Lifelines of National Economy

1. The means of transportation and communication is called the lifelines of a nation and its economy?

Or

State the significance of the transport and communication system.

- The movement of goods and services from their supply locations to demand locations necessitates the need for an efficient means of transport.
- With the development of science and technology and with the help of efficient and fast moving transport, the world has been converted into a large village.
- Efficient means of transport and communication contributes to the socio economic progress of a nation.
- It has enriched our life and added substantially to growing amenities and facilities for the comforts of life.

2. Why do roadways score over railways?

Or

State the significance or advantages of roadways.

- Roadways provide door to door service.
- Cost of construction of roads is much lower than that of railways.
- Roads can traverse more dissected and undulating topography and at higher altitudes.
- Road transport is economical in transportation of few persons and small amount of goods over short distances.
- Road transport is also used as a feeder to other modes of transport.

3. What are the various ways of classifying roadways?

a) Roadways are classified according to their capacity as –
   - Golden Quadrilateral Super Highways
     It links major metros – Delhi, Mumbai, Chennai, and Kolkata.
     These are six lane super highways
     Main objective is to reduce time and distance between the mega cities.
   - North – South corridors – Terminal stations are Srinagar (Jammu and Kashmir) and Kanyakumari (Tamil Nadu)
     These projects are being implemented by the National Highway Authority of India (NHAI)
   - National Highways – links extreme parts of the country.
     These are maintained by the Central Public Works Department (CPWD)
     Eg: NH 1, NH 7 (Longest)
18. What are the two major problems faced by the jute industry in India? Name any two buyers of our jute products.
19. Why are sugar industries located close to the sugarcane producing areas?
20. Why have sugar mills been shifting and concentrating in the southern and western states?
21. Why is sugar industry in the co-operative sector?
22. What was the objective of the National Jute Policy?
23. Why iron and steel industry is called the basic industry?
24. Give reasons for the concentration of the iron and steel plants in the Chotia Nagpur region.
25. Differentiate between mini steel plants and integrated steel plants.
26. Why is iron and steel called a heavy industry?
27. How is steel marketed?
28. Why is it that India does not perform to its potential in the field of steel?
29. What are the uses of aluminium?
30. Which factors influence the location of aluminium smelting industry?
31. How can you say that chemical industry is its own largest consumer?
32. Name the important raw materials used in the manufacturing of cement?
33. What has led to the progress in cement industry/
34. What made the automobile industry develop rapidly in the last 15 years?
35. What are the different types of fertilizers produced in India?
36. How has the IT industry benefitted in the last two or three years?
37. How is air pollution caused by industries?
38. How is water pollution caused by industries? Name the industries those who are the main culprits of water pollution.
39. Explain the term thermal pollution.
40. How soil and water pollution closely related?
41. What are the effects of noise pollution?
42. Discuss the steps to be taken to minimise environmental degradation by industry.
43. How can the industrial pollution of fresh water be reduced?
44. What steps did NTPC take to protect and preserve the environment?
• State Highways - linking state capital with different district headquarters. These are maintained by State Public Works Department (PWD).

• Other roads - rural roads which link rural areas and villages with towns.

• Border roads - maintained and constructed by Border Roads Organisation.

b) Roads are also classified on the basis of the type of materials used.

- Metalled roads - made of cement, concrete and bitumen. These are all weather roads.

- Unmetalled roads - Kaccha roads - go out of use in the rainy season.

4. Define road density. What are the problems of road transportation?

The length of roads per 100 sq km of area is known as density of roads. Roads are not uniformly distributed. Road density is only 16 km in J and K and 513 km in Kerala.

Problems of road transportation -

- Half of the roads of the country are unmetalled and this limits their usage during the rainy season.

- The National Highways are inadequate.

- Roads are highly congested in the cities.

- Most of the bridges and culverts are narrow.

5. State the significance of railways.

- Railways are the principle mode of transportation for freight and passengers over long distances.

- Railways conduct multifarious activities like business, sightseeing and pilgrimage.

- Railways in India bind the economic life of the country and accelerates the development of the industry and agriculture.

- The Indian Railway is the largest public sector undertaking and generates employment.

6. Where and why is railway transport the most convenient means of transportation?

- In the Northern plains with their vast level land railway transport is the most convenient means of transportation.

- Reasons - a) it is easy to construct or lay railway lines in plains.

b) The region is very rich in agricultural resources - railway transport is essential to transport the agricultural products.

c) High population density provided favourable conditions for growth.

