

Chapter 1

The Economic Story of Palampur

- Production is the process of value addition. Consumption leads to a depreciation in value. Goods are said to have value only if they are in demand and people are willing to pay a price for them.
- Production is the combined effort of land (which includes besides natural resources all goods that form the raw material in any production process), labour (physical as well as mental) and capital (tools and machines, etc.). The goods produced are exchanged with money. The total earnings are then distributed over different factors of production. Land gets rent, labour gets wages, and capital gets interest.
- Besides consumption, production, exchange and distribution, public finance is also a part of economic studies.
- **Factor of production:** Land, labour, capital and entrepreneurship are known as factors of production.
- **Multiple cropping:** Growing more than one crop on a piece of land during the year is known as multiple cropping.
- **Capital:** The amount of money or assets that are invested in some business is known as capital.
- **Working capital:** Raw material and money in hand are called working capital.
- **Fixed capital:** Those assets which can be used in production over many years, are known fixed capital.
- **HYVs:** High Yielding Varieties of seeds.
- **Dalits:** People belonging to lower castes are known as 'Dalits'.
- **Green Revolution:** It is associated with the loss of soil fertility due to increase in use of chemical fertilizers.
- **Non-farm Activities:** Activities not concerning with farming are called non-farm activities.

Important Terms

- **Capital :** Includes tools and machines used during production.
- **Consumption :** The use of goods and services by house-holds.
- **Labour :** Includes physical as well as mental work done for money.
- **Land :** Includes all raw materials used in production.
- **Production :** The process that increases the value of goods.
- **Public Finance :** Branch of economics dealing with taxation and public expenditure.
- **Value :** That attribute of a commodity by virtue of which it is demanded at some price.

Exercise

1

Directions : This section contains multiple choice questions. Each question has 4 choices (1), (2), (3) and (4) out of which only one is correct.

- In villages across India, what is the main production activity?
 - Fishing
 - Farming
 - Manufacturing
 - Repairing
- What is the aim of production?
 - To produce the goods and services that we want
 - To ensure that something is being made
 - To repair the damaged goods
 - None of them
- What do you mean by capital?
 - Variety of inputs used at every stage of production
 - Buildings and amusement parks
 - The profits earned by a firm
 - All of them
- Which of the following can be termed as Fixed Capital?
 - Tools
 - Machinery
 - Buildings
 - All of them
- In which type of season is a Kharif crop sown?
 - Winter
 - Autumn
 - Spring
 - None of them

6. What among the following is grown in Kharif season?
 - (1) Jowar (2) Bajra
 - (3) Potato (4) All of them
7. Which crop among the following is sown in Rabi season?
 - (1) Rice (2) Wheat
 - (3) Jute (4) Cotton
8. What do you mean by Multiple Cropping?
 - (1) To grow more than one crop on a piece of land during the year
 - (2) To grow only one crop on a piece of land during a year
 - (3) To grow flowers and crops together
 - (4) None of them
9. What does Modern Farming involve?
 - (1) HYV Seeds
 - (2) Fertilizers and pesticides
 - (3) Irrigation
 - (4) All of them
10. Which season is similar to the Rabi season?
 - (1) Winter season
 - (2) Autumn season
 - (3) Monsoon season
 - (4) Summer season
11. Which of the following are the means of irrigation?
 - (1) Canals (2) Pump sets
 - (3) Dams (4) All of them
12. HYVs crop lack an important plant mechanism against predatory animals or fungi.
 - (1) irrigation (2) growth
 - (3) defence (4) None of them
13. Before the invention of man-made fertilizers, what was used as fertilizer?
 - (1) Cow dung (2) Natural fertilizers
 - (3) Both '1' and '2' (4) None of them
14. What did Green revolution do?
 - (1) Made everything green
 - (2) Increased greenery in our country
 - (3) Introduced Indian farmer to cultivation of wheat and rice using HYV's
 - (4) Both (1) and (2)
15. What is/are the need(s) of HYV's?
 - (1) Plenty of water (2) Chemical fertilizers
 - (3) Pesticides (4) All of them
16. Which state's farmers were the first to try out modern farming?
 - (1) Punjab (2) Haryana
 - (3) Western UP (4) All of them
17. What made harvesting faster?
 - (1) Tractors (2) Threshers
 - (3) Both '1' and '2' (4) None of them
18. What caused loss of soil fertility due to increased use of chemical fertilizers?
 - (1) Green revolution (2) White revolution
 - (3) Black revolution (4) Red revolution
19. What has reduced the water table below the ground?
 - (1) Continuous use of groundwater for tube well irrigation
 - (2) Increase in rainfall
 - (3) Water parks and amusement parks
 - (4) None of them
20. What are environmental resources?
 - (1) Soil fertility (2) Groundwater
 - (3) Both '1' and '2' (4) None of them
21. People feed their buffaloes on
 - (1) grass (2) jowar
 - (3) bajra (4) All of them

