

ECONOMICS BASIC NOTES - PART 1

BASED ON: IX CLASS NCERT BOOK

1. There are four requirements for production of goods and services:

- Land
- Capital
- Labour
- Enterprise

2. Cultivated Area over the years

Year	Cultivated Area in Million Hectare
1950	120
1960	130
1970	140
1980	140
1990	140
2000	140
2010	155
2012	155
2018	160

3. The Green Revolution in the late 1960s introduced the Indian farmer to cultivation of wheat and rice using high yielding varieties. The yield per hectare increased. It required plenty of water and also chemical fertilizers. The pesticides usage also went up. The yield went up from 1300kg to 3200kg per hectare.

4. Green Revolution was associated with the loss of soil fertility due to increased use of chemical fertilizers. Water table also lowered because of excess withdrawal of water from wells.

5. Fertilizers were also responsible of polluting the nearby water bodies.

6. Production of pulses and Wheat in tones

Year	Production of Pulses	Production of Wheat
1965	10	10
1970	12	24
1980	11	36
1990	14	55
2000	11	70
2014	17	89

7. The farmers having land less than 2 hectare are called Small & Marginal farmers.

8. **QUALITY OF POPULATION:** The quality of population depends upon the literacy rate, health of a person indicated by life expectancy and skill acquired by training and learning. The quality of the population ultimately decides the growth rate of the country. Human being is a positive asset and precious national resource
9. **EDUCATION:** The plan outlay on education has increased from Rs. 151 Cr. To Rs. 3766 Cr over the years. The expenditure on education as a percentage of GDP rose from 0.64% to 3% in 2015.
10. The **LIFE EXPECTANCY** rose to 67.5 years in 2013. Infant mortality rate has come down from 147 in 1951 to 40 in 2013.
11. **UNEMPLOYMENT** is said to exist when people who are willing to work at the going wages cannot find jobs. The workforce population includes people from 15 years to 59 years. In rural areas there is seasonal and disguised unemployment. Urban areas have mostly educated unemployment. Seasonal unemployment happens when people are not able to find jobs during some months of the year. People dependent upon agricultural usually face such kind of problem. Sowing, harvesting, weeding and threshing days form the busy seasons.
12. In case of disguised unemployment people appear to be employed. But they do not contribute in additional output. Unemployment leads to wastage of manpower resources.
13. **POVERTY:** 27 crore people in India were living in poverty in 2011. Poverty means hunger and lack of shelter. Children are denied school. Sick cannot afford treatment. Poverty also means lack of clean water and sanitation facilities. It also means no jobs. Poor is having Social exclusion and more vulnerable to adversities like natural calamities.
14. **POVERTY LINE:** It is a method to measure poverty. Poverty line is the minimum level of resources needed for survival in terms of satisfaction of basic needs food, shelter, health and social life. While determining the poverty line in India, a minimum level of food requirement, clothing, footwear, fuel and light, educational and medical requirements. These physical quantities are converted into money value. The present formula for food requirement is converted into desired calorie requirement.

The accepted average calorie requirement in India is 2400 calories per person per day in rural area and 2100 calories per person per day in urban areas. On the basis of these calculation for the year 2011-12 the poverty line for a person was fixed at Rs. 816 per month for the rural areas and Rs. 1000 for the urban areas.

The poverty line is estimated periodically by conducting sample surveys. These surveys are carried out by the National Sample Survey Organization.

15. There is substantial decline in poverty ratios in India from about 45% in 1993-94 to 37.2 % in 2004-05. In 2011-12 it was about 21.9%.

Year	No. of Poor in millions
1993-94	404
2004-05	407
2009-10	355
2011-12	270

16. Social groups which are most vulnerable to poverty are SC and ST households. Among the economic groups the most vulnerable groups are the rural agricultural labour households and the urban casual labour households.
17. Bihar and Odisha are the two poorest states with poverty ratios of 33.7 and 32.6% respectively.

18. ANTI POVERTY MEASURES

Economic Growth

Targeted anti-poverty programmes.

Eradication of poverty is always a moving target.

Mahatma Gandhi National Rural Employment Guarantee Act, 2005 aims to provide 100 days of wage employment to every household to ensure livelihood security in rural areas. One-third of the jobs have been reserved for women. The scheme provided employment to 220 crores person days of employment to 4.78 crore households. The share of SC, ST Women person days in the scheme are 23%, 17% and 53% respectively.

The average wage has increased from 65 in 2006-07 to 132 in 2013-14.

