



21

CHALLENGES OF INDIAN ECONOMY

Each and every citizen of the country has a right to lead a decent life. Every body must be able to fulfil his minimum needs such as food, health care, housing, basic education, etc. However, India is a poor country where a large section of the population cannot afford all these. The matter is made worse due to the fact that our economy does not provide adequate employment opportunities so that poor people can get jobs and earn income. Hence eradication of poverty and unemployment is a major challenge before the economy. Similarly higher quality of life is achieved by getting proper education and health care facilities. Since India is a very large country in terms of population, provision of education and health care by the government to all its citizens is also a major challenge. Another important concern before the government is the rising prices of commodities in the market which is called inflation. Rise in prices hit the poor and middle class people very badly. So controlling the price level is a major problem to be dealt with whenever it occurs. Finally, the income of the nation must also grow with rise in population and their wants so that the development process continues. So achieving economic growth every year is also a major challenge before the economy.



OBJECTIVE

After completing this lesson, you will be able to:

- *understand the meaning of poverty and programmes implemented by the government to eradicate poverty and generate employment;*
- *Know the steps taken by the government to provide education and health care facilities;*
- *understand the methods to control price rise or inflation;*
- *the strategy of the government to achieve higher economic growth.*



Notes

21.1 TACKLING POVERTY AND UNEMPLOYMENT

Who is poor in India? According to planning commission of the government of India any body who is not able to get 2400 kilo calories (kcl) from food intake in rural area and 2100 kcl from food in take in urban area is termed as poor. We call this **Poverty Line** in India. How to explain this poverty line? You know that food is most essential for our existence. We take food to get energy for our body so that we can perform certain activities. How is energy measured? What is the minimum energy requirement for our body per day?

Energy is measured in terms of kilo calories. In rural areas people do lot of hard work to earn their living. According to experts the minimum energy required by a person for doing such work is 2400 k cal in rural area and 2100 k cal in urban area. To get this energy a person requires some amount of food in the form of cereals, pulses, vegetables etc. To buy these food items the person must have some amount of money. This implies that if the person is not able to earn this money to buy the food needed in order to get the required energy to do work, then the person is said to be below poverty line or simply poor.

On this basis it is found that about 27.5 percent of the population in India was poor in the year 2004-5 which was around 27 crores. But do you think that poverty should be measured only in terms of food in- take. Other essential items such as clothing, shoes etc. also come under minimum requirements? This means that even more money is required to buy all these items. According to the government of India if food, clothes, shoes and other non-food items are taken together, then more than 37 percent of India's population i.e. more than 37 crores, were poor .

Similarly on the employment front India is also not doing well. One major reason of poverty being unemployment among the population who are willing to work. Slow growth of industries, education and training are main reasons for unemployment in India. Also our agriculture is already over burdened with population and employment is seasonal there. After harvesting is over, agricultural labour and small farmers become unemployed. In India the population of labour force was more than 43 crores by the year 2010. Labour force means people who are able to work and are between age group of 15 years to 59 years. On a daily basis about 3 to 4 crores or around 8 percent of this labour force do not get any employment.

21.2 EMPLOYMENT GENERATION OR POVERTY ALLEVIATION PROGRAMMES

What is the government doing to remove poverty and create employment opportunities for its citizens? In order to tackle these serious problems the Indian government has been making policies and spending a lot of money since the time of independence. That is why population below poverty line has been reducing over time. Though



Notes

slowly. Similarly unemployment rate has not been allowed to rise beyond control. These were possible due to the following programmes implemented by the government.

1. The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)

MGNREGS aims at providing at least one hundred days of guaranteed wage employment in a year to rural population. The nature of work is unskilled manual work. The scheme was launched in 2006 in 200 districts of India. Then it was notified for the entire country in 2008. Any adult member of a family living in rural area can do manual labour on daily wage basis for 100 days in a year. In 2010, upto the month of December about 4.1 crores households were benefited under this scheme. In 2010-11 the government had allocated Rs. 40,100 crores to run this scheme.

