Unit 4: Economics



# Development

# **Quick Revision**

# **Meaning of Development**

- Development refers to the all round development of a country such as freedom, participative involvement, economic equality, security, life with dignity and good standard of living.
- Development involves desires or aspirations about what would we like to do or how would like to live.
- When people generate ideas to achieve those goals and to improve their present condition, then development takes place.

# Different People and Different Goals

- Different persons can have different developmental goals which may not be similar or may even be conflicting.
- Development for one may not be development for another. It may be destructive to other.

#### **Income and Other Goals**

- Income is considered as the most important component of development as it can be material goods and services.
- Earning high income is a goal for development.
  But it is not the only goal. Apart from income,
  people also consider other goals for development
  like equal treatment, freedom, security and
  respect of others. Thus, for development they
  look at a mix of goals.

# **National Development**

- The individuals have different goals and their motive of national development is also likely to be different.
- Their goals can also be conflicting.

# Comparison of Countries or States

Countries are compared on the basis of income earned.

# Comparison Through National Income

- Simple method for comparing development of different nations is total income or national income.
- However it does not provide clear idea about the development of a country because the population of each country is different. So, we use average income or per capita income to compare different countries.

# Comparison Through Per Capita Income

- Average or per capita income is obtained by dividing the total income by the population of the country to compare different countries.
- World Bank Publishes World Development Report (WDR) every year to compare the nations and the basis of per capita income.
- World Bank classifies countries on the basis of per capita income
  - Rich countries except middle East countries are called developed countries.
  - India is in category of low middle income country.

#### **Income and Other Criteria**

- Human Development Index is considered as the best criteria to compare the level of development in different countries.
- Various aspects of developments are per capita income, infant mortality rate, literacy rate, net attendance ratio of students in schools.

#### **Public Facilities**

- States where adequate public facilities are provided have more progress. Public facilities include good basic health and educational facilities, good Public Distribution System (PDS).
- Body Mass Index (BMI) is an international standard used to determine whether an adult person is undernourished or not.
- Human Development Report compares countries based on three criterias, viz, Living Standard (per capita income), Health Status (life expectancy) and Educational levels of people (Literary rate and years of schooling).

### Sustainable Development

- Overuse and excessive exploitation of natural resources for development has created the degradation of environment and forced us to think about sustainable development. This means careful use of resources so that they are available for the future generation also.
- Some region of Punjab, Western Uttar Pradesh, Central and South India overuse ground water which will create problem in future.
- Another very alarming fact is that the total reserves of the crude oil stock in the world is going to last just for another 50 years.
- Scientists, economists, philosophers and social scientists are working together to find ways of sustainable development.

# **Objective Questions**

# **Multiple Choice Questions**

- **01.** Development goals of different sections of our society can be achieved by
  - (a) Force
  - (b) Democratic political process
  - (c) Violent agitation
  - (d) Terrorism
- **02.** Find the incorrect option regarding the statement given below. The development goal of an urban unemployed youth may be
  - (a) having a self-owned home to live in
  - (b) having a permanent white collar job
  - (c) not having to face social discrimination
  - (d) having more opportunities for jobs
- **03.** Money cannot buy all the goods and services that we may need to have a good life. A list of things required for a good life is given below. Which among the following are things money cannot buy?

- Full protection from infectious diseases
- (ii) High quality education
- (iii) A luxury home
- (iv) A pollution-free atmosphere in every part of the country
- (a) (i) and (ii)
- (b)(ii)and(iii)
- (c)(i), (ii) and (iii)
- (d)(i) and (iv)
- **04.** In World Development Reports, brought out by the World Bank, which criterion is used in classifying countries?
  - (a) Total income
- (b) Gross income
- (c) Per capita income
- (d) Net income
- **05.** Pick out the correct meaning listed below to define 'average income'.
  - (a) Average income of the country means the total income of the country.
  - (b) The average income in a country is the income of only employed people.
  - (c) The average income is the same as per capita income.
  - (d) The average income includes the value of property held.

**06.** In a small village there are four families with an average income of ₹ 10,000. If the income of the three families is ₹ 14,000, ₹ 8,000 and ₹ 9,000 then what is the income of the fourth family?

(a) 7,500

(b) 13,000

(c)10,000

(d)9,000

**07.** In a country, a vegetable seller has income of ₹ 5000 but an IT professional in the same country has a salary of 1,25,000. The average income of the country is ₹ 68,000.

