



Chapter 1

Development

Let's Work these Out-Pg-6

Q.1 Why do different persons have different notions of development?
Which of the following explanations is more important and why?

(a) Because people are different.

(b) Because life situations of persons are different.

Ans.: The argument in favor of above mentioned statement is that people are different and the second one is life situations of persons are different so second one is more important about different notions of development for different people.

The development or growth of a person totally depends on the situation around him.

A person living in a village and there is no accessibility of road then construction of roads would be needed to develop that area. If a person is living in a metro city and finds difficulty to commute his workplace then the construction of rapid transit system would be the need in that area and for that person.

Q.2 Do the following two statements mean the same? Justify your answer.

People have different developmental goals.

People have conflicting developmental goals.

Ans.: Both the statements are true but differ in meaning. People may have different goals but it is not necessary that their path will be conflicting and the same as well.

For example: If a flyover is being constructed to reduce the waiting time at the railway station then it is the development goal for the person working at office. But by demolishing the necessities of slum by constructing can be contradictory for the slum dwellers.

Q.3 Give some examples where factors other than income are important aspects of our lives.

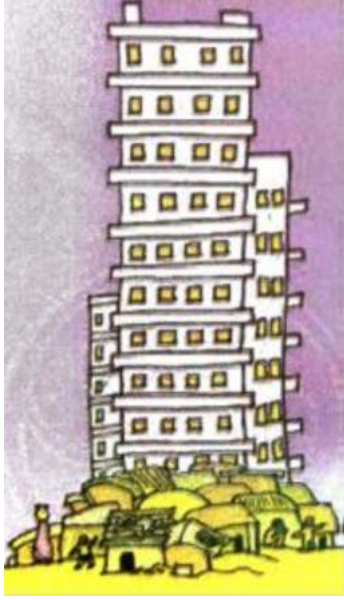
Ans.: Money is one of the other factors which is more important for fulfilling the basic requirements of life but it is not the sole factor which should be termed superior. Because good income will be useless if a person does not have the capacity or is not capable to move even here and there because of health issues. So, health as well as money is important. We can also say that both are complimentary. Not only this if good schools are not available in the neighborhood then it is difficult to provide education to the children so that they can be able to spend their money earned at right place at right time.

Q.4 Explain some of the important ideas of the above section in your own words.

Ans.: The above section is completely based on income and other different goals of people. Everyone has its own goal but besides seeking more and more opportunities to earn they want freedom, respect and security as well. The main factor on which a life of a particular person is dependent is income but quality of life also matters. One cannot keep chasing materialistic things.

Let's Work these Out-Pg-7

Q.1 Look at the picture on the right. What should be the developmental goals for such an area?



Ans.: The developmental goals for such an area should be:

A secure ownership should be provided of the land on which they live.

Availing the services like electricity, water and sanitation.

Removing unemployment by providing more and more job opportunities.

Medical facilities and hospitals.

Q.2 Read the newspaper report and answer the questions that follow:

A vessel dumped 500 tonnes of liquid toxic wastes into open-air dumps in a city and in the surrounding sea. This happened in a city called Abidjan in Ivory Coast, a country in Africa. The fumes from the highly toxic waste caused nausea, skin rashes, fainting, diarrhea etc. After a month, seven persons were dead, twenty in hospital and twenty six thousand treated for symptoms of poisoning.

A multinational company dealing in petroleum and metals had contracted a local company of the Ivory Coast to dispose the toxic waste from its ship.

(i) Who are the people who benefited and who did not?

(ii) What should be the developmental goal for this country?

Ans.: (i) the people who have dumped the toxic waste are the benefitted and the people who haven't are not benefitted and they belonged to Abidjan in Ivory Coast, a country in Africa, where people were not aware of hygiene issues and they kept committing mistakes daily and now they are suffering.

(ii) The development goals for the citizens of this country are to increase or raise their awareness towards the Pollution due to which they are getting suffered, like they don't know about sanitation and they keep dumping tonnes of liquid toxic waste in open-air in a city that causes nausea, skin rashes, fainting, diarrhea etc.

Q.3 What can be some of the developmental goals for your village, town or locality?

Ans.: As we know that rural areas are very hard to improve specially where there is no literacy and no hygiene. It becomes very difficult task to convince people for any change as they are very conservative and they don't want to accept changes rather than keep following their old and nonsense traditions. SO, if I say then many more important development goals should be there like sanitation, security, per capita income, education etc.

Let's Work these Out-Pg-9

Q.1 Give three examples where an average is used for comparing situations.

Ans.: Examples where an average is used for comparing situations are as follows:

- a) Measuring the height of students in a class with a large number of students.
- b) Collecting the data of income of people of a particular state.
- c) Forest cover in a country.

Q.2 Why do you think average income is an important criterion for development? Explain.

Ans.: Average income is an important criterion for development. As we know that money is basic and most vital factor for any country as it allows its citizens to fulfill their requirements. If the average income of a country is on a higher side, then chances of development will be better, if the average income of a country is on lower side then chances of the development will be less possible.

Hence, average income is an important criterion for development.

Q.3 Besides size of per capita income, what other property of income is important in comparing two or more societies?

Ans.: Besides the size of per capita income, there is purchasing power parity as it shows the ability of people to purchase items and their behavior too must not be ignored in this case. In comparison of two or more societies few more factors can be included like gross domestic product, infant mortality rate, distribution of income and many more things.

Q.4 Suppose records show that the average income in a country has been increasing over a period of time. From this, can we conclude that all sections of the economy have become better? Illustrate your answer with an example.

Ans.: If records show that the average income in a country has been increasing over a period of time. As we know that average income of a country is a way to determine the development of a country but it does not guarantee the progress of the economy. Few examples have been seen in which clearly it was shown that there are many other factors which are important for the overall development of a particular society. Some factors are infant mortality rate and literacy rate etc.

Q.5 From the text, find out the per capita income level of middle-income countries as per WDR 2006.

Ans.: The per capita income level of middle-income countries as per WDR 2006 is as follows:

Sri Lanka: \$ 4390

India: \$ 3139

Pakistan: \$ 2225

Q.6 Write a paragraph on your notion of what should India do, or achieve, to become a developed country.

Ans.: India is one of the most developing nations presently in the world but when we look at the figures related to Human Development Index; India is still very far from developed nations' list on several parameters.

India has shown great improvement on the life expectancy, infant mortality, and literacy rate in the 2011 census. There are several factors in which we have to work on, some of these are:

Lack of proper healthcare, drinking water, sanitation and nutrition especially in rural areas. India needs to develop facilities to improve on these parameters so that it can become a developed nation.