2. Swarnjayanti Gram Swarozgar Yojana (SGSY)

SGSY was launched in April 1999. The aim of this programme is to help the rural poor to increase their income generating capacity through self employment. The primary focus of this scheme is the SC and ST population, as well as women. But others can also get benefit. Under this scheme poor people are given training, bank loans and other facilities so that they can build up their capabilities to overcome poverty. People who work on their own are called self employed or Swarozgaris. This scheme is specially meant for these swarozgaris. In order to give training to people belonging to poor households government has set up rural self employment training institute (RSETI) in each district under this scheme. About 77000 rural youths have got training from RSETI by December 2010.

3. Swarna Jayanti Sahari Rozgar Yojna (SJSRY)

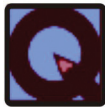
SJSRY is meant for providing employment to poor families living in urban areas of the country. It was first launched in 1997. Then many new initiatives were introduced in 2009 which include the following :

- (i) Programmes to generate self employment
- (ii) Programmes for urban women
- (iii) Training for urban poor
- (iv) Community development programme
- (v) Wage employment programme

The government has allocated about Rs.590 crores for SJSRY for the year 2010-11. A total of more than 6 lac 50 thousand families in urban areas have been benefited under this scheme by December 2010.



Notes

**INTEXT QUESTIONS 21.1**

1. What is the poverty line for rural areas?
2. What is the population of India's labour force?
3. Name a scheme to tackle urban poverty?

21.3 PROVIDING EDUCATION

Another challenge before our nation is to educate all the citizens. According to census 2011, the literacy rates of India were 82.14 per cent for males, 65.46 percent for females and 74.04 percent for all adults.

The government of India has taken following measures to provide education to all.

1. Right of children to free and compulsory education Act 2009.

The government of India has made “free education for all children between 6 to 14 years of age” a fundamental right in 2009. This law has been made effective from April 2010. Now children between age group of 6-14 years can have claim to free education and the government is duty bound to provide so. Accordingly the government will open more and more primary and upper primary schools and appoint teachers to teach.

2. Schemes for elementary and secondary education

Some of the important schemes to develop elementary and secondary education are given below

(i) Sarva Siksha Abhiyan (SSA)

SSA has been implemented by the central government in partnership with state governments to give education to children in the age group 6-14 years. Keeping in view the right to education act which came latter, SSA scheme has been accordingly modified. The goals of this scheme are

- (a) enrolment of all children in school
- (b) Retention of children in the school up to upper primary level
- (c) Hosting “back to school camps”
- (d) Building education guarantee centers
- (e) Closing the gap arising due to caste, gender etc. in giving education

By September 2010 there were 309, 727 new schools with more than 11 lac teachers being appointed. Nearly 9 crore children were provided text books.



Notes

To provide education to girl child SSA has an important component called national programme for education for girls at elementary level (NPEGEL). Under this programme “model schools” are being set up in every cluster to impart education to girls. Uniforms and study materials etc. are provided freely to girls. Teachers get special training to teach girl students under this programme.

There are also residential schools for girls called Kasturba Gandhi Balika Vidyalayas (KGBVs) under SSA. 75 percent of total girls students admitted in KGBVs belong to SC, ST, OBC and minority communities. Remaining 25 percent belong to families who are below poverty line. More than 2 lac girls are enrolled in KGBVs by March 2010.

(ii) National programme of Mid-day meals in Schools

In order to attract children into schools and retain them, the government has started mid day meals programme. The idea is to provide healthy diet to children by providing good food. Mid day meals also bring children from different sections of the society together and develop sense of belongingness towards each other. More than 14 crore children were benefited in 2009-10.

(iii) Rashtriya Madhyamik Shiksha Abhiyan (RMSA)

RMSA was launched in 2009 to increase the enrolment ratio in the secondary stage. 75 percent of the total expenditure on this programme comes from central government while state government provide 25 percent. For the north east region this ratio is 90 : 10.

(iv) Inclusive education for the disabled at secondary stage (IEDSS)

To help the children with special needs, the government has launched IEDSS programme with effect from 2009-10. Its aim is to provide 100 percent central assistance for education of disabled children studying class IX-XII stage.

(v) Saakshar Bharat

To promote education and literacy among the adults above 15 years of age, the government has recast its national literacy mission as Saakshar Bharat. The special focus of this program will be women.