7. What are the problems of Indian railways?

- Many passengers travel without tickets.
- Thefts and damaging of railway property has not yet stopped completely.
- People stop the trains and pull the chains unnecessarily and this delays and cause damage to railways.
- In the hilly regions there are problems of sinking of railway tracks and landslides.

8. What are the advantages and disadvantages of pipeline transport?

**Advantages:**
- These are used for transporting crude oil, petroleum products and natural gas from the fields to refineries, fertilizer factories and big thermal power plants.
- This reduces wastage of crude oil and petroleum products.
- Pipelines rule out trans-shipment losses and delays.
- Solid can also be transported through a pipeline when converted into a slurry.

**Disadvantages:**
- Initial cost of laying pipelines is costly.
- High level of technology is required.
- Constant monitoring is essential to avoid accidents.

9. What are the advantages of water transport?
- Waterways are the cheapest means of transport.
- They are most suitable for carrying heavy and bulky goods over long distances.
- It is a fuel efficient and environment friendly mode of transport.

10. What are the advantages of air transport? Why is it common in the north eastern part of the country?
- It is the fastest, most comfortable and prestigious mode of transport.
- It can cover difficult terrain like high mountains, dreary deserts, dense forests and long oceanic stretches with great ease.
- Air transport is well developed in the north eastern states because other mode of transport is not so well developed.
- This region is marked with the presence of big rivers, dissected relief, dense forests and frequent floods. So air transport has made access easier.

- Indian postal network is the largest in the world.
- It handles parcels as well as written communications.
- First class mails include cards and envelopes. They are air lifted between stations covering both land and air.
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4. Define road density. What are the problems of road transportation?
The length of roads per 100 sq km of area is known as density of roads. Roads are not uniformly distributed. Road density is only 10 km in J and K, and 375 km in Kerala.
Problems of road transportation -
• Half of the roads of the country are unmetalled and this limits their usage during the rainy season.
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CHAPTER’S NAME: DEVELOPMENT

1. Define Development.
2. Mention some factors other than income that are important aspects of our life.
3. Why do different people have different notions of development?
4. What is national development? Explain with suitable example.
5. Define National Income and Per Capita Income.
6. What is the main criterion used by the World Bank in classifying different countries? What are the limitations of this criterion?
7. What do you understand by ‘developed countries’?
8. Define Net Attendance Ratio, Infant Mortality Rate and Literacy Rate.
9. ‘Money in your pocket cannot buy all the goods and services that you may need to live well’. Justify the statement with suitable examples.
10. List the social indicators that are taken into account to construct Human Development Index.
11. Define sustainable development.
12. Why is Sustainable Development essential for economic growth?
14. In what respects is the criterion used by UNDP for measuring development different from the one used by the World Bank.
15. List the indicators taken into account by UNDP to construct HDI.

CHAPTER’S NAME: SECTORS OF ECONOMY

1. Mention one important feature of primary, secondary and tertiary sectors and give an example of each activity.
2. How is the tertiary sector different from other sectors? Illustrate with a few examples.
3. Define (a) Economic activities.
   (b) Non Economic Activities.
4. Differentiate Public Sector and Private Sector with suitable examples.
5. Define Final goods and Intermediate goods.
6. Compare the rate of growth of the tertiary sector with other sectors in terms of GDP and employment.
7. Give a few examples of public sector activities and explain why the government has taken them up?
8. Distinguish between organized and unorganized sectors.
9. How would income and employment increase if farmers were provided with irrigation and marketing facilities?
10. ‘Workers in the unorganized sector also face social discrimination’. Do you
agree? Give reasons.

11. Is it necessary to have the public sector? Substantiate your answer by examining the role of the government.

12. What do you understand by open unemployment?


14. Explain the objectives of implementing the NREGA(20005).

15. Tabular questions should be discussed.

16. Give reasons for the growth of the tertiary sector in India.

17. How can employment be created in rural and urban areas?

18. Give some examples of Public sector activities and explain why the government has taken them up?

19. What does the history of developed countries indicate about the shifts that have taken place between sectors?

20. Compare and contrast the changes in India with the pattern that was observed for developed countries. What kind of changes between sectors were desired but did not happen in India?

21. Service sector in India employs two different kinds of people. Who are these?
MONEY AND CREDIT

1. Define money.
   Money can be defined as anything which is generally accepted by people in exchange of goods and services or in repayment of debts.

