

**Ch-15:Economic Development**

# **Economy**



**Class 10<sup>th</sup> GSEB SS**

**1. GDP in 2011-12**

**₹ 87,36,039 Crore**



**2. GDP in 2015-16**

**₹ 1,35,67,192 Crore**



**National Income of India**

**3. Economic Growth**



**4. Strong Economy**



# Difference Between Economic Progress and Economic Development

## Economic Development

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## Economic Progress

**1. Qualitative**  
(Improves Quality of Life)



1

**2. First Stage**



2

**3. Research & Technology**



3

**4. Developing Countries**  
**Economic Development**



4



1

**1. Quantitative**  
(Increase in Numbers Only)



2

**2. Comes After Development**



3

**3. More Land or Resources**



4

**4. Developed Countries**  
**Economic Progress**

# Features of a Developing Economy

## 1 Low Per Capita Income



Low Income & Poor Living Standard

## 2 High Population Growth



Rapid Population Increase

## 3 Dependence on Agriculture



Over 60% in Agriculture

## 4 Unequal Income Distribution



Wealth Gap Between Rich & Poor

## 7 Dual Economy



Traditional Villages & Modern Cities

## 5 Unemployment



High Joblessness

## 6 Widespread Poverty



One-Third in Poverty

## 8 Poor Infrastructure



Lack of Basic Services

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# Economic and Non-Economic Activities

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## Economic Activities

- 1 Done to earn money or income.
- 2 Involve exchange of goods or services.
- 3 Examples:



Farmer



Teacher



Shopkeeper



## Non-Economic Activities

- 1 Not done for earning money.
- 2 Out of love, duty, or social welfare.
- 3 Examples:



Caring Mother



Social Service

# Structure of the Indian Economy

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## Primary Sector

- 1 Uses natural resources directly.
- 2 Includes agriculture, cattle rearing, fishing, poultry, forestry, mining, etc.



## Secondary Sector

- 2 Converts raw materials into finished goods.
- 2 Includes small and large industries, factories, construction, electricity, gas and water supply.



## Service Sector (Tertiary Sector)

- 3 Provides services to people and industries.
- 3 Includes trade, transport, communication, education, health, banking, insurance, tourism and entertainment.



Trade, transport, Communication, education, health, banking, insurance, tourism and entertainment

# Factors of Production

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## Land

- 1 Includes all natural resources, not just soil.
- 2 Examples: land surface, forests, rivers, mountains; minerals; metals.
- 2 It is a natural factor of production.



It is a natural factor of production.

## Capital

- 2 Man-made resources used in production.
- 2 Examples: machines, tools, buildings, money, property, investments.
- 2 Helps in increasing production.



## Labour

- 3 Physical or mental work done to earn income.
- 3 Examples: farm workers, factory workers, teachers, doctors, artisans.
- 3 It is the living factor of production.



It is the living factor of production.

## Entrepreneurship

- 4 The person who organises land, labour and capital.
- 4 Takes decisions and risks to earn profit
- 3 This activity is called entrepreneurship.



# Distribution of Factors of Production

Human wants are unlimited, but resources are limited.  
So, proper planning and distribution **are necessary**.

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## Key Points

### 1 Unlimited Wants

- 1 Human needs keep increasing due to population growth, science and technology. All wants cannot be fulfilled at once.



### 2 Priority of Wants

- 2 People must decide which needs are more important. Urgent needs are fulfilled first.



### 3 Limited Resources

- 3 Natural and artificial resources are scarce. They must be used carefully and wisely.



### 4 Alternative Use of Resources

- 4 One resource can be used in only one way at a time.

**Example:** If land is used for wheat, it cannot grow bajra or maize at the same time.



# 1. Market System (Capitalist System)

## 1. Features

1 Private Ownership



2 Profit Motive



3 Free Market



4 No Government Control

## 2. Advantages



2 Economic Freedom



3 Efficient Resource Use



4 High Production



5 Research & Innovation

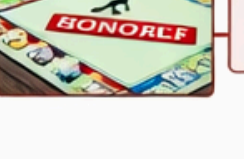
## 3. Limitations



1 Neglect Basic Needs



2 Resource Wastage



3 Income Inequality

4 Monopoly & Exploitation



## 2. Socialist System

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### Features

1. State Ownership



2. Central Planning



3. Social Welfare Goal



3. Social Welfare Goal



### Advantages

1. Needs-Based Production



2. No Resource Wastage



3. Less Income Inequality



### Limitations

1. Low Motivation to Produce



2. No Competition & Innovation



3. Less Individual Freedom



2. No Competition & Innovation



4. Less Individual Freedom



4. Excessive Bureaucracy



# 1. Public & Private Sectors



Work Together



# 3. Government Regulation



Laws, Taxes & Subsidies

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# 2. Key Industries



# 4. Balanced Approach



# 5. Tax & Subsidies



# Examples



# 6. Economic Planning



## Present Situation

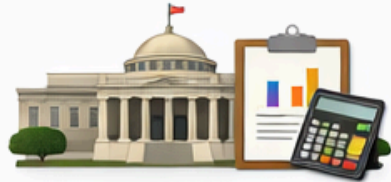
## Limitations of Mixed Economy

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### 1 No Pure System Today



### 2 Government Control & Planning



### 3 Liberalisation & Flexibility



### 1 Economic Instability



### 2 Lack of Coordination



### 3 Inconsistent Policies