Exercise

2

Matching Based MCQ

DIRECTIONS (Qs. 1 to 4) : Match Column-I with Column-II and select the correct answer using the codes given below the columns

1.

Column-I	Column-II
(A) Human Capital	(p) Raw materials and money
(B) Physical Capital	(q) Tools, machines, buildings
(C) Fixed Capital	(r) Manpower money
(D) Working Capital	(s) Tools, machines, buildings, raw materials and money

 - (1) A → (r); B → (s); C → (q); D → (p)
 - (2) A → (s); B → (p); C → (r); D → (q)
 - (3) A → (p); B → (q); C → (s); D → (r)
 - (4) A → (q); B → (r); C → (s); D → (p)
2.

Column-I	Column-II
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- (A) Families with less than 2 hectares land (p) 150
- (B) Families with no land (q) 95
- (C) Families with more than 2 hectares land (r) 180
- (D) Families with land over 10 hectares (s) 25
- (1) A → (s); B → (q); C → (p); D → (r)
- (2) A → (r); B → (p); C → (q); D → (s)
- (3) A → (q); B → (s); C → (r); D → (p)
- (4) A → (s); B → (r); C → (p); D → (q)
3.

Column-I	Column-II
(A) Jowar and Bajra	(p) October and November
(B) Potato	(q) Winter season
(C) Sugarcane	(r) Rainy season
(D) Wheat	(s) Once every year

 - (1) A → (s); B → (p); C → (q); D → (r)
 - (2) A → (p); B → (r); C → (s); D → (q)
 - (3) A → (r); B → (p); C → (s); D → (q)
 - (4) A → (r); B → (s); C → (p); D → (q)

4. **Column-I** **Column-II**
- | | |
|-------------------|--|
| (A) 75% | (p) Irrigated land |
| (B) 25% | (q) Interest rate of loan for 4 months |
| (C) less than 40% | (r) Non - farming activities |
| (D) 24% | (s) Dependent on agriculture |
- (1) $A \rightarrow (s), B \rightarrow (r), C \rightarrow (q), D \rightarrow (p)$
 (2) $A \rightarrow (r), B \rightarrow (p), C \rightarrow (s), D \rightarrow (q)$
 (3) $A \rightarrow (q), B \rightarrow (s), C \rightarrow (p), D \rightarrow (r)$
 (4) $A \rightarrow (s), B \rightarrow (r), C \rightarrow (p), D \rightarrow (q)$