2. Explain the barter system.
   - Barter system is the direct exchange of goods against goods without use of money.
   - It is called commodity for commodity exchange economy.
   - Double coincidence of wants is an essential feature of the barter system.
   - It is when both parties agree to buy and sell each other’s commodities.
   - Eg: weaver gives cloth to the farmer and farmer in return gives wheat to the weaver which they have agreed.

3. What is currency?
   - Modern form of money is called currency which includes paper notes and coins.
   - It is not made up of precious metals like gold and silver.
   - It is without any use of its own but is accepted as a medium of exchange because it is authorised by the government of India.
   - The Reserve Bank of India is the only organisation which is allowed to issue currency notes in India on behalf of the central government.

4. Why money is called the medium of exchange?
   Money is called the medium of exchange because -
   - Medium of exchange is the basic function of money.
   - People exchange goods and services through the medium of money.
   - A person holding money can exchange it for any commodity or service he might want.

5. What are demand deposits?
   - When people have extra cash they deposit it in the bank by opening a bank account in their name.
   - They can withdraw money from their account on demand, so it is called demand deposit.

6. What are the facilities enjoyed by person who has a demand deposit?
   - His or her money is safe in the bank.
   - The money earns an interest.
   - The depositor can withdraw the money on demand.
   - The depositor enjoys the facility of using cheques in making payments without the use of cash.
• Whether credit would be useful or not, depends on the risk in the situation and whether there is some support in case of loss.
  - Eg: Swapna’s case.

11. What are collaterals? Why do lenders ask for collaterals while lending money?
• Collateral is an asset that the borrower owns such as land, building, vehicle, livestock, deposits with banks etc. He uses this as a guarantee to a lender until the loan is repaid.
• The lender asks for collateral because if the borrower fails to repay the loan, the lender has the right to sell the asset or collateral to obtain payment.

12. What are the terms of credit?
• Interest rate, collateral and documentation requirement, mode of payment, duration of loan are the terms of credit.
• Terms of credit vary from one credit arrangement to another.
• They depend on the nature of the lender and the borrower.

13. State the difference between formal and informal credit.

<table>
<thead>
<tr>
<th>Formal credit</th>
<th>Informal credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Banks and cooperatives are formal sources of credit.</td>
<td>• Money lenders, traders, employers, relatives and friends are informal sources of credit.</td>
</tr>
<tr>
<td>• RBI monitors the formal sources of credit.</td>
<td>• No organisations supervise the informal sources of credit.</td>
</tr>
<tr>
<td>• Formal sources of credit charges lower interest rate on credit.</td>
<td>• Informal sources of credit charges higher rate of interest on credit.</td>
</tr>
<tr>
<td>• Formal sources of credit ask for collaterals.</td>
<td>• Informal source of credit do not ask for collaterals.</td>
</tr>
</tbody>
</table>

14. Why do banks and cooperative societies need to lend more?
• The informal lenders charge higher interest on loans.
• High cost of borrowing means larger part of earnings is used to repay the loans.
• Sometimes the amount to be repaid is greater than the income of the borrower.
• This could lead to debt trap.
• If banks and cooperatives lend more they can borrow cheaply and grow more crops, do business, set up small-scale industries or trade in goods.
• Dependence on informal sources of credit will reduce.
• Cheap and affordable credit is essential and if it is distributed more equally the poor can benefit which in turn will help in countries development.
15. What is the basic idea behind the SGHs for the poor? Explain its functions.

- The basic idea is to provide loans to the poor specially women.
- Organise them into small groups and pool in their resources.
- Atypical self help group has 15 to 20 members whose savings vary from Rs. 25 to 100
- Members take small loans from the group which charges interest on these loans.
- After a year a two if the group is regular in savings it becomes eligible for getting loans from the bank.
- This helps the group to create self employment opportunities, release mortgaged land, meet working capital, buy assets like sewing machines, handlooms, cattle etc.
- Any case of non payment of loan is taken up seriously by the members.
- The banks are willing to give them loans without collateral.
- SHGs are building blocks, helps women to be self reliant and discuss various social issues such as health, nutrition and domestic violence.
GLOBALISATION AND THE INDIAN ECONOMY

1. What were the main channel connecting countries in the past? How is it different now?
   • Trade was the main channel connecting distant countries in the past.
   • Now foreign trade is easier because of liberalisation.
   • With liberalisation of trade businesses are allowed to make decisions freely of what they wish to import or export.