#### What does it show?

- (a) Income disparities
- (b) High per capita income
- (c) The country is rich
- (d) Total income is more suitable for comparison

# **08.** Find the incorrect option.

- (a) Per Capita Income (PCI) gives a better comparison between countries.
- (b) It is also called Final Income.
- (c) PCI is calculated by dividing total income of country (GDP) by its total population.
- (d) World Bank publishes World Development Report every year to compare the nations on the basis on Per Capita Income.
- **09.** Which one of the following is not a feature of developing country?
  - (a) Agriculture as the major occupation
  - (b) High technological development
  - (c) Disguised unemployment
  - (d) Mass poverty
- **10.** Small children in a remote village have to travel 5 kms everyday to attend their school as there is no school in their area. They have to go out at 6 AM in the morning. In winters it becomes even more difficult as there are no street lights even. What can be said about this situation?
  - (a) There is unequal income distribution
  - (b) There is no sustainable development
  - (c) There is less per capita income
  - (d) There is lack of public facilities

**11.** Study the table and answer type questions that follow

### Some comparative data on Haryana, Kerala and Bihar

State	Infant Mortality Rate per 1,000 live births (2016)	Literacy Rate % (2011)	Net Attendance Ratio (per 100 persons) secondary stage (age 14 and 15 years) 2013-14		
Haryana	33	82	61		
Kerala	10	94	83		
Bihar	38	62	43		

# Which state has the highest literacy rate?

(a) Kerala

(b) Bihar

(c) Haryana

(d) None of these

- **12.** The total number of children of age group 14 and 15 years attending school as a percentage of total number of children in the same age group is referred as ......
  - (a) Human Development Index
  - (b) Literacy Rate
  - (c) Net Attendance Ratio
  - (d) Per Capita Income
- 13. Study the table and answer the question given below

#### Some Comparative data on Haryana, Kerala and Bihar

State	Infant Mortality Rate per 1,000 live births (2016)	Literacy Rate % (2011)	Net Attendance Ratio (per 100 persons) secondary stage (age 14 and 15 years) 2013-14		
Haryana	33	82	61		
Kerala	10	94	83		
Bihar	38	62	43		

In comparison to Kerala which state has the highest infant mortality rate. (CBSE 2020 Modified)

(a) Bihar

(b) Haryana

(c) Both (a) and (b) (d) None of these

- **14.** The number of deaths of children less than one year of age per 1000 live births is referred as ..........
  - (a) Net Attendance Ratio
  - (b) Infant Mortality Rate
  - (c) Life Expectancy at birth
  - (d) Gross National Income
- 15. Select the option which is incorrect to say that Human Development Report depends upon the following criteria.
  - (a) Living standard
  - (b) Health status
  - (c) Religious background
  - (d) Educational level of the people
- **16.** An adult whose Body Mass Index is more than 30 will be classified as
  - (a) underweight
- (b) overweight
- (c) normal
- (d) obese
- 17. Human Development Index (HDI) level in India can be improved through

......

- (a) better health care
- (b) education facilties
- (c) better life expectancy
- (d) Both (a) and (b)
- **18.** Which among the following can be accounted as a cause for low infant mortality rate in Kerela?
  - (a) Most of the girls are trained at the primary level schooling to look after a newborn child.
  - (b) Most of the girls are nurses in Kerala so they can take care.
  - (c) Female literacy rate is high and adequate health facilities are available for both mothers and children.
  - (d) Kerala's good climatic condition helps infants to survive.
- 19. Suppose the literacy rate of a state is 80 per cent but the Net Attendance Ratio is 45 per cent. What does it indicate?
  - (a) High literacy rate and low net attendance ratio
  - (b) Children not attending school and studying in their houses

- (c) There are lot of education opportunities in the state
- (d) Large number of students are going to other states for education
- **20.** Which country can be considered as a developed country in the modern world? Select your answer from the following statements.
  - (a) Countries which have accumulated huge amount of wealth
  - (b) Countries which are among the highest in the 'Human Development Index'
  - (c) Only rich countries are considered to be developed because people have money to buy everything needed for human beings—both material and non-material
  - (d) All the countries are developed countries
- 21. Which among the following enhances environmental degradation?
  - (a) Planting of trees
  - (b) Prevention of factory wastes getting mixed up with river water
  - (c) Ban on use of plastic bags
  - (d) Allowing increase in the level of exhaust fumes emitted by cars, buses, trucks, etc.
- **22.** Which of the following statement defines Sustainable Development?
  - (a) Sustainable use of natural resources without considering the need of the future generation
  - (b) Present generation fulfils its needs while considering the needs of the future generation as well
  - (c) It mean utilisation of natural resources by the past, present and forthcoming future generation
  - (d) To meet the needs of the future generations even if the needs of the present generation go unmet
- **23.** Study the following table and answer the question that follow.