Statement Based MCQ

5. Consider the following statements :
- Labour includes people who instruct the workers.
 - Human capital includes manpower to understand the requirement of land, labour and capital.
 - Physical capital includes money which is invested in production.
 - Land is the first and most important factor of production.
- Which of the above statements are correct ?
- (1) (a), (b) and (c) (2) (b) and (d)
 - (3) (b) and (c) (4) (a), (b) and (d)
6. Consider the following statements:
- Palampur is a hypothetical village.
 - Farming is the main activity of Palampur.
 - Palampur has no facility of electricity, education and transport.
 - Major lands are owned by Dalits
- Which of the above statements are correct ?
- (1) (a), (c) and (d) (2) (b) and (c)
 - (3) (a) and (b) (4) None of the above
7. Consider the following statements:
- The standard unit of measuring land is hectare.
 - Jowar and Bajra are used as cattle feed.
 - Sugarcane is the raw form of Jaggery.
 - Deccan plateau has high level of irrigation.
- Which of the above statements are correct ?
- (1) (a), (b) and (d) (2) (a), (b) and (c)
 - (3) (b) and (d) (4) (a) and (c)
8. Consider the following statements:-
- Dala is a landless farm labourer who works on daily wages.
 - Dala and Ramkali are the richest persons of Palampur.
 - Dala gets Rs. 60/- per day as his daily wage.
 - Savita borrows money @ 24% for four months from Tejpal Singh.
- Which of the above statements are correct ?
- (1) (a) and (d) (2) (a) and (c)
 - (3) (a), (b) and (c) (4) (b) and (d)
9. Consider the following statements:-
- Dairy is second important activity of Palampur.
 - The excessive use of Chemical fertilizers damages soil fertility.
 - HYV seeds need a little amount of water.
 - Farm workers get fixed minimum wages Rs. 60/- as government policy.
- Which of the above statements are correct ?
- (1) (a), (b) and (d) (2) (a) and (b)
 - (3) (b) and (d) (4) (a), (c) and (d)

Passage Based MCQ

DIRECTIONS (Qs. 10 to 13) : Read the passage(s) given below and answer the questions that follow.

PASSAGE-1

Palampur is well connected with neighbouring Villages and towns. Raiganj is 3 kms. from Palampur. It has about 450 families belonging to different castes. The dalits comprise one third of the population. Agriculture is the main occupation of the people of the Palampur and 75% are engaged in it for their livelihood. 150 out of 450 families are landless in Palampur Village. Traders of this village are shopkeepers who sell things after buying from wholesalers. In Palampur, farmers grow more than one crop on a piece of land.

- How many families live in Palampur village ?
 (1) 150 (2) 250
 (3) 450 (4) 300
- How many families are landless in the village ?
 (1) 150 (2) 25
 (3) 250 (4) 450
- What is the common method of agriculture in Palampur ?
 (1) strip farming
 (2) multiple cropping
 (3) modern methods of farming
 (4) shifting cultivation
- What is the proportion of dalits who live in the village ?
 (1) $\frac{1}{3}$ (2) $\frac{1}{2}$
 (3) $\frac{1}{4}$ (4) Total population

Assertion Reason Based MCQ

DIRECTIONS (Qs. 14 to 16) : Following questions consist of two statements, one labelled as the 'Assertion' and the other as 'Reason'. You are to examine these two statements carefully and select the answer to these items using the code given below.

Code :

- Both A and R are individually true and R is the correct explanation of A.
 - Both A and R are individually true but R is not the correct explanation of A.
 - A is true but R is false.
 - A is false but R is true.
14. **Assertion :** The continuous use of Chemical fertilizer leads to degradation of soil.
Reason : Chemical fertilizers kill bacteria and micro - organisms in the soil.
15. **Assertion :** Farm labourers get the minimum wages of ₹ 60/- as set by the government.
Reason : Wages of labourers is the major cause of migration of people from rural to urban areas.
16. **Assertion :** HYV seeds, chemical fertilizers and irrigation are the methods of modern farming.
Reason : Traditional farming methods were time consuming and give low production.

Correct Definition Based MCQ

17. What is the correct definition of chemical fertilizers ?
 (1) It provide minerals which dissolve in water easily and immediately available to plants.
 (2) It is a traditional method of farming.
 (3) It is used in Aluminum smelting Industries
 (4) It is another name of HYVS.
18. What is the correct definition of farm labourers ?
 (1) People who are landless and work on somebody else's fields.
 (2) People who cultivate their own fields.
 (3) People who get minimum wages set by the government.
 (4) People who are less in number and use modern techniques of farming.