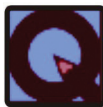
(3) Programme for Higher and Technical Education

Higher education starts with college education after passing out from schools. Higher and technical education includes graduation in arts, social science, science, engineering, medicine, information technologies etc. A country must improve the level of its higher & technical education if it wants to establish knowledge society and compete with

**Notes**

other countries at international level. The government of India has taken several steps to develop higher and technical education as given below.

1. In the eleventh plan period the central government has aimed at establishing 8 new universities, 10 new engineering colleges with cooperation from state governments.
2. New model colleges will be set up at educationally backwards districts of the country.
3. To promote IT education 20 more Indian institutes of information technology (IIT) will be set up.
4. More engineering colleges in the form of national institutes of technologies (NITs), and Indian Institutes of Technology (IITS), will be built and become operational in 2011-12 in different parts of India.
5. To promote research in science the government has set up five Indian Institutes of Science Education and Research (IISER) in various parts of the country.
6. Finally five new Indian Institute of Management (IIMS) have become operational in the Eleventh plan and two more will become operational in 2011-12.

**INTEXT QUESTIONS 21.2**

1. Mention three goals of Sarva Siksha Abhiyan ?
2. Give suggestions to provide education to girl child ?
3. Give one advantage of mid-day meal programme?

21.4 PROVIDING HEALTH CARE

Another major challenge before the country is to provide better health care facilities to its people. Due to lack of proper health care 254 females out of every 100,000 die while giving birth. This is called maternal mortality rate (MMR). 50 out of 1000 children die at the time of birth which is called infant mortality rate (IMR). 15 children out of 1000 die before completing 4 years of age which is known as child mortality rate (CMR). Certainly these news are not encouraging. There are so many villages and remote areas in the country. But unlike cities and towns, these areas do not have adequate health centers or hospitals and doctors to attend to the problems of people there..

In 2010-11, the government spent only about 5 percent of total expenditure on health care which is only 1.27 percent of our national income. Even our neighbor Sri Lanka spends more than India on health services per head.

Let us look at the role played by the government in providing health facilities.

(i) National Rural Health Mission (NRHM)

NRHM was launched in 2005 to provide affordable and qualitative health service to rural population. It aims at strengthening health and family welfare programmes, removing diseases such as malaria, kala azar, blindness, iodine deficiency, T.B. filaria, leprosy etc. by improving public health delivery system. NRHM has started revitalizing the existing primary and community health centres. By September 2010 around 8 lac health workers have been given training on health care and more than 9 thousand doctors and 26 thousand nurses have been appointed on contract basis to give health services to rural population. NRHM is also running many mobile medical units (MMUs) which run from one place to another to provide health care at door step.

(ii) Janani Suraksha Yojana (JSY)

In order to save the life of the mother at the time of the delivery the government has started the Janani Suraksha Yojana.

(iii) Pradhan Mantri Swasthya Suraksha Yojana (PMSSY)

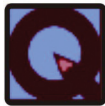
Health care facilities are not uniformly available in India. Some states have very good health infrastructure in the form of medical institutes / colleges and hospitals while others do not have these facilities. This has created regional imbalances in provision of health care service and over crowding of certain places where these facilities are available. For example the All India Institute of Medical Sciences (AIIMS) is situated in Delhi and is a world class medical institute cum hospital. Since other states do not have such a facility, people from different states come to Delhi to get treatment in AIIMS. As a result AIIMS has become over crowded with a long waiting period for treatment. To remove these problems the government of India has launched PMSSY. Under this scheme six new AIIMS like institutions will be constructed in different parts of the country. It also aims at upgrading 12 existing government medical colleges in different states.

(iv) National AIDS Control

AIDS (Acquired Immune Deficiency Syndrome) is a dangerous health disorder which affects people infected with HIV. About 24 lakh people in India were affected by HIV in 2009, which is one of the highest in the world. Once the virus called HIV attacks the human body, the person loses strength to fight diseases and his/her immune system become weak over time. Under such a circumstance the person cannot recover if he/she suffers from any disease. AIDS has endangered population all over the world. The government of India has created centers to generate awareness to prevent AIDS as well as treat people affected by the virus.



