

Economic Development Class 10 GSEB Solutions Social Science Chapter 15

Gujarat Board Class 10 Social Science Economic Development Textbook Questions and Answers

I. Answer the following questions in detail.

Question 1.

Discuss any five features of the developing economy.

Answer:

World Development Report, 2004 categorizes countries having less than \$735 per capital income as developing economy.

The features of the developing economy are as follows:

(i) Low per capita income: The per capita income in the developing countries is low. Their lesser national income gets divided by a larger population. As a result, the standard of living is poor.

(ii) Higher population growth rate: The population growth rate per annum is 2% or more in these countries. There is pressure of population on the natural resources such as land.

(iii) Agrarian economy: The principal economic activity in these countries is agriculture. More than 60% of the total population is engaged in agriculture. The contribution of agriculture to the national income is about 26%.

(iv) Uneven distribution of income: There is concentration of wealth and income. 20% rich account for 40% of the national income. On the other hand, the poorest 20% account for about 10% of the national income. Disparity in income between the rural and urban areas is another indication of the uneven distribution of income.

(v) Unemployment: The ratio of unemployment is more than 3% of the entire labour force. There is seasonal unemployment and disguised unemployment in the rural areas. Industrial unemployment exists in the urban areas.

(vi) Poverty: About one-third of the population lives in dire poverty. They are unable to satisfy their basic needs of food, clothing, shelter, education and health.

(vii) Dual economy: In these countries, backward village economy and traditional society exists side by side with the modern urban economy.

(viii) Inadequate infrastructure: Means of transport and communication, education and health and banking facilities are inadequate. This hampers economic development.



(ix) Adverse balance of trade: These countries export agro products. Their income from exports is less than expenditure on imports. Due to adverse balance of trade their foreign debt goes on increasing.

Question 2.

Wants are unlimited. Explain.

Answer:

Human wants are unlimited and insatiable. On the other hand, the resources to fulfil these wants are limited/scarc. Owing to the scarcity of resources, it becomes necessary to determine priority to satisfy wants.

First priority is always given to satisfy the basic needs – necessities of food, clothing and shelter. Thereafter lesser wants in the form of comforts and luxuries are satisfied.

Question 3.

Discuss the limitations (disadvantages) of market system.

Answer:

In spite of having many virtues, the capitalist/market system is imperfect. Some of its serious defects/ limitations/disadvantages are as follows:

1. Maximisation of profit is the main objective of the capitalist system. The industries focus on the production of luxury and comfort goods and reduce or neglect production of the essential goods.
2. The natural resources are over-utilised and wasted as there is no control of the government.
3. Consumers are exploited as they do not have adequate knowledge of market.
4. Concentration of wealth and income in the hands of a few rich increases disparity in income.
5. The capitalist class exploits the labour by paying low wages.
6. The possibility of monopoly is ever present.
7. Fluctuation in market leads to economic instability and such occurrences like collapse of market leads to worldwide depression.

Question 4.

Discuss the allocation of resources in mixed economy.

Answer:

There is co-existence of public sector and private sector in mixed economy. The central planning authority allocates resources to the public sector. There is private ownership in agriculture, trade, commerce, small and medium scale industries, consumer industries. Later, the private sector has entered transport and communication.

The resources for these activities are raised by individuals or institutions. The public sector owns basic and heavy industries, defence industries, atomic energy, generation and supply



of electricity. The funds for these activities are provided by the state as these activities are owned and managed by the public sector enterprises.

II. Answer the following questions as per requirement.

Question 1.

Explain land as a factor of production.

Answer:

In the conventional usage the term land indicates the upper layer/crust of the surface of earth. In economics, land is regarded as a natural factor of production. Besides agricultural land, it includes forests, mountains, rivers and other source of water on the surface of the earth; as well as mineral below the surface of earth. These resources are put to use for productive uses. Therefore, it is regarded as a natural resource for production.

Land is a free gift of nature. However, owing to its scarcity, it has become a 'priced community'. Availability of land is limited and cannot be increased. Therefore, efficient use of land requires planning and technology.

Land is immobile factor of production. It cannot be shifted from one place to another. Fertility and usefulness of land differs from one place to another. Land in Rann of Kachchh is less fertile in comparison to Gangetic plains. However, the availability of mineral oil has made the deserts in West Asia very precious.