2. Who are the MNCs?
   • These are large companies called multinational corporations.
   • These are companies that own or controls production in more than one nation.
   • They set up factories and offices in regions where they can get cheap labour and raw materials.
   • This is done to reduce the cost of production and earn greater profits.

3. What are the various ways in which countries can be linked?
   • The movement of goods and services from one country to another takes place.
   • Investment and technology also move from one country to another.
   • People also move from one country to another in search of better income and better job opportunities.
   These are the ways by which countries can be linked.

4. How do MNCs contribute to the growth of local countries?
   • The MNCs set up production jointly with local companies.
   • They bring foreign investment for buying new machineries to increase production.
   • They bring with them the latest technology for production.
   • This is how they contribute to the growth of local companies.

5. What is an investment? How does it differ from foreign investment?
   • The money that is spent to buy assets such as land, building, machines and other equipments is called investment.
   • Foreign investment is the money invested by the MNCs with the hope to earn profit.

6. How do MNCs control production across countries?
   • MNCs collaborate or set up production jointly with local companies.
   • The MNCs bring with them the latest technology for production.
   • MNCs buy up local companies to expand production.
   • Large MNCs place orders for production with small producers.

7. What are the basic functions of foreign trade?
   • Foreign trade creates an opportunity for producers to reach beyond domestic markets.
   • There is a wide choice of goods beyond what is domestically produced.
   • Prices of similar goods in the two markets tend to become equal.
• Producers of two countries now closely compete against each other even though they are separated by thousand miles.

8. What do you understand by globalisation?
• Globalisation means integrating the economy of a country with the economies of other countries under conditions of free flow of trade, capital and movement of persons across borders.

9. What is the role of MNCs in globalisation process?
• MNCs are spreading their production across various countries by setting up offices and factories.
• They are interacting with local producers by collaborating or buying up local companies.
• Movement of goods and services takes place.
• Movement of people for better income and job opportunities also takes place.

10. What are the factors that enabled globalisation?
• Rapid improvement in technology is one of the major factors that stimulated globalisation process.
• In the past few years there has been improvement in transport technology and this has helped in the faster delivery of goods across long distances at lower price.
• Development in information and communication technology also stimulated globalisation process.
• Liberalisation or removing barriers or restrictions set up by the government also enabled globalisation.
• Government removed trade barriers and made labour laws flexible. This enabled globalisation.

11. What is WTO? What is the aim of WTO?
• WTO is World Trade Organisation. It was set up in 1995.
• Its aim is to promote international trade among countries of the world in an open, uniform and non discriminatory manner.

12. What is impact of globalisation in India?

<table>
<thead>
<tr>
<th>Producers</th>
<th>Consumers</th>
<th>Labourers</th>
<th>General</th>
</tr>
</thead>
</table>
| • Producers are competitive in nature and produced quality goods. (P)  
• Large producers are benefited by foreign investment and new technology. (P)  
• Some local | • The well off consumers in the urban areas is benefitted by greater choice of goods. (P)  
• They enjoyed improved quality and lower prices for several products. (P)  
• There are many consumers who have | • People with education and skill have made the best use of globalisation.(p)  
• Due to flexibility of labour law the workers in the unorganised sector their jobs | • Indian economy became a more vibrant economy.(P)  
• Job opportunities are created.(P)  
• Foreign exchange |
producers supplying raw materials prospered. (P)

- Many small producers could not compete in the global market perished. (N)
- Some of the top local companies benefitted from competition and themselves later emerged as MNCs. (P)

not shared the benefits of globalisation. (N)

are insecure and irregular and they are deprived of certain benefits. (N)

reserves have increased.

- It has lead to the widening of gap between the rich and the poor. (N)

- P – Positive impact
- N- Negative impact

13. What are trade barriers? What was the reason for putting barrier to foreign trade? Why did the government wish to remove these barriers?
- Tax on imports is a trade barrier. Government use these trade barriers to increase or decrease foreign trade and to decide what kind of goods and how much of each should enter the country.
- After independence it was considered necessary to protect the domestic producers from foreign competition.
- In 1950s and 1960s industries were just coming up, at that stage competition would not have allowed the industries to come up.
- India allowed the imports of only essential items.
- In 1991 the barriers were removed because government decided that time had come for Indian producers to compete with the producers of the world.