#### Crude Oil Reserves

Region/ Country	Reserves (2013) (Thousand Million Barrels)	Number of Years Reserves will last		
Middle East	808.5	78.1		
United State of America	44.2	12.1		
World	1687.9	53.3		

# Crude oil is an important resource of export for which region /country?

- (a) Middle East
- (b) United States of America
- (c) Both(a) and (b)
- (d) Neither (a) nor (b)
- **24.** Using which of the natural resources will aid in achieving sustainable development?
  - (a) Petroleum and natural gas
  - (b) Solar and wind energy
  - (c) Hydroelectricity
  - (d) Both (b) and (c)
- **25.** Consider the following statement about exhaustion of natural resources.
  - I. Crude oil resources would last only 50 years more.
  - II. Oil extraction is undertaken by Middle East region at a very fast pace.
  - III. Non-conventional fuel sources should be encouraged that reduces use of crude oil.

Which of the following statement gives an idea of sustainable development?

(a) Only II

(b) Only I and II

(c) Only I

(d) Only III

**26.** Choose the incorrect option from column A and column B. (CBSE 2020)

-	oranini iz wira coran	4010101110 O	D. (CDOL 2020)
	Column A (Category of person)	g	Column B (Developmental goals/Aspirations)
(a)	Landless rural labourers	1.	More days of work and better wages
(b)	Prosperous farmers from Punjab	2.	Availability of other sources of irrigation
(c)	Farmers who depend only on rain for growing crops	3.	Assured a higher support prices for their crops
( <b>d</b> )	A rural woman from a land owning family	4.	Regular job and high wages to increase her income

# **27.** Choose the correctly matched option from the following (CBSE 2020)

	Column A (Category of person)	(De	<b>Column B</b> evelopmental goals)
(a)	Farmers who depend only on rain for growing crops	1.	More days of work and better wages
(b)	Landless rural labourers	2.	Higher support prices for their crops
(c)	Prosperous farmers from Punjab	3.	Regular wages
( <b>d</b> )	An Adivasi from Narmada Valley	4.	To fulfil livelihood

# Assertion/Reasoning MCQs

**Direction** (Q. Nos. 28-30) In the question given below, there are two statements marked as Assertion (A) and Reason (R). Read the statements and choose the correct code.

#### Codes

- (a) Both A and R are true and R is the correct explanation of A.
- (b) Both A and R are true, but R is not the correct explanation of A.
- (c) A is true, but R is false.
- (d) A is false, but R is true.
- 28. Assertion (A) Different people having different developmental goals.
  Reason (R) People want freedom, equality, security and respect.
- **29. Assertion** (**A**) A high average income is not indicative of the overall well being of a country.
  - Reason (R) Average income does not cover human development indicators like level of education, health and public facilities.
- **30. Assertion** (A) A country at present has very high national income due to surplus oil resource. However it is essential to look for alternative sources of income also.

**Reason** (R) Oil is a natural resource that is non-renewable in nature. If it is not used judiciously then it will get exhausted soon.

# **Case Based MCQs**

**01.** Read the following source and answer the questions given below.

You will notice one common thing: what people desire are regular work, better wages and decent price for their crops or other products that they produce. In other words, they want more income. Besides seeking more income, one-way or the other, people also seek things like equal treatment, freedom, security and respect of others. They resent discrimination. All these important goals. Infact, in some cases, these may be more important than more income or more consumption because material goods are not all that you need to live.

Money, or material things that one can buy with it, is one factor on which our life depends. But the quality of our life also depends on non-material things mentioned above. If it is not obvious to you, then just think of the role of your friends in your life. You may desire their friendship. Similarly, there are many things that are not easily measured but they mean a lot to our lives. These are often ignored. However, it will be wrong to conclude that what cannot be measured is not important.