Let's Work these Out-Pg-12

Q.1 Look at data in Tables 1.3 and 1.4. Is Punjab ahead of Bihar in literacy rate etc. as it is in terms of per capita income?

Table 1.3: Per Capita Income of Select States

State	Per capita income for 2002-03 (in Rs.)
Maharashtra	1,04,000
Kerala	88,500
Bihar	27,200

Table 1.4: Some Comparative Data on Maharashtra, Kerala and Bihar

State Infant Mortality Rate per 1,000 live births (2012)		Literacy Rate% 2011	Net attendance Ratio (per 100 persons) secondary stage (age 14 and 15 years) 2009-10
Maharashtra	25	82	64
kerala	12	94	78
Bihar	43	62	35

Explanation of some of the terms used in this table.

Infant Mortality Rate (IMR) indicates the number of children that die before the age of one year as a proportion of 1000 live children born in that particular year.

Literacy Rate measures the proportion of literate population in the 7 and above age group.

Net Attendance Ratio is the total number of children of age group 6-10 attending school as a percentage of total number of children in the same age group.

Ans.: We can notice that Infant mortality rate is 25, 12, and 43 in different states named Maharashtra, Kerala, and Bihar respectively. Literacy rate is 82, 94 and 62 in the same states and if we talk about net attendance ratio then it is 64, 78, and 35 respectively. So, it can be said that Maharashtra is at the second number in literacy rate. Kerala is at the top in literacy rate and Bihar is very far from these two states if we compare the literacy rate.

Q.2 Think of other examples where collective provision of goods and services is cheaper than individual provision.

Ans.: In factories where goods and services are produced at mass scale, in mining areas and in manufacturing units where also goods are produced and manufactured in bulk. So, few merchants prefer to sell their goods in wholesale and they don't want any kind of mediator in their work and all they want is that customers should come to them and purchase goods and services from them so here both seller and buyer is benefitted in their own ways. Therefore it can be said that collective of goods and services is cheaper than individual provision.

Q.3 Does availability of good health & educational facilities depend only on amount of money spent by the government on these facilities? What other factors could be relevant?

Ans.: The availability of good health and educational facilities does not solely depend on amount of money spent rather in this case health facilities are dependent on the capabilities of the doctors and quality of

medicines and quantity of staff their behavior towards patients and many more factors are there. So it would be wrong to say that it is solely dependent on money.

Q.4 In Tamil Nadu, 75% of the people living in rural areas use a ration shop, whereas in Jharkhand only 8% of rural people do so. Where would people be better off and why?

Ans.: In Tamil Nadu, 75% people are living in rural areas and they use ration shop, whereas in Jharkhand only 8% of rural people are living there use a grocery store, so clearly we can see that people are doing better in Tamil Nadu as there are 75% of people are being provided the facilities by the Public Distribution System. And on the second hand people of Jharkhand are not in good condition.

Exercises

Q.1 Development of a country can generally be determined by

- A. its per capita income
- B. its average literacy level
- C. health status of its people
- D. all of these

Ans.: Development of a country can be measured by any of these parameters. Throughout the world, health and education indicators along with income are used as a measure of development. Hence all 3 are parameter that determine the development level of a country. Option (D) is correct

Q.2 Which of the following neighboring countries has better performance in terms of human development in India?

- A. Bangladesh
- B. Sri Lanka
- C. Nepal
- D. Pakistan

Ans.: On looking our neighbor countries then we come to know that Sri Lanka is the country which has better performance than India. This country named Sri Lanka leads us in per capita income, healthcare and education and many more parameters which are used to determine and define the human development properly. Using these parameters one can easily judge the growth of its country.

Q.3 Assume there are four families in a country. The average per capita income of these families is Rs.5000. If the income of three families is Rs.4000, Rs.7000 and Rs.3000 respectively. What is the income of the fourth family?

- A. Rs.7500
- B. Rs.3000
- C. Rs.2000
- D. Rs.6000

Ans.: Average capital income = Rs 5000

Income of 1st family = Rs 4000

Income of 2nd family = Rs 7000

Income of 3rd family = Rs 3000

$$\text{Income of fourth family} = \frac{4000+7000+3000+x}{4}$$

$$5000 = \frac{14000+x}{4}$$

$$20000 = 14000 + x$$

$$x = 6000$$

Q.4 What is the main criterion used by the World Bank in classifying different countries? What are the limitations of this criterion, if any?

Ans.: Criterion use by the World Bank in classifying the different countries is the per capita income method. In this method, the income of a country is divided by the total population which gives the average income of a country.

World development report which came in 2006 states that in 2004 countries with per capita income of Rs 4,5300 or above per annum is regarded as rich and countries with per capita income is Rs 37000 or less per annum as low-income countries. There are various limitations to this method because of the following reasons: 1) This method only tells us about the average income of a country but not about the unequal distribution of wealth. It does not explain the reasons for the rising gap between rich and poor. 2) The population is the significant factor here because countries with high population will tally low level of income. 3) Countries with high per capita income do not explain about the basic rights and facilities provided to the citizens.

Q.5 In what respect in the criterion used by the UNDP for measuring development different from the one used by the World Bank?

Ans.: UNDP is United Nation Development Programme. It advocates for change and connects countries to knowledge, experience and resources to help people build a better life. The main difference between the UNDP and World Bank in terms of measuring development is that -

the World Bank depends upon a country's per capita income, and the UNDP uses a combination of factors like health, education and income to know about the development of a country.

Q.6 Why do we use averages? Are there any limitations to their use? Illustrate with your own examples related to development.

Ans.: The use of average is to compare income because it makes comparison between countries of different sizes easily. It removes that toughness or any kind of difficulty which is faced during calculation of per capita income.

It hides the differences in the distribution of income which is its limitation. As by calculating the total income it is not possible to get the average income of total people. That is the reason that the average income of the country is being compared which is said to be the total income which is divided by its population.

Limitations of using averages are as follows:

a) It can be used for comparison and it hides disparities so it is not suitable for any country in this way.

For example- There are two countries A and B, where the per capita income may be the same

Country A: Most of the people have similar income

Country B: Few people are extremely rich while most of the people are extremely poor but the average comes out to be same as country A

So mostly people would like to live in country 'A' as it has more equitable distribution than country B.

b) Even though averages are useful for comparison but they hide disparities. Example: The literacy rate of a country does not differentiate between its different states, certain states (such as Kerala) may have higher literacy rate while some may have a lower literacy rate (like Bihar) but when we take the country's average, this difference is not visible.

