the poor ?

- (a) Scheduled castes (b) Scheduled tribes
(c) Disaster struck people
(d) Women female, infants and old people. **Ans. (d)**