14. Explain the role of government to ensure fair globalisation.
- Globalisation is not fair. So government play a major role to create opportunities for all.
- Its policies must protect the interests not only of the rich and the powerful but all the people in the country.
- The government should see that the labour laws are properly implemented and workers get their rights.
- It can support small producers to improve their performance till the time they become strong enough to compete.
- Government can use trade and investment barriers to protect them.
- It can negotiate at the WTO for fairer rules.
- It can align with other countries with similar interests to fight against the domination of developed countries in the WTO.
CONSUMER RIGHTS

1. Why rules and regulations are required in the market place?
   - Rules and regulations are required in the market place for the protection of the consumers.
   - Consumers are exploited and they often find themselves in a weak position.

2. What are the various ways by which consumers are exploited in the market place?
   - The trader always tries to shift the responsibility to the buyer when there is a complaint regarding a good or a service.
   - Sometimes traders indulge in unfair trade practices such as giving less weight.
   - They sell sometimes adulterated or defective goods.
   - At times false information is passed on through media to attract consumers.
   - Sometimes rampant shortages, hording and black marketing is seen in the market.

3. What were the reasons for the rise and growth of the consumer movement in India?
   - Consumer movement arose out of dissatisfaction of the consumers as many unfair trade practices were being indulged in by sellers.
   - There was no legal system available to consumers to protect them from exploitation in the marketplace.
   - Consumer movement as a social force originated to protect consumers from unethical and unfair trade practices.
   - The consumer movement in an organised form started in 1960s but nothing much was done other than writing articles.

4. Explain the rights of the consumer.
   Right to be informed
   - Consumers have the right to be informed about the particulars of the goods and services that they purchase.
   - The details of the products are all given on the packing like – ingredients, date of manufacturing and expiry date, batch number, direction of use etc.
   - In recent years the right to information has been expanded to cover various services provided by the government. The RTI Act ensures the citizens about the functions of government departments.

   Right to choose
   - Every consumer has the right to choose regardless of age and gender whether to continue to receive the service or not.

   Right to seek redressal.
   - The consumers have the right to seek redressal against unfair trade practices and exploitation.
   - Consumers have the right to get compensation depending on the degree of damage.
Right to represent
- Consumer Protection and Redressal Act enable the consumer to represent in the consumer court to get justice.

5. Explain the three tier quasi judicial machinery under COPRA.
- Under COPRA there is a three tier quasi judicial machinery at district, state and national levels.
- The district level court deals with the cases involving claims up to Rs. 20 lakhs.
- The state level courts between 20 lakhs to 1 crore.
- National level deals cases involving claims exceeding Rs. 1 crore.
- If a case is dismissed in district level court, the consumer can appeal in state and then national level.

6. Mention a few factors which cause exploitation of consumers.
- Consumers are exploited because of lack of awareness of consumer rights.
- Improper monitoring of the rules and regulations that can protect the consumers.
- Consumers make small purchases and scattered so they are in a weak position.
- When producers are few and powerful the consumers are exploited.

7. Write the difference between consumer protection council and consumer court.
- Consumer protection councils are voluntary organisations which are also known as consumer forums.
- They guide the consumer how to file a case in the consumer court.
- In many cases they represent individual consumers in the consumer court.
- They get financial support from the government for creating awareness among people.
- Consumers courts are courts set up for redressal of consumer disputes.
- It is a three tier quasi judicial system at district, state and national level.
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8. What is standardisation? Why standardisation of certain products is essential.
- It is the minimum standard of a product in terms of its quality.
- There are organisations that issue certificates provided they follow certain quality standards.
- It is not compulsory for all producers to follow standards.
- There are some products that affect the health and safety of the consumers.
- There are certain products of mass consumption like LPG cylinders, food colours, cement, packaged drinking water, it is mandatory for these products to be certified.
- The logos like ISI, Agmark and Hallmark show that the products are certified.
9. Critically examine the progress of the consumer movement in India.
   - Consumer started in 1960s. Till 1970s the organisations were largely engaged in writing articles and holding exhibitions.
   - In recent years the consumer movement has made some progress in terms of their numbers and their activities.
   - Today there are more than 700 consumer groups but only 20 to 25 are well organised and recognised for their work.

10. What are the demerits of the consumer redressal process?
   - Consumer redressal process is cumbersome, expensive and time consuming.
   - Now consumers are required to engage lawyers.
   - Most purchases cash memos are not issued hence evidences is not easy to gather.
   - The existing laws are not very clear on the issue of compensation to consumers.
   - Consumer awareness in India is spreading slowly.
   - Rules and regulations are not often followed in the marketplace.
   - The consumer movement can only be effective with the consumer's active involvement.