Q.7 Kerala, with lower per capita income has a better human development ranking than Punjab. Hence, per capita income is not a useful criterion at all and should not be used to compare states. Do you agree? Discuss.

Ans.: It can be noticed with the help of a report that Kerala with lower capita income has a better human development ranking in comparison to Punjab and to counter the inadequacy of this average, the human development Index is used.

Various factors are used by HDI for the comparison of the two states. Some of these factors are health, education, income etc. Per capita income is useful for the money index of states. So it can be easily said that the per capita income is one of the development factors and cannot be put away.

Q.8 Find out the present source of energy that is used by the people of India. What could be the other possibilities fifty years from now?

Ans.: The present source of energy that is used by the people of India is of various types like electricity, coal crude oil, cow dung and solar energy. If we look the possibilities of next 50 years then we can include ethanol, bio-diesel, nuclear energy etc. wind energy can be used in far more good

way. All these things can be used in better way to find out the present source of energy.

Q.9 Why is the issue of sustainability important for development?

Ans.: The issue of sustainability is important for development because of the passage of time the generation changes and with this change, society wants more and more benefits from the resources which are present in our nature. Because of the increasing needs of people of our society, things are decaying day by day and excessive use is making things worse. If the speed of using resources remains same then the available resources will be exhausted soon and our coming generation will stay deprived of all kind of needs.

The issue of sustainability is important for development because of the following reasons:

- a) The growth and development should be done by keeping in mind the future usage.
- b) If resources will not be sustained then our natural resources will stagnate after some time and no upcoming generation will be able to take advantage of these natural resources.

Q. 10 “The Earth has enough resources to meet the needs of all but not enough to satisfy the greed of even one person.” How this statement is relevant to the discussion of development? Discuss.

Ans.: “The earth has enough resources to meet the needs of all but not enough to satisfy the greed of even one person.” This can be said that this above written statement is relevant and accurate to discuss the development issue because in our nature there are sufficient amount of resources that are required for completing or meeting the needs of our society but these resources are being exploited badly by the people.

Renewable resources like groundwater can be replenished by the nature but nonrenewable resources cannot be replenished. So the role of sustainable development is very important as it can be attained by mix use of both renewable and non-renewable resources without any harm and the balance of environment must be kept in mind to fulfill the requirements of present and future generations.

Q.11 List a few examples of environmental degradation that you may have observed around you.

Ans.: List of examples of environmental degradation that we have observed around us is as follows.

- a) Excessive use or misuse of the natural resources is getting common now a days and it is causing the environmental degradation.
- b) Because of deforestation forests are rapidly turning into plain grounds.
- c) Falling level of ground water, soil erosion, water pollution, burning of fossil fuels etc. are leading towards environmental degradation.

Q.12 For each of the items given below in the Table 1.6, find out which country is at the top and which is at bottom.

Ans.: (i) Per Capita Gross National Income in US\$:

Top country: Sri Lanka

Bottom country: Nepal

(ii) Life expectancy at Birth:

Top country: Sri Lanka

Bottom Country: Myanmar and Pakistan

(iii) Literacy Rate for 15+ years population:

Top country: Sri Lanka

Bottom country: Pakistan

(iv) HDI rank in the World:

Top country: Sri Lanka

Bottom country: Nepal

Q.13 The following table shows the proportion of undernourished adults in India. It is based in a survey of various states for the year 2001. Look at the table and answer the following questions.

State	Male (%)	Female (%)
Kerala	22	19
Karnataka	36	38
Madhya pradesh	43	42
All states	37	36

(i) Compare the nutritional level of people in Kerala and Madhya Pradesh.

(ii) Can you guess why around 40 per cent of people in the country are undernourished even though it is argued that there is enough food in the country? Describe in your own words.

Ans.:

(i) We can clearly look and notice that both the states have different nutritional level. 22% and 19% men and women respectively are undernourished in Kerala and on the other hand in Madhya Pradesh the respective percentages of male and female that are undernourished 43%

and 42%, which clearly tells that Kerala has better nourished people than Madhya Pradesh.

(ii) Often it is said that there is enough amount of food present in our country that can easily complete the needs of people but still 40% of our country's population is unnourished this is because of the wrong and unsystematic distribution of food among population which again leads to discrimination and because of which people stay unnourished.

Few states in the country ensure proper running of grocery stores and other public distribution system which benefits the weaker section of any society. Grocery stores which are under the public distribution system help the population in maintaining the nutritional status of the people by making food availability.

CBSE Class–10 Social Science
NCERT Solutions
Economics Chapter 2
Sectors of the Indian Economy

Question 1. Fill in the blanks using the correct option given in the bracket:

- i. Employment in the service sector has not increased to the same extent as production.
(has/has not)
 - ii. Workers in the tertiary sector do not produce goods. (tertiary / agricultural)
 - iii. Most of the workers in the organised sector enjoy job security. (organised / unorganised)
 - iv. A large proportion of labourers in India are working in the unorganised sector. (large / small)
 - v. Cotton is a natural product and cloth is a manufactured product. [natural /manufactured]
 - vi. The activities in primary, secondary and tertiary sectors are interdependent.
[independent / interdependent]
-

Question 2. Choose the most appropriate answer.

(a) The sectors are classified into public and private sector on the basis of:

- (i) employment conditions
- (ii) the nature of economic activity
- (iii) ownership of enterprises
- (iv) number of workers employed in the enterprise

Answer: (iii) ownership of enterprises

Explanation: In public sector, ownership is with the government and in private sector ownership is in the hands of private individuals.

(b) Production of a commodity, mostly through the natural process, is an activity in _____ sector.

- (i) primary
- (ii) secondary
- (iii) tertiary
- (iv) information technology

Answer: (i) primary

Explanation: Primary sector forms a base for all the products we subsequently make and we take the raw material from natural sources.

(c) GDP is the total value of _____ produced during a particular year.

- (i) all goods and services
- (ii) all final goods and services
- (iii) all intermediate goods and services
- (iv) all intermediate and final goods and services

Answer: (ii) all final goods and services

Explanation: Sum of production in the three sectors is called GDP.

(d) In terms of GDP the share of tertiary sector in 2010-11 is _____

- (i) between 20 to 30 per cent
- (ii) between 30 to 40 per cent
- (iii) between 50 to 60 per cent
- (iv) 70 per cent

Answer: (iii) between 50 per cent to 60 per cent

Explanation: The tertiary sector has emerged as the largest producing sector in India replacing the primary sector.

