

***“Understanding the Indian Economy”***

**Text Help: Fill in the Blanks:**

- |                        |                           |
|------------------------|---------------------------|
| 1. Economic activities | 6. Unemployment           |
| 2. Secondary Sector    | 7. Public                 |
| 3. Production          | 8. Poverty                |
| 4. Globalisation       | 9. 2400, 2100             |
| 5. Education, health   | 10. Minimum support price |

**One Word Answers:**

- |                                   |                       |
|-----------------------------------|-----------------------|
| 1. Agriculture and related sector | 4. Unorganized Sector |
| 2. Dairy Farming                  | 5. Poor               |
| 3. Service Sector                 |                       |

**Very Short Answer Type Questions:**

1. The various activities undertaken in the primary sector are:- Agriculture, forestry, mining, livestock and fishery. All these activities are complementary to each other. The various activities undertaken in secondary sector are:- Manufacturing goods, industrial production and productivity of this sector depends mainly upon the availability of these resources. The various activities undertaken in tertiary sector are:- Financial services, management consultancy, telecommunication, information, education, transport, banking etc.
2. “People as a Resource” is a way of referring to a country’s working productive skills and abilities. Looking at the population from this productive aspect emphasizes its ability to contribute to the creation of the Gross National Product. Like other resources population also is a resource, a human resource. This is the positive side of a large population.
3. Poverty line:- It may be defined as a line which differentiates between poor and non-poor. The line as such may not be a marked line but the value expression that state limits of poverty. The limits of poverty may be in terms of income and/or consumption. Those below the limit are popularly known as people living below poverty line (BPL). Those living above the limit are known as above poverty line (APL). In J&K the state government claims that about 21.63% population lives below poverty line while planning commission Government of India put it at below 4%.
4. Buffer Stock: It is the stock of food grains mainly wheat and rice produced by the government through FCI. The food produced by the FCI is distributed through government regulated ration shops and fair shops to different sections of society.
5. Food for work Programme:- the scheme National Food for work Programme (NFWP) was launched in 2004 in 150 most backward districts of the country with the objective of intensifying the generation for supplementary wage employment. The programme is open to all rural people who are poor and are in need of wage employment and desire to do manual unskilled work. It is implemented as a 100% centrally sponsored scheme and the food grains are provided to states free of cost. The collector is the modal officer at the district level and has the overall responsibility of planning, implementation, coordination, monitoring and supervision.

**Long Answer Type Questions:**

**1. GDP and its calculation/contribution:-** The value of final goods and services produced in each sector during a particular year provides the total production of the sector for that year. And the sum of production in the three sectors gives what is called the gross domestic product (GDP) of a country. It is the value of all final goods and services produced within a country during a particular year. It is the sum of production in the three sectors gives what is called gross domestic product (GDP) of a country. Thus each sector during a particular year provides the

total production of the sector for that year. GDP shows how big the economy is. In India, the task of measuring GDP is undertaken by the central Government ministry.

The primary sector contributes around 17%, the secondary sector contributes around 29% and the tertiary sector contributes around 54%. Now, come to the percentages of population dependent on each of these sectors. 60% of the population is dependent on primary sector, where around 80-90% of these are dependent on agriculture itself. This means that around 50% of the total Indian population is still dependent on these sectors. But, in case of primary sector, the share in GDP is only 17% and 60% of the population is dependent on the same.

The basic formula for calculating the GDP is  $Y = C + I + E + G$ , where  $Y = \text{GDP}$ ,

$C = \text{Consumer Spending}$

$I = \text{Investment made by industry}$

$E = \text{Excess of exports over imports}$

$G = \text{Government spending}$

This formula is almost self-evident. GDP is measure of all the goods and services produced domestically. Therefore, to calculate the GDP, one only needs to add together the various components of the economy that are a measure of all the goods and services produced.

Many of the goods and services produced and purchased but consumers. So, what consumers spend on them (c) is a measure of that component.

**2. Multinational corporation:-** Any corporation registered and operating in more than one country at a time. A corporation that has its facilities and other assets in at least one country other than its home country. Such companies have offices or factories in different countries and usually have a centralized head office where they coordinate global management. Very large multinationals have budgets that exceed those of many small countries. Nearly all major multinationals are American, Japanese or Western European. MNCs are agents of globalization. Globalization gives business access to markets that would have been difficult to reach in the past. Because of the internet, customers from anywhere in the world can order products from companies anywhere also in the world, and have those products delivered by an aeroplane in just a few days/weeks. This is naturally a tremendous advantage to business, who stand to increase their potential customer base by millions by reaching out to foreign buyers. Globalization allows business to access labour at cheaper prices. Besides it allows corporations to form partnerships with companies all around the world.

Advantages of Globalization:-

- (a) Integration of markets
- (b) Cheaper products for consumers
- (c) Leads to outsourcing in some case which can lead to job losses
- (d) Lowering of international barriers
- (e) Providing jobs in less economically developed countries
- (f) Standardization of product.

**3. Forms of Unemployment:-** Unemployment is said to exist when people are willing and able to work at the going wages cannot find jobs. National sample survey organization (NSSO) defines unemployment as a situation in which all those who, owing to lack of work, are not working but seek work either through employment exchange, intermediaries, friends, relatives or by making applications to prospective employers or express their willingness or availability for work under the prevailing conditions of work. One of the important reasons of unemployment in India is the slow growth of capital formation as compared to increase in labour force. In case of India we have unemployment in rural and urban areas. However, the nature of unemployment differs in rural and urban areas.

In case of rural areas, there is seasonal and disguised unemployment. Urban areas, have mostly educated unemployment.

Seasonal Un-employment: It happens when people are not able to find jobs during some months of the year and is generally found in the agricultural sector of the economy. Since Agriculture is a seasonal occupation labourers find the work only during the sowing and harvesting seasons. For the rest of the year, they have to remain unemployed.

Disguised Unemployment: It refers to that unemployment which is not open for everyone and remains concealed. This usually happens among family members engaged in agricultural activity. In Indian villages, this form of unemployment is a common feature. Joblessness among the matriculates, graduates, postgraduates and above forms.

Educated Unemployment: Many youth with matriculation, graduation and post graduation degrees are not able to find job. A study showed that unemployment of graduate and post-graduate has increased faster than among matriculates. There is unemployment among, technically qualified person on one hand, while there is a dearth of technical skills required for economic growth. Unemployment leads to wastage of manpower resources. If people cannot be used as a resource they naturally appear as a liability to the economy.