Consider another example. If you get a job in a far off place, before accepting it you would try to consider many factors, apart from income, such as facilities for your family, working atmosphere, or opportunity to learn. In another case, a job may give you less pay but may offer regular employment that enhances your sense of security. Another job, however, may offer high pay but no job security

and also leave no time for your family. This will reduce your sense of security and freedom.

Similarly, for development, people look at at mix of goals. It is true that if women are engaged in paid work, their dignity in the household and society increases. However, it is also the case that if there is respect for women there would be more sharing of housework and a greater acceptance of women working outside. A safe and secure environment may allow more women to take up a variety of jobs or run a business. Hence, the developmental goals that people have are not only about better income but also about other important things in life.

- (i) Which is the most common method of measuring economic development?
  - (a) Income
  - (b) Selling of produce
  - (c) Import and export
  - (d) Employment
- (ii) Stable income is attained through

  - (a) Better wages
  - (b) Regular work
  - (c) Work opportunities
  - (d) Decent price for crops and other products
- (iii) Besides seeking more income, there is something people resent, what is it?
  - (a) Discrimination
  - (b) Poverty
  - (c) No work
  - (d) Cetting fewer wages for more work
- (iv) If women are engaged in paid work, what difference does it make?
  - (a) Their dignity in the household and society decreases.
  - (b) No difference
  - (c) Their dignity in the household and society increases.
  - (d) None of the above

**02.** Read the following source and answer the questions that follow.

For comparing countries, their income is considered to be one of the most important attributes. Countries with higher income are more developed than others with less income. This is based on the understanding that more income means more of all things that human beings need. Whatever people like and should have, they will be able to get with greater income. So, greater income itself is considered to be one important goal. Now, what is the income of a country? Intuitively, the income of the country is the income of all the residents of the country. This gives us the total income of the country.

However, for comparison between countries, total income is not such a useful measure. Since, countries have different populations, comparing total income will not tell us what an average person is likely to earn. Are people in one country better off than others in a different country? Hence, we compare the average income which is the total income of the country divided by its total population. The average income is also called per capita income.

In World Development Reports, brought out by the World Bank, this criterion is used in classifying countries. Countries with per capita income of US\$ 12,056 per annum and above in 2017, are called rich countries and those with per capita income of US\$ 955 or less are called low-income countries. India comes in the category of low middle income countries because its per capita income in 2017 was just US\$ 1820 per annum. The rich countries, excluding countries of Middle East and certain other small countries, are generally called developed countries.

- - (a) Total income
- (b) National income
- (c) Average income
- (d) Education and health
- (ii) Higher income earning capacity correlates with which of the following?
  - (a) Availability of nutritous food
  - (b) Better health condition
  - (c) Living in a safe environment
  - (d) All of the above
- (iii) Average income of a country can be improved by ......
  - (a) Giving more employment
  - (b) Raising total production
  - (c) Setting development goals
  - (d) Opening hospitals
- (iv) For an urban youth, which is the most important goal?
  - (a) Increasing total income
  - (b) Improving his BMI
  - (c) Increasing per capita income
  - (d) All of the above
- **03.** Read the following source and answer the questions that follow.

How is it that the average person in Haryana has more income than the average person in Kerala but lags behind in these crucial areas? The reason is money in your pocket cannot buy all the goods and services that you may need to live well. So, income by itself is not a completely adequate indicator of material goods and services that citizens are able to use. For example, normally, your money cannot buy you a pollution free environment or ensure that you get unadulterated medicines, unless you can afford to shift to a community that already has all these things. Money may also not be able to protect you from infectious diseases, unless the whole of your community takes preventive steps.

Actually for many of the important things in life the best way, also the cheapest way, is to provide these goods and services collectively. Just think will it be cheaper to have colllective security for the whole locality or for each house to have its own security man? What if no one, other than you in your village or locality is interested in studying would you be able to study. Not unless your parents could afford to send you to some private school elsewhere. So you are actually able to study because many other children also want to study and because many people believe that the government should open schools and provide other facilities so that all children have chance to study. Even now, in many areas, children, particularly girls, are not able to go to high school because the government/society has not provided adequate facilities.

Kerala has a low Infant Mortality rate because it has adequate provision of basic health and educational facilities. Similarly, in some states, the Public Distribution System (PDS) functions well. Health and nutritional status of people of such states is certainly likely to be better.