Question 3. Match the following:

Problems faced by farming sector	Some possible measures
1. Unirrigated land	(a) Setting up agro-based mills
2. Low prices for crops	(b) Cooperative marketing societies
3. Debt burden	(c) Procurement of food grains by government
4. No job in the offseason	(d) Construction of canals by the government
5. Compelled to sell their grains to the local traders soon after harvest	(e) Banks to provide credit with low interest

er:

	Problems faced by farming sector		Some possible measures
1	Unirrigated land	(d)	Construction of canals by the government
2	Low prices for crops	(c)	Procurement of food grains by government
3	Debt burden	(e)	Banks to provide credit with low interest
4	No job in the offseason	(a)	Setting up agro-based mills
5	Compelled to sell their grains to the local traders soon after harvest	(b)	Cooperative marketing societies

Question 4. Find the odd one out and say why.

- i. Tourist guide, dhobi, tailor, potter
- ii. Teacher, doctor, vegetable vendor, lawyer
- iii. Postman, cobbler, soldier, police constable
- iv. MTNL, Indian Railways, Air India, SAHARA Airlines, All India Radio

Answer:

- i. Tourist guide: He is appointed by the government, while dhobi, tailor and potter belong to the private sector. Dhobi, tailor and potter are self-employed.
- ii. Vegetable vendor: He is the only profession that does not require formal education. He belongs to the private and unorganised sector while the rest are professionally qualified.
- iii. Cobbler: The rest are workers in the public sector, while his profession is part of the private sector and does not require any qualification.
- iv. SAHARA Airlines: It is a private enterprise, while the rest are government undertakings.

Question 5. A research scholar looked at the working people in the city of Surat and found the following:

Place of work	Nature of employment	Percentage of working people
In offices and factories registered with the government	Organised	15
Own shops, office, clinics in marketplaces with a formal license		15
People working on the street, construction workers, domestic workers		20
Working in small workshops usually not registered with the government		

Complete the table. What is the percentage of workers in the unorganised sector in this city?

Answer:

Place of work	Nature of employment	Percentage of working people
In offices and factories registered with the government	Organised	15
Own shops, office, clinics in marketplaces with a formal license	Organised	15
People working on the street, construction workers, domestic workers	Unorganised	20
Working in small workshops usually not registered with the government	Unorganised	50

The percentage of workers in the unorganised sector in this city is 70%. We find many organised sector enterprises in the unorganised sector because they want to evade taxes and refuse to follow the laws protecting the labourers.

Question 6. Do you think the classification of economic activities into primary,

secondary and tertiary is useful? Explain how.

Answer: The classification of economic activities into primary, tertiary and secondary is useful on account of the information it provides on how and where the people of a country are employed. It also this helps in ascertaining as to which sector of economic activity contributes more or less to the country's GDP and per capita income. We can ascertain the sectoral share in the economy and government can make policies to promote the sector contributing less to the economy.

If the tertiary sector is developing much faster than the primary sector, then it implies that agriculture is depleting, and the government must take measures to rectify this. The knowledge that the agricultural profession is becoming unpopular or regressive can only come if we know which sector it belongs to. Hence it is necessary to classify economic activities into these three sectors for smooth economic administration and development.

Question 7. For each of the sectors that we came across in this chapter why should one focus on employment and GDP? Could there be other issues which should be examined? Discuss.

Answer: For each of the sectors that we came across in this chapter, one should focus on employment and GDP because these determine the size of a country's economy and the condition of the economy. A focus on employment and GDP helps determine two important things- per capita income and productivity. Hence, in each of the three sectors, employment rate and status, as well as its contribution to the GDP help us understand how that particular sector is functioning and what needs to be done to initiate further growth in it.

Yes, the other issues which should be examined are –

- Balanced regional development.
 - Equality in income and wealth among the people of the country.
 - How to eradicate poverty?
 - Modernization of technology.
 - Self-reliance of the country.
 - How to achieve surplus food production in the country?
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Question 8. Make a long list of all kinds of work that you find adults around you doing for a living. In what way can you classify them? Explain your choice.

Answer: Some Samples of Work People Do and Their Classification

S. No.	Nature of work	Nature of Activity	Sector
1	Bank Clerk	Tertiary	Organized
2	Freelance Cartoonist	Tertiary	Unorganized
3	Construction Worker	Secondary	Unorganized
4	Doctor in AIIMS	Tertiary	Organized
5	DTC Bus Driver	Tertiary	Organized
6	Farmer	Primary	Unorganized
7	Guest House Receptionist	Tertiary	Unorganized
8	Mine Worker	Primary	Unorganized
9	Own Tailoring Shop	Tertiary	Unorganized
10	Public Sector Factory Supervisor	Secondary	Organized

Question 9. How is the tertiary sector different from other sectors? Illustrate with a few examples.

Answer: The tertiary sector is different from the other two sectors. This is because the other two sectors produce goods but, this sector produces services rather than goods. The activities under this sector help in the development of the primary and secondary sectors. Therefore, it is also known as the service sector. These services are an aid or support for the production process. For example, goods produced in the primary or secondary sector use transportation service for movements of goods from one place to another, banking and communication services to deal with payment for goods, etc. Similarly, doctors, teachers, lawyers, tailors, etc., come under the tertiary sector as they provide services rather than material goods. In recent times, certain new services based on information technology such as internet cafe, ATM booths, call centers, software companies etc have become important.

Question 10. What do you understand by disguised unemployment? Explain with an example each from the urban and rural areas.

Answer: Disguised Unemployment is an important feature of a joint family business and a

situation of underemployment in which more than the required persons are engaged in a production activity. In this, people who are visibly employed but are actually unemployed. This is a situation of underemployment, where people are apparently working but all of them are made to work less than their potential. This situation is also known as Hidden Unemployment.

For example:

- In rural areas, this type of unemployment is generally found in the agricultural sector like - in a family of 9 people all are engaged in the same agricultural plot. But if 4 people are withdrawn from it there will be no reduction in output. So, these 4 people are actually disguisedly employed.
- In urban areas, this type of unemployment can be seen mostly in service sectors such as in a family all members are engaged in one petty shop or a small business which can be managed by less number of persons.

Question 11. Distinguish between open unemployment and disguised unemployment.

Answer:

Open Unemployment	Disguised unemployment
When a country's labour force does not get opportunities for adequate employment, this situation is called open unemployment.	This is a kind of unemployment in which there are people who are visibly employed but actually they don't have full employment. In such a situation more people are engaged in work than required.
This type of unemployment is generally found in the industrial sector of our country. This is also found among the landless agricultural labourers in rural areas.	This type of unemployment is generally found in unorganized sector where either work is not constantly available or too many people are employed for the same work that does not require so many hands.
This kind of unemployment exists due to lack of resources.	The absence of alternative employment opportunities leads to this situation.

