

# Class 10

## Social Science Economics

### Chapter 1 Development

#### **Different notions of development:**

Different people have different notions of development because life situations of persons are different and therefore their aspirations and desires and goals.

#### **Importance of averages:**

Since countries have different populations comparing total income does not tell us what an average person is likely to earn, hence we compare the average income which is the total income of the country divided by its total population. It is also called per capita income.

Criterion used by the World Bank as per World Development Report 2006, in classifying the countries. World Bank says that countries with the per capita income of Rs 4,53,000 per annum and above in 2004 are called rich countries and those with the per capita income of Rs 37,000 or less are called low-income countries. India comes in the category of low income countries because its per capita income in 2004 was just Rs 28000 per annum. Rich countries excluding the countries of Middle-East and certain other small countries are generally called developed countries.

#### **Key terms:**

- Development. Growth of economy along with the improvement in the quality of life of the people like health, education etc.
- Per capita income. Is the average income obtained as the ratio between National Income and Population of a country.
- National income. Is the money value of final goods and services produced by a country during an accounting year.

#### **Human development Index:**

It is a composite Index prepared by United Nations Development Programme (UNDP) through its Annual Human Development Report published every year. Major parameters such as longevity of life, levels of literacy and Per capita income are used to measure the development of countries. World countries are ranked accordingly in to Very High Developed countries, High Developed countries, Medium Developed countries and Low Developed countries.

- Infant Mortality Rate. The number of children that die before the age of one year as a proportion of 1,000 live birth in that particular year.
- Literacy Rate. It measures the proportion of literate population in the 7 and above age group.
- Net Attendance Ratio. It 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.
- Body Mass Index. (BMI) one way to find out if adults are undernourished is to calculate Body Mass Index. Divide the weight of a person (in kg) by the square of the height (in metres). If this figure is less than 18.5 then the person would be considered undernourished. If this BMI is more than 25, then a person is overweight.

#### **Sustainable Development:**

It means development without hampering the Environment. It is the process of development that satisfies the present needs without compromising the needs of the future generation.

**Body Mass Index (BMI):** It is a measure of body fat based on height and weight that applies to adult men and women.

**Development:** It means more income and for the higher income, people need regular work, better wages and reasonable and fair prices for their products and services.

**Developing Countries:** These are the countries in which income rises along with the standard of living are called “Developing Countries”.

**Economic Activities:** Activities that give an income in return or in simple words activities which deal with money.

**Economic Development:** It is a process whereby the national income and the per capita income of a country rises and along with this, the number of people living in poverty falls, more employment opportunities are created and standard of living among the poor section of society improves is known as “Economic Development”.

**Economy:** The economic framework which helps us to describe the economic life of the country and its people.

**Fossil Fuel:** A natural fuel such as coal or gas, formed in the geological past from the remains of living organisms.

**Global Warming:** A gradual increase in the overall temperature of the earth’s atmosphere generally attributed to the greenhouse effect caused by increased levels of carbon dioxide, chlorofluorocarbons, and other pollutants.

**Human Development Index:** It is a composite statistic of life expectancy, education and per capita income indicators, which is used to rank countries into four tiers of human development.

**Infant Mortality Rate:** The number of children that die before the age of one year per 1000 live births in one year.

**National Development:** National development means an increase in per capita income and also self-sufficiency of an economy.

**Sustainable Economic Development:** Sustainable economic development is the process of economic development which aims to maintain the quality of life of both the present and the future generations without harming natural resources and environment.

**Literacy Rate :** Proportion of literate population in the 7 and above age group.

**Non-economic Activities:** Activities which do not deal with money or which do not give any income in return.

**National Income:** It is the sum total of all final goods and services produced in a country during a given period of time plus net factor income from abroad.

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

**Organic Farming:** Vegetable and livestock production using natural sources of nutrients (such as compost, crop residue, and manure) and natural methods of crop and weed control, instead of using synthetic or inorganic agrochemicals.

**Per Capita Income:** Average income of a person of a country.

**Sustainable Development:** Sustainable development is maintaining a delicate balance between the human needs to improve lifestyle and feeling of well-being, and preserving natural resources and ecosystems, on which we and future generations depend.

**Underdeveloped Country:** A country which does not have high income and the standard of living is also low is considered as “Underdeveloped Country”.