19. **Prime Minister Rozgar Yojana (PMRY):** It was started in 1993. The aim of the programme is to create self-employment opportunities for educated unemployed youth in rural areas and small towns. They are helped in setting up small business and industries.
20. **Rural Employment Generation Programme (REGP):** The scheme was launched in 1995. The aim of the programme is to create self-employment opportunities in rural areas and small towns. A target for creating 25 lakh new jobs has been set for the programme under the 10th five- year plan.
21. **Swarnajayanti Gram Swarozgar Yojana (SGGY):** It was launched in 1999. The programme aims at bringing the assisted poor families above the poverty line by organizing them into self-help groups through a mix of bank credit and government subsidy.
22. **Pradhan Mantri Gramodaya Yozana (PMGY):** It was launched in 2000. Additional central assistance is given to states for basic services such as primary health, primary education, rural shelter, rural drinking water and rural electrification.
23. **Antyodaya Anna Yojana (AAY):** AAY was launched in December 2000. Under the scheme one crore of the poorest among the BPL families covered under the targeted public distribution system were identified.

Twenty- five kilograms of food grains were made available to each eligible family at a highly subsidized rate of Rs. 2 per kg for wheat and Rs. 3 per kg for rice. This quantity has been enhanced from 25 to 35 kg with effect from April 2002. The scheme was further extended in 2003 and 2004. With this increase 2 crore families have been covered under the AAY

24. FOOD SECURITY: Food security means availability, accessibility and affordability of food to all people at all times.

Availability of food means food production within the country, food imports and the previous year's stock stored in government granaries.

Accessibility means food is within reach of every person.

Affordability implies that an individual has enough money to buy sufficient, safe and nutritious food to meet one's dietary needs.

25. FOOD SECURITY DURING A CALAMITY: Due to a natural calamity, the total food availability is affected. There may be less production or food is destroyed during calamity. Food shortage is created. Due to shortage of food, the prices go up. At the high prices, some people cannot afford to buy food. It may cause a situation of starvation. A massive starvation might take a turn of famine.

A famine is characterized by wide spread deaths due to starvation and epidemics caused by forced use of contaminated water or decaying food and loss of body resistance due to weakening from starvation.

Famine of Bengal in 1943 killed 30 lakh people in Bengal.

26. PRODUCTION OF FOODGRAINS IN INDIA (MILLION TONNES)

Year	Food grains Production in Million Tonnes
1960	80
1970	108
1980	130
1990	176
2000	196
2010	245
2011	259
2013	265
2014	252
2018	277

27. BUFFER STOCK: Buffer stock is the stock of food grains, namely wheat and rice procured by the government through Food Corporation of India (FCI).

The FCI purchases wheat and rice from farmers in states where there is surplus production. The farmers are paid a pre-announced price for their crops. This price is called Minimum Support Price. The MSP is declared by the government every year before the sowing season to provide incentives to the farmers for raising the production of these crops. The purchased food grains are stored in granaries.

The buffer stock is used to distribute food grains in the deficit areas and among the poor at a lower price than the market price which is known as Issue Price. The buffer stock is also used during the periods of calamity and years of low productivity.

28. PUBLIC DISTRIBUTION SYSTEM (PDS): The food procured by the FCI is distributed through government regulated ration shops among the poorer section of the society. This is called the public distribution system.

Ration shops are now present in most localities, villages, towns and cities. Ration shops also known as Fair Price Shops keep stock of food grains, sugar, kerosene and cooking oil. These items are sold at a price lower than the market price. Families have been issued ration cards. They can buy stipulated quantity of food grain kerosene etc. from Fair Price Shops.

There are three kinds of ration cards:

1. Antyodaya cards for the poorest of the poor
2. BPL cards for those below poverty line
3. APL cards for all others

29. RATIONING: The introduction of Rationing in India dates back to the 1940s against the backdrop of the Bengal Famine.

The rationing system was revived in the wake of an acute food shortage during the 1960s, prior to the Green Revolution.

30. POVERTY ALLEVIATION PROGRAMMES: In the wake of high incidence of poverty levels in the mid-1970s, three important food intervention programmes were introduced.

1. Public Distribution System
2. Integrated Child Development Services (ICDS) in 1975
3. Food for Work (FFW)

31. THE NATIONAL FOOD SECURITY ACT 2013: This Act provides for food and nutritional security life at affordable prices and enable people to live a life with dignity.

Under this act 75% of rural population and 50% of urban population have been categorized as eligible households for food security.

Under the Food Security Act Priority Households get 5Kg of food grain per person per month at a highly subsidized price.

30. FOOD GRAIN STOCK: In 2014, the stock of wheat and rice with FCI was 65.3 million tonnes which was more than minimum buffer stock. Higher food grain stock is also not good for the economy. High carrying cost and wastage happens with high storage.