Question 12. "Tertiary sector is not playing any significant role in the development of

the Indian economy.” Do you agree? Give reasons in support of your answer.

Answer: No, I do not agree with the statement that tertiary sector is not playing any significant role in the development of Indian economy. Over the last four decades (1970-2010), tertiary sector has emerged as the largest producing sector. The growth in the service sector can be attributed to various factors such as:

- Need for basic services like health, education, security, finance etc.
- Introduction of new services like IT.
- Development of primary and secondary activities.
- Increase demand for services due to increase in per capita income.

The GDP share of the tertiary sector has grown from around 40% in 1973 to more than 50% in 2003.

Question 13. Service sector in India employs two different kinds of people. Who are these?

Answer: The service sector in India employs the following two different kinds of people. They are:

- The people involved in the services that may directly help in the production of goods. For example, people involved in the transportation, storage, communication, finance etc.
 - The people involved in such services that may not directly help in the production of goods or the self employed. e.g. teachers, doctors, barbers, cobblers lawyers etc. They may be termed as ancillary workers mean those who give services to the primary service providers.
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Question 14. Workers are exploited in the unorganised sector. Do you agree with this view? Give reasons in support of your answer.

Answer: Yes, workers are exploited in the unorganized sector. This would be clear from the following points:

- No rules and regulation followed.
- There is no fixed number of working hours. The workers normally work 10 - 12 hours without paid overtime.

- They do not get other allowances apart from the daily wages.
 - Government rules and regulations to protect the labourers are not followed there.
 - There is no job security.
 - Jobs are low paid the workers in this sector are generally illiterate, ignorant and unorganized. So they are not in a position to bargain or secure good wages.
 - Being very poor they are always heavily in debt. So, they can be easily made to accept lower wages.
 - Social discrimination.
-

Question 15. How are the activities in the economy classified on the basis of employment conditions?

Answer: On the basis of employment conditions, the activities in the economy are classified into organized and unorganized sectors:

- **Organized Sector** -This sector covers those enterprises which are registered by the government and have to follow its rules and regulations which are given in the various laws such as the Factory Act, Minimum Wages Act, Payment of Gratuity Act, Shops and Establishment Act etc. Workers in the organised sector enjoy the security of employment. They are expected to work only a fixed number of hours. If they work more, they have to be paid overtime by the employer. They get paid leave, payment during holidays, provident fund, gratuity etc. For example, Reliance Industries Ltd., GAIL etc.
 - **Unorganized Sector** -It includes those small and scattered units which are largely outside the control of the government. Though there are rules and regulations, these are never followed here. For example, casual workers in construction, shops etc. Jobs here are low paid and often not regular. There is no provision for overtime, paid leave, holidays, leave due to sickness etc. There is In this sector there is no job security and the conditions of employment are also very tough. People can be asked to leave without prior information or reason.
-

Question 16. Compare the employment conditions prevailing in the organised and unorganized sectors.

Answer: The employment conditions prevailing in the organised and unorganised sectors

are vastly different.

The Organised sector: The organised sector has companies registered with the government and hence, it offers job security, paid holidays, pensions, health and other benefits, fixed working hours and extra pay for overtime work.

The Unorganised sector: The unorganised sector is a host of opposites. There is no job security, no paid holidays or pensions on retirement, no benefits of provident fund or health insurance, unfixed working hours and no guarantee of a safe work environment.

Question 17. Explain the objective of implementing the NREGA 2005.

Answer: The objective of implementing the NREGA 2005 are:

- To increase the income and employment of people.
- Every state/region can develop tourism, regional craft, IT etc. for additional employment.
- The central government made a law implementing the right to work in 200 districts.
- NREGA aims to provide employment of 100 days. If it fails to do so, it will give unemployment allowances to the people.

Question 18. Using examples from your area compare and contrast that activities and functions of private and public sectors.

Answer: Some Samples of Work People Do and Their Classification

S. No.	Nature of work	Nature of Activity	Sector
1	Bank Clerk	Tertiary	Public
2	Freelance Cartoonist	Tertiary	Private
3	Construction Worker	Secondary	Private
4	Doctor in AIIMS	Tertiary	Public
5	DTC Bus Driver	Tertiary	Public
6	Farmer	Primary	Private
7	Guest House Receptionist	Tertiary	Private
8	Mine Worker	Primary	Private

9	Own Tailoring Shop	Tertiary	Private
10	Public Sector Factory Supervisor	Secondary	Public

Question 19. Discuss and fill the following table giving one example each from your area.

Well-managed organisation	Badly-managed organisation
Public sector	
Private sector	

Answer:

	Well-managed organisation	Badly-managed organisation
Public sector	Delhi Metro Rail Corporation	Milk Co-operative society
Private sector	Reliance Mobile	Satyam

Question 20. Give a few examples of public sector activities and explain why the government has taken them up.

Answer: A few examples of public sector activities are the provision of water, electricity and some modes of transport, especially railway. The government has taken these up because water and power are needed by everyone. If the work of providing electricity and water is left to private enterprises, the latter might exploit this opportunity and sell these at rates which the masses cannot afford. Hence, to ensure that basic amenities like water and power are available for all, the government supplies these at low and affordable rates.

Question 21. Explain how public sector contributes to the economic development of a nation.

Answer: In the following ways Public sector contributes to the economic development of a nation:

- It promotes rapid economic development through the creation and expansion of infrastructure.

- It creates employment opportunities.
- It generates financial resources for development.
- It ensures equality of income and wealth, thus a balanced regional development.
- It encourages development of small, medium and cottage industries.
- It ensures easy availability of goods at moderate rates.

Contributes to community development i.e. to the Human Development Index (HDI) via health and educational services.

Question 22. The workers in the unorganised sector need protection on the following issues: wages, safety and health. Explain with examples.

Answer: The workers in the unorganised sector need protection:

- **Wages:** Labourers who are employed as a repair person, vendor etc. do not have fixed income. They nearly manage to earn their living. They are not employed all through the year.
- **Safety:** Workers in unorganized sector are not provided with safe drinking water or a clean environment. Eg., Working in mining, chemical industries is hazardous.
- **Health:** Leave not granted in case of sickness. Medical facilities are not offered, E.g. Construction workers.

Question 23. A study in Ahmedabad found that out of 15,00,000 workers in the city, 11,00,000 worked in the unorganised sector. The total income of the city in this year (1997-1998) was Rs 60,000 million. Out of this Rs 32,000 million was generated in the organised sector. Present this data as a table. What kind of ways should be thought of for generating more employment in the city?