## **Economic Development**

**Economic development** applies to the all round development of a country where the people earn higher income and can satisfy all their needs.

It is a process where the real per capita income increases over a long period. It is measured by per capita income and national income.

Different people have different notions of development because life situations of persons are different and so are their aspirations, desires and goals.

The quality of life depends upon the following factors :

- (i) Money and material things.
- (ii) Presence of family members, friends and relatives.
- (iii) Good working atmosphere at the office.
- (iv) An opportunity to learn.
- (v) A position of self-respect in the family.
- (vi) A safe and secure environment.

Economic development refers to the adoption of new technologies, transition from agriculture-based to industry-based economy and improvement in lifestyle.

## **Human Development**

**Human development** means the development of an individual in such a way that he could lead a happy life according to his cherished wish and fulfill all the materialistic desires.

People want regular work, better wages, decent price for their crops or other products. In other words, they want more income.

The measures of looking at development other than income are quality of life and environmental sustainability.

Besides seeking more income, people also want equal treatment, freedom, security, respect of others, they resent discrimination. All these are important goals.

## **National Development**

**National Development** means the ideology of different persons regarding countries’ development. These ideologies could be at times conflicting. It is measured by (a) Average Income (b) Per Capita Income

People have different developmental goals. Developmental goals are the aspirations and desires of the people. They are different for different individuals. Since people come from different situations, their developmental goals differ.

**People have conflicting goals** means that development for one may not be development for the other. Their goals may clash.

The **Sardar Sarovar Dam** is an example of conflicting developmental goals for the people who are being affected by it. While the people of Gujarat are happy as they will get water for irrigation and drinking in the areas which are deficient in water but the people of Madhya Pradesh are not at all happy because their villages and large part of land will submerge in water thereby leaving them landless and uprooted from their place of work with insufficient compensation.

The World Bank applies some principles to classify different countries. It considers only the per capita income as the indicator of the development; the UNDP considers health, educational levels and the per capita income of the citizens of the country. The World Bank says that countries with the per capita income of 4,53,000 per annum and above in 2004 are called rich countries and those with the per capita income of 37,000 or less are called **low-income countries**.

India comes in the category of low-income countries because its per capita income in 2004 was just 28,000 per annum.

Rich countries excluding the countries of Middle East and certain other small countries are generally called **developed countries**.

The sum total of all goods and services produced within a country during a period of one year plus net income from abroad is called **national income**.

It is the ratio of income of the country for a particular year to the population of that country of that year. Since countries have different populations; comparing total income will not tell us what an average person is likely to earn. Hence, we compare the average income which is the total income of the country divided by its total population. This average income is also called **per capita income**.

Per capita income = Total Income/Total Population of a country.

Per capita income in India has increased from 255 in 1950-51 to 16,500 in 2000.

**Per capita income of Punjab is much more than Kerala.**

(i) Per capita income of Punjab is 26,000 and that of Kerala is 22,800.

(ii) Literacy rate of Punjab according to 2001 is 70% and Kerala is 91%, i.e., Punjab lags behind Kerala.

(iii) Therefore, income by itself is not a completely adequate indicator of material goods and services that citizens are able to use.

(iv) Over the past decade, health and education indicators have come to be widely used along with income as a measure of development.

(v) Human Development Report published by UNDP compares countries on the basis of educational levels of the people, health status and per capita income.

(vi) Kerala has a low infant mortality rate as it has adequate provision of basic healthcare and educational facilities. The proportion of children dying in Punjab within one year of birth is 49, which is nearly five times more than Kerala where out of 1000 children born alive 11 died before completing one year of age.

If per capita income were to be used as the measure of development, Punjab will be considered the most developed and Bihar the least developed state because per capita income of this state is very low. Since per capita income of Bihar is very low, more than half of the children do not even get to go to school there.

The prefixing of Human before Development gives a whole new meaning to the development. It means that humans have to develop for development. It is not just income but also the life expectancy, education, health indicators, social infrastructure that the country provides to its citizens constitute towards the development.

## **Human Development Index**

The **Human Development Index (HDI)** uses a combination of development factors (such as health, education, income) for comparison.

According to the HDR (Human Development Report), health and education are the indicators of the development besides food, clothes and shelter.

HDR compares countries on the basis of educational levels of the people, their health status and per capita income.