Feature Based MCQ

19. On the basis of following features identify the correct option.
 (I) It is a revolution introduced in the late 1960s.
 (II) It adopted the modern methods of agriculture to increase high production.
 (III) It introduced the Indian farmers to use high yielding seeds.
 (IV) Punjab, Haryana and western Uttarpradesh were the states which produced high yields of wheat.
 (1) White Revolution (2) Industrial Revolution
 (3) Green Revolution (4) Blue Revolution

Hints & SOLUTIONS

Exercise 1

1. (2) Apart from the main activities the other production activities such as non-farm activities include small scale manufacturing, dairy, transport, etc. These are carried out on a limited scale.
2. (1) Production is a process in which raw materials are converted into finished goods and then the finished goods are sold in the market for consumer consumption.
3. (1) Capital can be categorized as Fixed Capital and Working Capital. Fixed Capital includes all the tools and machinery and Working Capital includes raw materials and money in hand.
4. (4) Tools and machines ranging from very simple tools to sophisticated machines, are called Fixed capital.
5. (2) Kharif crops are usually sown with the beginning of the first rains in July, during the south-west monsoon season. The term Kharif means "autumn" in Arabic.
6. (4) Paddy, Maize, Moong, Groundnut, Red Chillies, Cotton and Soya bean are Kharif crops.
7. (2) Wheat, Barley, Mustard and Sesame are Rabi crops.
8. (1) Multiple Cropping is a form of polyculture. It can take the form of double-cropping, in which the second crop is planted after the first has been harvested.
9. (4) Modern Farming involves latest technologies which has led to increased yield.
10. (1) The Rabi crop is the spring harvest (also known as the "winter crop") in India and Pakistan.
11. (4) Sprinkler is also one easy and efficient method of irrigating a piece of land.
12. (3) Since HYVs lack plant defense mechanism, they are more prone to pests and diseases than traditional crops, thus requiring both intensive fertilizer input and high levels of pesticides.
13. (3) Both cow dung and natural fertilizers were readily available with farmers who did not have to buy them.
14. (3) The Green revolution in agriculture helped food production to keep pace with worldwide population growth.
15. (4) In general, they require a higher level of agricultural care, such as intensive disease control, higher fertilizer levels and controlled water supply .

16. (4) The farmer in these regions set up tube wells for irrigation and made use of HYV seeds, chemical fertilizers and pesticides in farming.
17. (3) States which used tractors and threshers were rewarded with high yields of wheat.
18. (1) Green revolution took place in later 1960's. At the beginning Green revolution proved to be a productive approach but gradually due to excessive use of soil, it started losing its fertility.
19. (1) Water table is a natural resource and it is very difficult to renew this natural resource.
20. (3) Once destroyed it is very difficult to restore the environmental resources.
21. (4) People feed their buffaloes on grass, jowar and bajra as they are readily available.

Exercise 2

1. (1) 2. (2) 3. (3) 4. (4)
5. (2) Labour includes people who will do the production activities. Physical capital includes variety of inputs required at every stage during production.
6. (3) The dalits comprise one third of the population and live in small houses made up of mud and straw. Palampur has well developed system of electricity, roads, education and health centre.
7. (2) Deccan plateau has low levels of irrigation.
8. (1)
9. (2) HYV seeds means High Yielding Varieties of seeds. It produce greater amounts of grain.
10. (3) 11. (1) 12. (2) 13. (1)
14. (1) Chemical fertilizers decrease soil fertility and pollute the groundwater, rivers and lakes.
15. (4) Due to heavy competition for work among the labourers in Palampur, people agree to work in lower wages. Government fixed Rs. 60/- as minimum wages of labour.
16. (1) 17. (1)
18. (1) Farm labourers don't have a right over the crops grown on the land and their economic condition is miserable.
19. (3)