

## 1. Answer the following questions in detail :

### (1) Discuss any live features of developing economy.

- Mixed economy is the constructive combination of socialist and capitalist system so that their limits can be nullified.
- It prevails in India, England and France.
- In Mixed Economy, Public and Private sector are assigned the work lest it should improve economic welfare of all sects of society.
- Besides the co-existence of public and private sector, it also observes some controls so it is also known as controlled economy.
- As it stands with the co-existence of public and private sector, the economic activities are divided between the private and public sector.
- The activities like agriculture, trade, small consumer goods industries which involve less risk and less investment are included in private sector.
- Whereas the industries like- Defense goods production, railway, electricity, irrigation, which involves more risk and investment, lies with public sector as they are key industries for social welfare.
- In certain industries public and private sectors co-exist like Transport, education, health.
- Market is not absolutely free in this system. Government controls it as government levies the taxes on the unwanted commodities to prevent its production.
- Government offers subsidy and relaxation in taxes so that industries can develop in rural areas. In this way, public and private industries do not function as rivals but complimentary to each other.

### (2) Wants are unlimited. Explain.

- Human needs are unlimited and innumerable.
- Fulfillment of one need causes an origin of another need. For example, when need of bicycle gets fulfilled, it leads to the need of scooter then after to motor car. Moreover along with it the need of petrol fuel is also fulfilled.
- Some needs require repeated fulfillment. For example dinner stands awaiting after the lunch
- Science and technology causes the birth of some needs.

- As such, due to many reasons needs become unlimited so priority and selection of needs become vigilant.

### (3) Discuss limitations of market system.

- There are many limitations of market system, which are as follows :
- (1) Because of keeping profit in the centre of production, commodities are produced in more quantity and production of luxurious commodities of basic requirement is neglected or reduced.
- (2) Because of lack of policy related to role of state, natural resources are wasted.
- (3) Due to lack of knowledge and ignorance about the market, consumers are exploited.
- (4) Due to centralization of property and income there is increase in disparity of income.
- (5) There is a fear of monopoly, economic instability, exploitation of labour etc.
- (4) Discuss the distribution of resources in mixed economy.
- The nations are divided into two groups on the base of per capita income. The report of world bank released in 2004 suggests that the nation with per capita income less than \$ 735 is called Developing Nation.

### ➤ Following are the features of developing economy :

- (1) Less per capita Income
- (2) Population growth
- (3) Dependence on agriculture
- (4) Unequal distribution of Income
- (5) Unemployment

(1) Less per capita Income : National income of developing countries is less, while population growth rate is high. So, per capita income remains low. Because of less per capita income, living standard of people is low.

(2) Population growth : Population growth rate is high in developing nations. Rate of population growth is 2 % or more in these nations.

(3) Dependence on agriculture : Main occupation of the people of developing countries is agriculture. More than 60 % of the population is dependent on agriculture for employment. Contribution of agriculture in national income of these nations is about

26 %.

(4) Unequal distribution of Income : Unequal distribution of income and factors of production is seen in developing countries. This inequality is seen in cities as well as villages. 20 % rich people of the country share 40 % of national income and the poorest 20 % people share 10 % of the national income. This concentration of income and property is seen in the hand of rich people in developing economy.

(5) Unemployment : Unemployment may be counted as an important feature of developing countries. In these countries ratio of unemployment is more than 3 % of total labour. In these countries different types of unemployment may be seen.

e.g. : Seasonal unemployment disguised unemployment, industrial unemployment etc.  
Moreover, the period of unemployment is very long.

## 2. Answer the following questions as per requirement :

### (1) Land as a factor of production.

- In the production of any commodity, various tools are used for example, Tractor, bullock, sickle, machines, labours, and land are used in the production of grains.
- There are immense factors of production but in economics, they are categorized in four (1)Land (2) Capital (3) Labour (4) Entrepreneurship
- In general land means surface of earth but it stands with peculiar meaning in economics. Land means entire natural wealth including surface of the earth, water sources, vegetation and minerals.
- Land means natural resources like forests, rivers, mountains, minerals lying at the earth core, aerial components and gases.
- As such land is an important natural factor.

### (2) Limitation of socialist system.

- Socialist system aims to have equal distribution and social welfare even though the following loopholes are observed in it.
- (1) As the resources of production are owned by the State, people do not get encouragement and motivation to increase production.

- (2) Due to lack of competition, contest and research do not get momentum in the economy.
- (3) There is lack of individual freedom in this system.
- (4] Because of complete interference of state, there is fear of bureaucracy.

(3) Discuss the difference between economic progress and economic development.

Economic Growth	Economic Development
<p>Economic Development is a cause. Economic development is a condition.</p> <p>Change in Economy :</p> <p>An increase in population or in savings causes increase in production is called Economic Growth.</p> <p>Developed or developing nation :</p> <p>An increase in the national income of developed nation is called Economic Growth.</p> <p>Economic Growth is a final stage.</p>	<p>Economic Development is result. Economic development is succeeding stage after economic growth.</p> <p>An immense increase in production due to research in economy is called Economic Development.</p> <p>An increase in the national income of developing nations is called Economic Development.</p> <p>Economic Development is the first stage.</p>

(4) Write a note on primary sector.

- Primary Sector :
- Agriculture and agriculture related activities such as cattle rearing, cattle breeding, fishing, poultry farm, collection of forest products, mining of raw metal etc. are included in primary sector section.
- Primary sector dominates in developing countries.
- Economic development increases, the dominance of primary sector decreases and secondary sector and service sector get boosted.

(5) Differentiate between : Economic and Non-economic activities.

Economic Activities	Non-Economic Activities
Economic Activity means earning or spending money for the exchange of commodities or services. Examples : Farmers, artisans, teacher, businessman.	Activities that are not aimed at obtaining income or reciprocate something indirectly are called non-economic activities. Examples : Nurturing of child by mother, charge less treatment of patient by doctor, activities of social services done by a social worker.

3. Answer the following questions :

(1) What is economic development?

- An increase in National income causes an increase in per capita income which is resulted in
- improvement in living standard of people is called Economic Development.

(2) Which are the factors of productions ? Name them.

- There are four factors of productions :
- (1] Land (2) Capital (3] Labour (4) Entrepreneurship

(3) What is the meaning of economic activity?

- An activity undertaken with an aim of gaining income or observing expenses is called Economic Activities. Example : Farmer, Artisans

(4) Which economic system has been followed by India ?

- India has adopted Mixed Economy.

(5) What do you mean by alternative use of resources ?

- An optional use of commodity means a condition in which a commodity can be used for various purpose but while using it for a particular one the other uses are waved off.

- Example— In the same scape of land wheat, bajra or groundnuts all cant be grown, while seeding the one, others are cornered.

4. Answer the following questions by choosing the correct alternative :

(1) Economically, India is which type of country ?

- (A) Developd      (B) Backward      (C) Developing      (D) Poor

(2) According to world bank report 2004, what is the minimum per capita income (in dollars) for a country to be called a developing country ?

- (A) \$ 480 1      B) \$ 520      (C) \$ 735      (D) \$ 250

(3) Which system is called free economy ?

- (A) Socialist System      (B) Mixed Economy      (C) Market System      (D) None of these

(4) Cattle rearing is included in which sector of economy ?

- (A) Secondary      (B) Primary      (C) Service Sector      (D) Three of them