- (i) The source given above relates to which of the following options?
  - (a) Health
  - (b) Education
  - (c) Public facilities
  - (d) Poverty
- (ii) Which of the following is true about money?
  - (a) Money cannot buy a pollution free environment.
  - (b) Money cannot ensure that you get unadulterated medicines.
  - (c) Money cannot protect from infectious diseases.
  - (d) All of the above

- (iii) Even now, in many areas, children, particularly girls are not able to go to high school because
  - (a) parents do not allow children to go to school.
  - (b) children are not willing to go to school.
  - (c) the government / society has not provided adequate facilities for school.
  - (d) None of the above
- (iv) Which among the following states has low infant mortality rate
  - (a) Haryana

(b) Kerala

(c) Bihar

(d) disha

**04.** Read the following source and answer the questions that follows.

Suppose for the present that a particular country is quite developed. We would certainly like this level of development to go up further or at least be maintained for future generations. This is obviously desirable. However, since the second half of the twentieth century, a number of scientists have been warning that the present type, and levels of development are not sustainable.

Groundwater is an example of renewable resources. These resources are replenished by nature as in the case of crops and plants. However, even these resources may be overused. For example, in the case of groundwater, if we use more than what is being replensihed by rain then we would be overusing this resource.

Non-renewable resources are those which will get exhausted after years of use. We have fixed stock on earth which cannot be replenished. We do discover new resources that we did not know of earlier. New sources in this way add to the stock. However, over time, even this will get exhausted. Consequences of environmental degradation do not respect national or state boundaries; this issue is no longer region or nation specific.

Our future is linked together. Sustainablility of development is comparatively a new area of knowledge in which scientists, economists, philosophers and other social scientists are working together. In general, the question of development or progress is perennial. At all times as a member of society and as individuals we need to ask where we want to go, what we wish to become and what our goals are. So the debate on development continues.

- (i) The given source discusses the aspects of which of the following?
  - (a) Poverty
  - (b) Per capita income
  - (c) Sustainable development
  - (d) All of the above

- (ii) Some natural resources like ground water get replenished by ......
  - (a) plants
- (b) human beings
- (c) environment
- (d) rainfall
- (iii) In order to add to the stock of goods, what get destroyed?
  - (a) Environment
  - (b) Sustainable development
  - (c) Resources
  - (d) Renewable resources
- (iv) Consequences of which of the following do not respect national or state boundaries?
  - (a) Poverty
  - (b) Unemployment
  - (c) Deforestation
  - (d) Environmental degradation

# **ANSWERS**

#### Multiple Choilce Questions

1.	<i>(b)</i>	2. (c)	3. (d)	4. (c)	5. (c)	6. (d)	7. $(a)$	8. (b)	9. (b)	10. (d)
11.	(a)	12. (c)	13. (b)	14. (b)	15. (c)	16. (b)	17. (d)	18. (c)	19. (d)	20. (b)
21.	(d)	22. (b)	23. (a)	24. (d)	25. (d)	26. (c)	27. (d)			

#### Assertion/Reasoning MCQs

28. (a) 29. (a) 30. (a)

#### Case Based MCQs

Passage I				Passage 2			
(i) (a)	(ii) (b)	(iii) (a)	(iv) (c)	(i) (c) (ii)	(d)	(iii) (a)	(iv) (c)
Passage 3				Passage 4			
(i) (c)	(ii) (d)	(iii) (c)	(iv) $(b)$	(i) (c) (ii)	(d)	(iii) (a)	(iv) $(d)$

# **EXPLANATIONS**

- **6.** Total income of four families =  $4 \times \text{average income} = 4 \times 10000 = 40000$ Total income of three families = 14000 + 8000 + 9000 = 31000Income of the fourth family = 40000 - 31000 = 9000
- 10. Public facilities are the facilities provided by the government to fulfill basic needs like health, education, safety, street lights, proper roads etc. The remote village in the given questions do not has any public facilities.
- **29.** High average income is not the only indicator of human development in a country. There are many factors like level of literacy rate, health facilities and public facilities, which are also important. These factors are covered under human development index.
- **30.** Oil is a non-renewable natural resource. This means it will soon get exhausted. If a country depends entirely on its oil resources, then in future it will face problem when the oil resource get exhausted. The country is likely to become poor in the absence of oil, therefore, oil resources should be used judiciously and alternative sources of income should also be searched.