

## Chapter 1 - Development

**Developed economics:** These are those economic which are characterized by high level of per capita income and high standard of living. **Developing Economic:** Those economics which are passing through the stages of growth and development. In such economics significance of agriculture tends to decline whereas the industrial sector grows sharply.

**Economy:** It is a sum total of all the economic activities like production, consumption distribution, exchange etc. **National income:** It is the total value of all the goods and services produced within a country plus the net income from abroad during a year. **Underdeveloped economics:** Under developed economics are the economics which are characterized by low level of per capita income and miserable standard of living. **Literacy Rate:** Literacy rate measures the proportion of literate population in the 7 and above age group.

**Public Distribution System (PDS) or Ration Shops:** PDS ensures availability of essential commodities like wheat, rice, sugar etc. to the consumers through the network of outlets or fair price shops. It checks the forces of supply and demand. The prices are fixed by the government. **Sustainable Economic Development:** It means that development should take place without damaging the environment, and development in the present should not compromise with the needs of the future generations.

**Q .1 . What is infant Mortality Rate?**

**Ans.** It 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.

**Q . 2 Mention any four characteristics of development?**

**Ans .**

- i ). Different people have different development goals.
- ii ). What may be development for one may not be development for the other. It may be destructive for other.
- iii ) . Income is the most important component of development, but along with income, people also seek equal treatment, good health, peace, literacy, etc.
- iv). For development, people look at mix goals.

**Q. 3. What is national development? What are the aspects covered under the national development?**

**Ans.**

- i ) . Under national development, the government decides what would be a fair and just path for all.
- ii) . Under national development, only those programmes and policies are implemented which would benefit a large number of people.
- iii). Under national development, it is very important to decide about the conflicts and their

**Q . 8.** What is the main criterion used by the World Bank in classifying different countries? What are the limitations of this criterion?

**Ans.**

i). **Rich or High income countries:** Countries with per capita income of \$12616 per annum and above in 2004, are called rich countries. ii) **Poor or low income countries:** The countries with per capital income of \$1035 or less, are called low income countries.

India comes in the category of low income countries because its per capital income was LOW.

**Limitations:**

- i). It covers only the economic aspects ignoring peace, health, environment, education, longevity, etc.
- ii). The method does not provide us the distribution of income.

**Q. 9.** What is meant by sustainable economic development? Why it is important for development?

**Ans.** It means that development should take place without damaging the environment, and development in the present should not compromise with the needs of the future generations. This concept stresses the role of the environment as capital that, if exhausted, cannot be replaced. It requires preservation of human capital, physical capital and natural capital.

: Development of a country needs to be continuous. Every country would like to have the level of development go up further.

: Many scientists have warned that the present level of development cannot be sustained for the future as the present rate of consumption of resources is very high.

It is essential not only for present generation but also for future generations to ensure a good life.

**Q. 10** What are the limitations of per capita income?

**Ans.**

- i) A rise in per capital income is due to rise in prices and not due to increase in physical output, it is not a reliable index of economic development.
- ii). National income rises but its distribution makes the rich richer and the poor poorer.
- iii). It excludes all non-marketed goods and services, even though they may be important for human happiness and better quality of life.
- iv). Rise in per capital income may be due to use of modern capital intensive technology in production which may be labour displacing in nature thus adversely affecting the poor masses.
- v). If rate of population growth, is higher than the rate of growth of national income, this will lead to fall in per capital availability of goods and services and economic welfare.