Through Human Development Index (HDI), which is a composite statistic of life expectancy, education, and per capita income indicators, is used to rank countries into four tiers of human development. India stands 131st in the HDI rank in the world.

Human development index is the quality of life-index prepared by UNDP.

It has mainly three indicators.

- (i) **Life Expectancy at Birth:** It denotes the average expected length of life of a person at the time of birth.
- (ii) **Gross Enrolment Ratio:** It shows enrolment ratio in primary schools, secondary schools and in higher education.
- (iii) **Per Capita Income:** It is calculated in dollars for all countries so that it can be compared.

### **Human Development Index is published by the UNDP**

- (i) It indicates the level of development of a country.
- (ii) It indicates to a country how far it has reached and how far it has yet to reach to achieve high ranks in matters such as per capita income of the people.
- (iii) One comes to know the important welfare elements such as life expectancy, literacy, educational level of people and health status.

Besides income, the other attributes to compare economic development are:

- (i) **Infant Mortality Rate:** It is an indicator of the availability of doctors and medical facilities in the region as well as the awareness of the people living there in regard to diseases and their prevention. Low infant mortality rate indicates good medical facilities and all-round development in the society. A high rate will be economic loss for the region as much effort is wasted, which could have been harnessed.

(ii) **Literacy Rate:** This is an indicator of the number of schools and teachers available in a region and it also indicates whether the facilities are being used or not due to societal pressures. Low literacy rate exhibits backwardness and slow economic.

(iii) **Life Expectancy:** This is also an indicator of available health facilities. Low life expectancy will be a hindrance to economic development.

## **Sustainability of Development**

Sustainability is the capacity to use the resources judiciously and maintain the ecological balance. Every generation wants to get the maximum benefits from the available resources but such a thing would be quite disastrous because the available resources shall be exhausted within a short time and the future generations will be deprived of these resources.

### **Importance of Sustainable Development**

(i) Sustainable development aims at fulfilling the needs of today without compromising the needs of the future generation.

(ii) Sustainability is the capability to use the resources judiciously and maintain ecological balance.

(iii) It lays emphasis on environmental protection and checks environmental degradation.

(iv) To stop over-exploitation and overuse of resources.

### **Measures to promote Sustainable Development**

(i) **Increased use of renewable resources:** Sustainable development is the management of renewable resources for the good of the entire human and natural community. For sustainable development, we must support the usage of renewable resources such as solar, wind, geothermal, and biomass energy sources.

(ii) **Less use of fossil fuels:** Fossil fuels take a lot of time to be formed. These fossil fuels contribute tremendously to environmental pollution.

(iii) **Introduction of organic farming:** Organic Farming contributes largely in creating a better quality of soil and combating erosion.

(iv) **Adopting measures to reduce global warming:** In our everyday life, we should contribute towards building a better environment.

### **Features of Sustainable Development**

(i) It is linked to sustainability since it has to be maintained for future generations.

(ii) Resources are to be used wisely so that they can be replenished. For example, if trees are cut, they should also be re-planted and allowed to grow.

(iii) Overuse of resources which exhausts them. For example, petroleum. If it is used indiscriminately, it will soon get finished and future generations will have nothing left in their hands.

(iv) If development is not sustainable, it will give rise to environmental degradation and become a global problem.

(v) People must be protected against pollution, thereby ensuring their quality of life and health.

## **Sustainable development is important for economic growth because**

- (i) Environment must be conserved while development is taking place.
- (ii) Resources must be used in such a way that they are conserved for future generations.
- (iii) The standard of living of all people must be raised.

### **Measures to ensure Sustainable Development**

- (i) We should focus on using renewable resources and keep inventing new techniques to decrease the use of conventional resources.
- (ii) The present resources must be used judiciously, with planning, and over-exploitation should be avoided.

**Environmental degradation** can be observed in different ways. Deforestation, falling levels of ground water, soil erosion, water pollution, burning of fossil fuels, the hole in the ozone layer and combustion from automobiles causing extreme air pollution especially in urban areas are some of the examples of environmental degradation.

The earth has enough resources to meet the needs of all but not enough to satisfy the greed of even one person. This means that there are enough resources to meet the needs of all if they are used judiciously and not over exploited by a few, and depriving the others who need them. Resources that are replenished by nature are known as **renewable resources**.

For example: ground water.

Resources that are not replenished that is those which will get exhausted after some time are known as **non-renewable resources**.