Question 2.

Write the limitations of the socialist system.

Answer:

The socialist system that has noble intentions of social welfare and classless society has the following limitations:

1. There is no motivation to increase production as there is state ownership of industries.
2. No need is felt for innovation and quality improvement as there is no competition.
3. There is total denial of economic freedom to the citizens.
4. There is fear of bureaucracy due to dictatorial nature of the state.
5. Every aspect of people's life is regulated by the state.

Question 3.

Discuss the difference between economic growth and economic development.

Answer:

Difference between economic growth and economic development:

(i) On the basis of development process: Economic growth is a quantitative term, whereas economic development is a qualitative term. Economic growth merely indicates increase in the GDP, whereas economic development indicates increase in the GDP, per capital income and changes in the standard of living of the people.



(ii) Later and subsequent: Earlier economists did not make any distinction between these two terms. However, the qualitative aspect was indicated by the later economists by using the term economic development.

(iii) According to the changes taking place in economy: Increase in agricultural production by mere increase in the land under cultivation is economic growth. On the other hand, increase in agricultural production by application of scientific knowledge and technology such as hybrid seeds indicates economic development.

Question 4.

Describe the structure of the Indian economy.

Answer:

The economic activities in the Indian economy are divided into the following three sectors:

(i) Primary sector: It is the dominant sector of the Indian economy. It consists of agriculture and allied activities such as animal husbandry, fishery, poultry, forestry and mining. These activities make substantial contribution to the national income and generate maximum employment. The significance of the primary sector has gradually declined with economic development.

(ii) Secondary sector: It consists of the manufacturing activities, construction, supply of water, electricity and gas. Importance of secondary sector gradually increases with economic development.

(iii) Service sector: It includes trade and commerce, transport and communication, education and health, banking and insurance, tourism and entertainment. It is the fastest-growing sector of the Indian economy. It has surpassed the contribution of the primary and the secondary sectors to the national income.

Question 5.

Distinguish between Economic activities and Non-economic activities.

Answer:

Economics activities	Non-economic activities
An economic activity means earning (income) or spending money (expenditure). Money is used for exchange of goods (commodities) and services.	A non-economic activity is not undertaken to earn money.



Production of goods and services is undertaken to earn money.	Free of cost services are provided by the non-profit organisations to serve the society.
Activities undertaken by an industry a farmer, an artisan, educational institution, private hospital are some of the example of economic activities.	The selfless work of social workers, charitable hospitals, mother nurturing her child are some of the examples of non-economic activities.

III. Answer the following questions.

Question 1.

What is economic development?

Answer:

Economic Development: Every country aims to achieve development. When we talk about development, it is not restricted to only 'economic development'. It also includes development of the society i.e. 'social development'.

Economic development shows constant increase in National income of a country. It means:

1. Constant increase in national income of a country.
2. Increase in per capita income of a country.
3. Change in lifestyle of the people/ change in living standard of the people.

Question 2.

What are the factors of production? Name them.

Answer:

Land, labour, capital and entrepreneurship are the main factors of production.

Question 3.

What is the meaning of 'economic activity'?

Answer:

Economic activity means any activity such as agriculture that involves earning or spending money for the exchange of goods (commodities) and services.

Question 4.

Which economic system has been followed by India?

Answer:

India, England and France have adopted mixed economy.

Question 5.

What do you mean by alternative uses of resources?

Answer:



Alternative uses of resources mean/ imply that a single resource can be used in more than one way, for example, electricity can be used for domestic purposes or industrial activities.

IV. Answer the following questions by choosing the correct alternatives.

Question 1.

Economically, India is which type of country?

- (a) Developed
- (b) Backward
- (c) Developing
- (d) Poor

Answer:

- (c) Developing

Question 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
- (b) \$520
- (c) \$735
- (d) \$250

Answer:

- (c) \$735

Question 3.

Which system is called Free Economy?

- (a) Socialist system
- (b) Mixed Economy
- (c) Market System
- (d) None

Answer:

- (b) Mixed Economy

Question 4.

Cattle rearing is included in which sector of economy?

- (a) Secondary
- (b) Primary
- (c) Service Sector
- (d) All of these

Answer:

- (b) Primary