Answer:

	Organised Sector	Unorganised Sector	Total
No. of workers	4,00,000	11,00,000	15,00,000
Income (Rs)	32,000 million	28,000 million	60,000 million

It is clear that while a larger portion of workers is working in the unorganized sector, the per capita earning of those in the organized sector is more. The government should encourage

the entrepreneurs in the unorganized sector to change them into the organized sector. Moreover, the government should introduce some incentives so that more industries could be opened up in the organized sector.

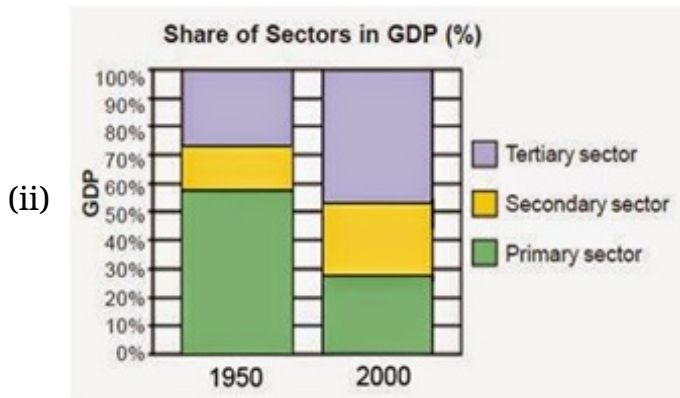
Question 24. The following table gives the GDP in Rupees (Crores) by the three sectors:

Year	Primary	Secondary	Tertiary
1950	80,000	19,000	39,000
2011	8,65,000	13,70,000	30,10,000

- Calculate the share of the three sectors in GDP for 1950 and 2011.
- Show the data as a bar diagram similar to Graph 2 in the chapter.
- What conclusions can we draw from the bar graph?

Answer: (i) In 1950 : primary sector = 57.97%, secondary sector = 13.77%, tertiary sector = 28.26%.

In 200 : primary sector = 27.33%, secondary sector = 24.37%, tertiary sector = 48.30%



(iii) We can draw the conclusion that the share of the tertiary sector in the GDP has almost doubled, while that of the primary sector has almost halved. The secondary sector has grown by about 10% in the last five years.

CBSE Class–10 Social Science

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Economics Chapter 3

Money and Credit

Question 1. In situations with high risks, credit might create further problems for the borrower. Explain.

Answer: This statement is true "In situations with high risks, credit might create further problems for the borrower". This is also known as a debt-trap. Taking credit involves an interest rate on the loan and if this is not paid back, then the borrower is forced to give up his collateral or asset used as the guarantee, to the lender. If a farmer takes a loan for crop production and the crop fails, loan payment becomes impossible. To repay the loan the farmer may sell a part of his land making the situation worse than before. The farmer had taken a loan to improve his situation but his situation worsens due to nonpayment of loans. Since farming is associated with high uncertainty, debt trap is common. Thus, in situations with high risks, if the risks affect a borrower badly, then he ends up losing more than he would have without the loan.

Question 2. How does money solve the problem of double coincidence of wants? Explain with an example of your own.

Answer: In a barter system where goods are directly exchanged without the use of money, the double coincidence of wants is an essential feature. By serving as a medium of exchanges, money removes the need for double coincidence of wants and the difficulties associated with the barter system. For example, it is no longer necessary for the farmer to look for a book publisher who will buy his cereals at the same time sell his books. All he has to do is find a buyer for his cereals. If he has exchanged his cereals for money, he can purchase any goods or service which he needs. This is because money acts as a medium of exchange. Medium of exchange is one of the three fundamental functions of money in mainstream economics. It is a widely accepted token which can be exchanged for goods and services.

Question 3. How do banks mediate between those who have surplus money and those

who need money?

Answer: Banks accept deposits from people who have surplus money, paying interest on these deposits. The banks use the major portion of the deposits to extend loans to those who need money, charging them slightly higher interest than what they pay to the depositors. It is with the banks help both the people benefit, person having surplus money and the person in need of money. In this way, banks mediate between those who have surplus money and those who need money.

Question 4. Look at a 10 rupee note. What is written on top? Can you explain this statement?

Answer: The following words are written on the top of a 10 rupee note:

Reserve Bank Of India
Guaranteed by the Central Government of India
I promise to pay the bearer the sum of Ten Rupee

A 10 rupee note is acceptable as a medium of exchange because it is authorized by the government of India. In India, Reserve Bank of India issues currency notes on behalf of the central government. The statement means that the currency is authorized or guaranteed by the Central Government. That is, Indian law legalizes the use of rupee as a medium of payment that can not be refused in setting transaction in India. As a promise written on a promissory note, the RBI promises the bearer to pay the given sum of money.

Question 5. Why do we need to expand formal sources of credit in India?

Answer: We need to expand formal sources of credit in India due to:

- To reduce dependence on informal sources of credit because the latter charge high interest rates and do not benefit the borrower much.
- Cheap and affordable credit is essential for country's development. The formal sector still meets only about half of the total credits needs of the rural people.
- Banks and co-operatives should increase their lending, particularly, in rural areas. Rural borrowers depend on informal sources like moneylenders who charge them a high rate of interests, which can sometimes land them into a debt-trap.
- This would lead to higher incomes and many people will be able to borrow cheaply

for a variety of needs. They will be able to grow crops, do business, set up small scale industries etc.

Question 6. What is the basic idea behind the SHGs for the poor? Explain in your own words.

Answer: The basic idea behind the formation of SHGs is to create self-employment for the poor, particularly rural poor woman. Self-help groups are seen as instruments for goals including empowering women, developing leadership abilities among the poor and the needy people, increasing school enrollments and improving nutrition and the use of birth control. In countries like India, SHGs bridge the gap between high-caste & low-caste members. They also provide timely loans at a responsible interest rate without collateral. Thus, the main objectives of the SHGs are:

- To organize rural poor especially women into small Self Help Groups. A typical SHGs has 15-20 members.
 - To collect savings of their members.
 - To provide loans without collateral.
 - To provide timely loans for a variety of purposes.
 - To provide loans at responsible rate of interest and easy terms.
 - Provide a platform to discuss and act on a variety of social issues such as education, health, nutrition, domestic violence etc
-

Question 7. What are the reasons why the banks might not be willing to lend to certain borrowers?