For example: crude oil.

Sustainable development can be achieved by judicious use of both renewable and non-renewable resources and without harming the balance of environment keeping in mind the requirement for present and future generations.

## **Development**

Development is the sum total of income plus the quality of life like equal treatment, freedom, security, respect of others, etc.

or

Development means continuous progress or increase in real per-capita income. In other words, there is an improvement in the economic welfare of the people and their standard of living.

The characteristics of development are :

- (i) Developmental goals are different for different people.
- (ii) What may be development for one may not be development for the others.
- (iii) For development, people look at a mix of goals.

(iv) Different persons could have different as well as conflicting notions of country's development.

### **Development goals may be common, different or conflicting**

**(i) Common Goals:** There are some needs which are common to all like income, freedom, equality, security, respect, friendship, etc.

**(ii) Different Goals:** Development or progress does not mean the same thing for every individual. Each individual has his own idea of development. For example, development for a farmer might mean irrigation facilities; while for an unemployed youth, it may mean employment opportunities, etc.

**(iii) Conflicting Goals:** What may be development for some, may become destruction for some others. For example, Industrialists may want dams for electricity, but such dams would displace the natives of a region by submerging their land.

### **Features of a Developed Country**

(i) High per capita income. (ii) High HDI. (iii) Greater focus on economic growth rather than development.

(iv) High standard of living. (v) Most of the population has access to basic healthcare and education.

(vi) High quality of life parameters—including freedom, equal opportunities etc.

### **Role of education and health in the overall development of a country**

**(i) Role of education:** It plays a vital role in the overall development of a human being and society, therefore stress on imparting education has been given in our Constitution.

**(ii) Role of Health:** The general health standard in India is quite low. This is quite inevitable as nearly one-fourth of the population lives below the poverty line.

(iii) A community based programmes on healthcare and medical services in rural areas has been launched. As a result of these efforts, there has been a fall in the incidence of certain diseases like tuberculosis, leprosy and polio.

### **Indicators used by UNDP for measuring development are:**

(a) Education (b) Health and (c) Per-capita income

### **The World Development Report classified countries according to the per capita income.**

(ii) Countries with per capita income of USD 12236 per annum and above in 2016, are called rich countries.

(iii) Countries with per capita income of USD 1005 or less are called low-income countries.

The **limitations** of this report are:

(i) It considers only income and not other aspects such as literacy, health, life expectancy, etc.



(ii) World Development Report (WDR) only tells about income and not how it is distributed among the citizens.

### Use of Averages to Compare Development

(i) Averages are used for better understanding.

(ii) For comparison between countries, total income is not very useful.

(iii) Different countries have different populations, so total income will not tell us what an average person is likely to earn.

(iv) According to the World Bank criterion, countries with per capita income of USD 12236 per annum in 2016, are called rich countries and those with per capita income of USD 1005 or less are called low-income countries.

Public facilities are the facilities that are provided to the people by the government. The provision of public services and facilities in the urban environment has a significant impact on the quality of life that residents and others enjoy. Public facilities play an essential role in providing support services to create viable, sustainable, healthy and cohesive communities, overcoming social barriers and increasing achievements.

Government has to provide certain essential facilities like healthcare, sanitation, electricity, public transport and educational institutions.

### Public Distribution System (PDS)

In some states, the **Public Distribution System (PDS)** functions well. If a PDS shop, i.e., ration shop, does not function properly at any place, the people there are able to get the problem rectified. Health and nutritional status of people of such states is certainly likely to be better.

If one gets a job in a far off place, before accepting it, one would try to consider many factors, apart from income such as:

(i) **Facilities for the family:** I would have to check if there is a good educational facility for children, a good house and locality to stay in, good medical facilities should also be available.

(ii) **Job security:** I should have clear terms of employment stated in my appointment letter. A job which gives high pay but no job security will reduce one's sense of security and freedom.

(iii) **Opportunity to learn:** There should be an opportunity for personal career growth, so that no boredom or stagnation sets in.

(iv) **Working atmosphere needs to be cooperative and healthy:** There should be good team spirit and the seniors should look after the newcomers and guide them. If women are engaged in paid work, their dignity in the household and society increases. A safe and secure environment may allow more women to take up jobs or run a business.

(v) **Time for your family:** Working hours should be fixed and adhered to so that there is time for spending with family. Leave facility must be there as well.