

- ▲ The rate of interest would increase from OI to OI_1 .
- ▲ The supply of money remains constants.
- ▲ Total demand for money = $M_t + M_p + M_s$

Demand for money = supply of money at equilibrium point ;

Equilibrium Point 1 = $E = LP = M_2 = I = \text{Rate of Interest} \dots (1)$

Equilibrium Point 2 = $E_1 = L_1 P_1 = M_2 = I_1 = \text{Rate of Interest} \dots (2)$

Chapter 7

II. Very Short Answer Questions:

21. Write the meaning of Economic Growth

1. A country's economic growth is usually measured by National Income, indicated by **Gross Domestic Product (GDP)**.

22. State any two features of developed economy

1. High national income
2. High per capita income
3. High standard of living
4. Full employment

23. Write the short note on natural resources

1. Any stock or reserve that can be drawn from nature is a Natural Resource.
2. The major natural resources are -land, forest, water, mineral and energy.

24. Point out any one feature of Indian Economy.

India has a mixed economy :

Indian economy is a typical example of mixed economy. This means both private and public sectors co-exist and function smoothly.

25. Give the meaning of non-renewable energy

As the name suggests, the sources of energy which cannot be renewed or re-used are called non-renewable energy sources. coal, oil, gas etc.

26. Give a short note on Sen's 'Choice of Technique'.

Sen's 'Choice of Technique' was a research work where he argued that in a labour surplus economy (like India), generation of employment cannot be increased at the initial stage by the adaptation of capital-intensive technique.

27. List out the reasons for low per capita income as given by V.K.R.V. Rao.

- ❖ Uneconomic holdings with sub-divisions and fragmentation;
- ❖ Low levels of water availability for crops;
- ❖ Excess population pressure on agriculture due to the absence of a large industrial sector;
- ❖ Absence of capital;

III. Short Answer Questions:

28. Define Economic Development.

1. The level economic development is indicated not just by GDP, but by an increase in citizens' quality of life or well-being.
2. The quality of life is being assessed by several indices such as Human Development Index (HDI), Physical Quality of Life Index (PQLI) and Gross National Happiness Index (GNHI).
3. The level of economic development, nations are classified as developed and developing economics

29. State Ambedkar's Economic ideas on agricultural economics.

- ★ In 1918, Ambedkar published a paper "Small Holding in India and their Remedies".
- ★ Citing Adam Smith's 'Wealth of Nations', he made a fine distinction between "Consolidation of Holdings" and "Enlargement of Holdings".
- ★ This paper attempts to deal with the problem of the size of holding it affects agricultural

productivity.

30. Write on short note on village sarvodaya.

- ✧ According to Gandhi, “Real India was to be found in villages and not in towns or cities.”
- ✧ So he suggested the development of self- sufficient, self-dependent villages.
- ✧ **Sarvodaya** is a Sanskrit term meaning 'universal uplift' or 'progress of all'.

31. Write the strategy of Jawaharlal Nehru in India's planning.

- ▲ The Plan was essentially an integrated approach for development.
- ▲ The essence of planning is to find the best way to utilize all resources of manpower, of money and so on.
- ▲ Economic growth on a self- accelerating growth.

32. Write the V.K.R.V.Rao's contribution on multiplier concept.

- ❖ Rao's examination of the “interrelation between investment, income and multiplier in an under developed economy”.
- ❖ Dr. Rao argued that whereas a primary increase in investment would take place, a subsequent, secondary and tertiary affects through the expansion of output in the consumption goods sector would not take place.
- ❖ Consequently, the multiplier process would not be operation.

33. Write a short note on Welfare Economics given by Amartya Sen.

1. Sen's major point has been that the distribution of income/ consumption among the persons below the poverty line is to be taken into account.
2. The concept of capabilities developed by Sen has been cited as a better index of wellbeing than commodities or utilities.
3. Sen has included the concept of entitlement items like nutrition, food, medical and health care, employment, security of food supply in times of famine etc.

34. Explain Social infrastructure.

- ❖ Social infrastructure refers to those structures which are improving the quality of manpower and contribute indirectly towards the growth of an economy.
- ❖ These structures are outside the system of production and distribution.
- ❖ The development of these social structures help in increasing the efficiency and productivity of manpower. *For example, schools, colleges, hospitals and other civic amenities.*

IV. Long Answer Questions:

35. Explain strong features Indian economy

Important Strong features of Indian Economy

1. India has a mixed economy

Indian economy is a typical example of mixed economy. This means both private and public sectors co-exist and function smoothly.

2. Agriculture plays the key role

Around 60% of the people in India depend upon agriculture for their livelihood. In fact, about 17% of our GDP today is contributed by the agricultural sector.

3. An emerging market

India has a high potential for prospective growth. This also makes it an emerging market for the world.

4. Fast Growing Economy

India has emerged as the world's fastest growing economy in the year 2016-17 with the growth rate of 7.1% in GDP next to sChina.

5. Fast growing Service Sector

The service sector, contributes a lion's share of the GDP in India. There has been a high rise growth in the technical sectors like Information Technology, BPO etc.

6. Demographic dividend

The human capital of India is young. This means that India is a pride owner of the maximum

percentage of youth.

36. Write the importance of mineral resources in India.

a. Iron-Ore:

India possesses high quality iron-ore in abundance. Hematite iron is mainly found in Chattisgarh, Jharkhand, Odisha, Goa and Karnataka.

b. Coal and Lignite:

India ranks third in the world after China and USA in coal production. The main centres of coal in India are the West Bengal, Bihar, Madhya Pradesh, Maharashtra, Odisha and Andhra Pradesh.

c. Bauxite:

Major reserves are concentrated in the East Coast bauxite deposits of Odisha and Andhra Pradesh.

d. Mica:

India stands first in sheet mica production and contributes 60% of mica trade in the world.

e. Crude Oil:

Oil is being explored in India at many places of Assam and Gujarat.

f. Gold

India possesses only a limited gold reserve. There are only three main gold mine regions—Kolar Goldfield, Hutti Goldfield (both in Karnataka) and Ramgiri Goldfield (Andhra Pradesh).

37. Bring out Jawaharlal Nehru's contribution to the idea of economic development.

- ▲ Jawaharlal Nehru, one of the chief builders of Modern India,
- ▲ He was a great patriot, thinker and statesman.
- ▲ His views on economics and social problems are found in the innumerable speeches he made and in the books he wrote.
- ▲ Jawaharlal Nehru was a firm believer in democracy.
- ▲ Secularism is another significant contribution of Nehru to India.
- ▲ To Jawaharlal Nehru, the Plan was essentially an integrated approach for development.
- ▲ Jawaharlal Nehru was responsible for the introduction of planning in our country.
- ▲ It was during his period, many IITs and Research Institutions were established.
- ▲ Socialism is another contribution of Nehru to India. Nehru's socialism is democratic socialism.

38. Write a brief note on the Gandhian economic ideas.

s.no	Gandhian Thought	Gandhian Economics is based on ethical foundations.
1.	Village Republics	To Gandhi, India lives in villages. He was interested in developing the villages as self-sufficient units.
2.	On Machinery	Gandhi described machinery as 'Great sin'.
3.	Industrialism	Gandhi considered industrialism as a curse on mankind.
4.	Decentralization	He advocated a decentralized economy,
5.	Village Sarvodaya	He suggested the development of self-sufficient, self-dependent villages.
6.	The Doctrine of Trusteeship	Trusteeship provides a means of transforming the present capitalist order of society into an egalitarian one