Answer: The banks might not be willing to lend certain borrowers due to the following reasons:

- Banks require proper documents and collateral as security against loans. Some persons fail to meet these requirements, particularly small farmer requiring crop loan. Repayment of the loan is dependent on crop production which is highly susceptible and depends on monsoons etc.
- The borrowers who have not repaid previous loans, the banks might not be willing to lend them further.
- The banks might not be willing to lend those entrepreneurs who are going to invest in

the business with high risks.

- One of the principle objectives of a bank is to earn more profits after meeting a number of expenses. For this purpose it has to adopt judicious loan and investment policies which ensure fair and stable return on the funds.
-

Question 8. In what ways does the Reserve Bank of India supervise the functioning of banks? Why is this necessary?

Answer: Reserve Bank of India is the central bank of the country and works as the supervising authority over other banks across the country. The Reserve Bank of India supervises the functions of banks in a number of ways:

- RBI checks that the bank actually maintains a minimum cash balance out of the deposit they receive. Currently this is 15%.
- RBI observes that the banks give loans not just to profit making businesses and traders but also to small cultivators, small scale industries, small borrowers etc.
- The commercial banks have to submit information to the RBI on how much they are lending, to whom, at what interest rate etc.

This is necessary to ensure equality in the economy of the country and protect especially small depositors, farmers, small scale industries, small borrowers etc. Further, RBI monitoring ensures that banks do not loan more than they are supposed to, as such an action can create a crisis situation. Great Depression of 1930 is an example of such a crises situation.

Question 9. Analyse the role of credit for development.

Answer: Cheap and affordable credit plays a crucial role in the country's development. There is a huge demand for loans for various economic activities. The credit helps people to meet the ongoing expenses of production and thereby develop their business. Many people could then borrow for a variety of different needs. Credit helps in expansion of one's business, farmers can grow a variety of crops, procure equipment for farming, send their children for higher education etc. Students get a loan without collateral for higher education which again leads to the development of the nation. In this way, credit plays a vital role in the development of a country.

Question 10. Manav needs a loan to set up a small business. On what basis will Manav decide whether to borrow from the bank or the moneylender? Discuss.

Answer: Manav will decide whether to borrow from the bank or the money lender on the basis of the following terms of credit:

- Rate of interest
- Requirements availability of collateral and documentation required by the banker.
- Mode of repayment. The penalty in case of default in repayment.

Terms of repayment are different of bank and the money lender. Whichever he finds easier he can consider that. Depending on these factors and of course, easier terms of repayment, Manav has to decide whether he has to borrow from the bank or the moneylender.

Question 11. In India, about 80 per cent of farmers are small farmers, who need credit for cultivation.

- a. Why might banks be unwilling to lend to small farmers?
- b. What are the other sources from which the small farmers can borrow?
- c. Explain with an example how the terms of credit can be unfavorable for the small farmer.
- d. Suggest some ways by which small farmers can get cheap credit.

Answer:

- a. Bank loans require proper documents and collateral as security against loans. Most of the times the small farmers lack in providing such documents and collateral. Besides, at times they even fail to repay the loan on time because of the uncertainty of the crop. Repayment of the loan is crucially dependent on the income from farming. Therefore banks sometimes are unwilling to lend to small farmers.
- b. Apart from bank, the small farmers can borrow from local money lenders, agricultural traders, big landlords, cooperatives and SHGs etc.
- c. The terms of credit can be unfavorable for the small farmer which can be explained by the following - Ramu, a small farmer borrows from a local moneylender at a high rate of interest i.e. 3 percent to grow rice. But the crop is hit by drought and it fails. As a result, Ramu has to sell a part of the land to repay the loan. Credit instead of helping Ramu improve his earnings, left him worse off. He is caught in a debt trap.

- d. The small farmers can get cheap credit from different sources like – Banks, Agricultural Cooperatives, and SHGs.
-

Question 12. Fill in the blanks:

- i. Majority of the credit needs of the poor households are met from informal sources.
 - ii. High costs of borrowing increase the debt burden.
 - iii. Reserve Bank of India issues currency notes on behalf of the Central Government.
 - iv. Banks charge a higher interest rate on loans than what they offer on deposits.
 - v. Collateral is an asset that the borrower owns and uses as a guarantee until the loan is repaid to the lender.
-

Question 13. Choose the most appropriate answer.

(i) In an SHG most of the decisions regarding savings and loan activities are taken by

- (a)** Bank.
- (b)** Members.
- (c)** Non-government organisation.

Answer : (b) Members.

(ii) Formal sources of credit do not include

- (a) Banks.
- (b) Cooperatives.
- (c) Employers.

Answer : (c) Employers

CBSE Class–10 Social Science
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Economics Chapter 4
Globalisation and The Indian Economy

Question 1. What do you understand by globalisation? Explain in your own words.

Answer: 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. Globalisation is the process of interaction and integration between people, companies, and governments worldwide. Globalization has grown due to advances in transportation and communication technology. It includes

- i. Increase in foreign trade
 - ii. Export and import of techniques of production.
 - iii. Flow of capital and finance from one country to another
 - iv. Migration of people from one country to another.
-

Question 2. What were the reasons for putting barriers to foreign trade and foreign investment by the Indian government? Why did it wish to remove these barriers?

Answer: The Indian government had put barriers to foreign trade and foreign investment to protect domestic producers from foreign competition, especially when industries had just begun to come up in the 1950s and 1960s. This was done to protect the producers within the country from foreign competition. At this time, competition from imports would have been a death blow to growing industries. Hence, India allowed imports of only essential goods such as machinery, fertilizers, petroleum etc.

In New Economic Policy in 1991, the government wished to remove these barriers because it felt that domestic producers were ready to compete with foreign industries. It felt that foreign competition would, in fact, improve the quality of goods produced by Indian industries. This decision was also supported by powerful international organisations. Now goods could be imported and exported easily and also foreign companies could set up factories and offices here.

Question 3. How would flexibility in labour laws help companies?

Answer: Flexibility in labour laws will help companies in being competitive and progressive. By easing up on labour laws, company heads can negotiate wages and terminate employment, depending on market conditions. This will lead to an increase in the company's competitiveness. The government has also allowed flexibility in labour laws to attract foreign investment. The government has allowed companies to ignore many of the labour laws. Instead of hiring workers on a regular basis, companies hire workers flexibly for short periods when there is intense pressure of work. This helps to reduce the cost of labour for the company.

Question 4. What are the various ways in which MNCs set up, or control, production in other countries?