Notes

**Notes****INTEXT QUESTION 21.3**

1. Write the objectives of national rural health mission ?

21.5 CONTROLLING PRICE RISE

People pay prices to buy different commodities in the market. If prices increase then it becomes difficult to buy the same amount of the good and service. As a result, the level of satisfaction of the individual falls. When you pay more prices, your existing income looks less than before since you have to now pay more money to buy less amount of the commodity. This hits the buyer badly. Why do prices rise? The most common reason is that if the amount of a good people wants to buy in the market is more than its actual availability then this will create a situation of shortage of the particular good. As a result the price of the good will rise. Shortage may occur if production of the good has not been adequate. For example, food grain production falls if a draught situation happens. Another reason of shortage could be wastage of the good due to lack of proper storage facility. Finally, shortage will occur if the sellers hoard the good without selling it so that a man-made shortage takes place. Sellers do it deliberately to charge more prices for the good. Hoarding often takes place in case of essential commodities such as onion, rice, medicines etc.

The government plays a major role in controlling prices in the following ways

- (i) By helping farmers in several ways so that food grain output does not suffer. One example is that the government allows the farmers to buy seeds, fertilizer etc. at lower price.
- (ii) By building store houses and cold storages to keep food grains and vegetables properly so that there will be no problem of availability of such goods.
- (iii) By keeping a strict vigil on hoarding of essential commodities and punishing the guilty since hoarding is a crime.

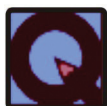
21.6 ACHIEVING HIGHER ECONOMIC GROWTH

In a simpler manner we can define economic growth as increase in our Country's total income and per capita income. This is possible when India's agricultural and industrial production increase as well as Service sector expands in the desired manner. Some of the steps taken by the government in this direction are as follows.

1. India has been encouraging establishment of small scale, large scale and heavy industries since the second plan onwards i.e from 1956. These industries produce goods for the use of people, machines and equipments needed to build infrastructure and help service sector to expand. Industries provide lots of jobs and higher wages.

2. The government has been encouraging the use of better inputs in the form of better seeds, fertilizers etc. to improve food grain production.
3. Because of better infrastructure in the form of roads, railway lines, Airports, communication towers, power etc. India's service sector is growing fast.

In order to maintain the momentum of economic growth the government has modified rules and regulations so that people can easily participate in the process of development. These steps are known as economic reforms.

**Notes****INTEXT QUESTIONS 21.4**

1. Why is price rise bad for a buyer?
2. Give the meaning of hoarding?
3. Define economic growth?

**WHAT YOU HAVE LEARNT**

- The programme implemented by the government to generate Employment and alleviate poverty are - The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Swarnjayanti Gram Swarozgar Yojana (SGSY), and Swarna Jayanti Sahari Rozgar Yojna (SJSRY).
- To provide education various schemes such as-mid day meals, Saaksher Bharat, Sarva Siksha Abhiyan etc are implemented .
- For better health care, national rural health mission, aids control Programme etc. are being run.
- Checking price rise and achieving economic growth are also challenges before the government which are tackled by encouraging production besides others.

**TERMINAL EXERCISE**

1. What are the poverty alleviation programmes? Explain any one.
2. Describe any two schemes to provide elementary and secondary education.
3. Write a short note on national rural health mission.



4. Give some measures to solve the problem of price rise.
5. What the government has been doing to achieve economic growth?

**ANSWERS TO INTEXT QUESTIONS****Intext Questions 21.1**

1. 2400 kcal per day per person
2. 43 crores
3. Swarn Jayanti Sahari Rozgar Yojna

Intext Questions 21.2

1. (a) Enrolment of all children in schools
(b) Building education guarantee centres
(c) Hosting “back to school” camps
2. (i) set up model schools for girls in every cluster
(ii) provide uniforms and study materials to girls
(iii) Train the teachers to teach girl students
3. Midday meal programme allow the children from different sections of the society to eat together and develop a sense of belongingness towards each other

Intext Questions 21.3

1. (i) To strengthen health and family welfare programmes
(ii) Removing diseases such as malaria, kala azar, blindness, iodine deficiency, TB, filaria and leprosy etc.

Intext Questions 21.4

1. Buyer has to pay more money than before out of his given income. It becomes a burden.
2. Hoarding means storing goods secretly to create artificial shortage
3. Economic growth means increase in national and per capita income.