Answer: Multinational Corporations (MNCs) set up their factories or production units close to markets where they can get the desired type of skilled or unskilled labour at low costs along with other factors of production. After ensuring these conditions MNCs set up production units in the following ways :

- MNCs are setting up partnerships with local companies.
 - Buy the local companies and then expand its production with the help of modern technology.
 - They place orders for small producers and sell these products under their own brand name to the customers worldwide.
 - MNCs are taking over local companies with their immense money power.
 - Through the above ways, MNC's are exerting a strong influence on production at distant locations.
-

Question 5. Why do developed countries want developing countries to liberalise their trade and investment? What do you think should the developing countries demand in return?

Answer: Developed countries want developing countries to liberalise their trade and investment because then the MNCs belonging to the developed countries can set up factories in less-expensive developing nations, and thereby increase profits, with lower manufacturing costs and the same sale price. Suppose the Indian government puts a tax on imported goods, then the price of the goods will be higher for the consumer. As a result, the

consumer will prefer to buy goods produced locally. Consequently, there will be no demand for imported goods and developed countries will not be able to sell their goods in developing countries.

In return for liberalisation of trade laws, the producer in developing countries are demanding 'fair trade'. The developing countries should demand, in return, for some manner of protection of domestic producers against competition from imports. Also, charges should be levied on MNCs looking to set base in developing nations. MNC's setting up their bases in developing countries should also be compelled to work for the development of the country.

Question 6. "The impact of globalisation has not been uniform." Explain this statement.

Answer: The impact of globalisation has not been uniform". It has only benefited the skilled and professional person in urban not the unskilled persons. The industrial and service sector has much gained in globalisation than in agriculture. Some have gained from successful collaborations with foreign companies. It benefited MNCs on domestic producers and the industrial working class. The consumers, particularly the well-off sections in the urban areas have an advantage in the way that they have a greater choice and now enjoy the improved quality and lower prices for several goods. Small producers of goods such as batteries, capacitors, plastics, toys, tyres, dairy products and vegetable oil have been hit hard by competition from cheaper imports.

Question 7. How has liberalisation of trade and investment policies helped the globalisation process?

Answer: Liberalisation of trade and investment policies has helped the globalisation process by making foreign trade and investment easier. Earlier, several developing countries had placed barriers and restrictions on imports and investments from abroad to protect domestic production. However, to improve the quality of domestic goods, these countries have removed the barriers. Import duties have been reduced, measures are being taken to ease the flow of foreign capital into the country, entry by foreign companies to set up base eased and encouraged and Foreign direct investment and foreign funds encouraged to flow in. Thus, liberalization has led to a further spread of globalisation because now businesses are allowed to make their own decisions on imports and exports. This has led to a deeper integration of national economies into one conglomerate whole. Thus greater foreign

investment and greater foreign trade resulted in the mushrooming of MNCs, which in turn resulted in globalisation.

Question 8. How does foreign trade lead to the integration of markets across countries? Explain with an example other than those given here.

Answer: Foreign trade provides opportunities for both producers and buyers to reach beyond the markets of their own countries. Goods travel from one country to another. Competition prevails among producers of various countries as well as buyers across the world. Therefore foreign trade leads to the integration of markets across countries. For example during Diwali season buyers in India have the option of choosing between Indian and Chinese decorative lights and bulbs. This provides an opportunity for the sellers to expand their business. With the liberalisation of foreign trade, electronic goods like digital cameras, laptop, smartphones have flooded the Indian market and give good opportunities to the buyer to select the item of their choice.

Question 9. Globalisation will continue in the future. Can you imagine what the world would be like twenty years from now? Give reasons for your answer.

Answer Twenty years down the line the world would undergo a positive change which will possess the following features— healthy competition, improved production efficiency, increased volume of output, income, and employment, better living standards, greater availability of information and modern technology.

These are the favorable factors for globalisation :

- Availability of human resources both quantity wise and quality wise will increase.
 - Broad resource and industrial base of major countries.
 - Growing entrepreneurship.
 - Growing domestic market.
 - Expanding internal markets
 - Economic liberalisations.
 - Growing competition.
-

Question 10. Supposing you find two people arguing: One is saying globalisation has hurt our country's development. The other is telling, globalisation is helping India

develop. How would you respond to these arguments?

Answer: Benefits of globalisation of India are as follows:

- Increase in the volume of trade in goods and services
- The inflow of private and foreign capital and export orientation of the economy.
- Increase the volume of output, income, and employment.
- More availability of investable funds in the form of FDI.
- Helps in developing and strengthening the domestic economy of India.
- Improved productive efficiency and healthy competition.

Negative Impact/Fears of Globalisation on Indian economy:

- It may not help in achieving sustainable growth.
- It may lead to the widening of income inequalities among people of the country.
- It may lead to aggravation of income inequalities within countries.
- It may lead to greater dependence of the underdeveloped countries on developed country.

Whatever may be the fears of globalisation, I feel that it has now become a process which is catching the fancy of more and more nations. Therefore we must become ready to accept globalisation with grace and also maximize economic gains from the world market.

Question 11. Fill in the blanks.

Indian buyers have a greater choice of goods than they did two decades back. This is closely associated with the process of _____. Markets in India are selling goods produced in many other countries. This means there is increasing _____ with other countries. Moreover, the rising number of brands that we see in the markets might be produced by MNCs in India. MNCs are investing in India because of _____. While consumers have more choices in the market, the effect of rising _____ and _____ has meant greater _____ among the producers.

Answer: Indian buyers have a greater choice of goods than they did two decades back. This is closely associated with the process of globalisation. Markets in India are selling goods produced in many other countries. This means there is increasing trade with other countries. Moreover, the rising number of brands that we see in the markets might be produced by MNCs in India. MNCs are investing in India because of cheaper production costs. While consumers have more choices in the market, the effect of rising demand and purchasing

power has meant greater competition among the producers.

Question 12. Match the following.

(i)	MNCs buy at cheap rates from small producers	(a)	Automobiles
(ii)	Quotas and taxes on imports are used to regulate trade	(b)	Garments, footwear, sports items
(iii)	Indian companies who have invested abroad	(c)	Call centres
(iv)	IT has helped in spreading of production of services	(d)	Tata Motors, Infosys, Ranbaxy
(v)	Several MNCs have invested in setting up factories in India for production	(e)	Trade barriers

Answer :

(i)	MNCs buy at cheap rates from small producers	(b)	Garments, footwear, sports items
(ii)	Quotas and taxes on imports are used to regulate trade	(e)	Trade barriers
(iii)	Indian companies who have invested abroad	(d)	Tata Motors, Infosys, Ranbaxy
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(v)	Several MNCs have invested in setting up factories in India for production	(a)	Automobiles