

Marks : 40	<b>FYJC</b> <b>Subject : Economics</b> <b>CHAPTER 4 &amp; 5</b>	Time : 1.5 Hrs.
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**SOLUTION**

**Q.1. GIVE ECONOMIC TERMS :** **(4 marks)**

1. Investments done by foreign companies in our country.

**Ans.** Foreign Direct investment (FDI)

2. Programme for development of small, medium and micro industries.

**Ans.** Maharashtra state industrial cluster Development programme (MSICDP)

3. Basic requirement for facilitating production and distribution of goods and services for economic development.

**Ans.** Economic infrastructure

4. Movement that promotes values of self-help democracy and equality.

**Ans.** Co-operative movement

**Q.2. FIND THE ODD WORD:** **(5 marks)**

1. Agriculture Indebtedness, dry farming, lack of capital, engineering.

**Ans.** Engineering

2. Tourism, Banking, Automobile Production, Insurance.

**Ans.** Automobile production

3. Pune, Hyderabad, Nasik, Nagpur.

**Ans.** Nashik

4. MTDC, MAITRI, SEZ, MIDC.

**Ans.** MTDC

5. Primary education, Hospitality, Higher education, Skill based education.

**Ans.** Hospitality

**Q.3. DISTINGUISH BETWEEN (ANY-2)** **(4 marks)**

1. **Economic Infrastructure and Social infrastructure.**

**Ans.**

Economic Infrastructure	Social infrastructure
<b>(1) Nature:</b>	
Economic infrastructure is a subset of infrastructure that facilitates production and distribution of goods and service.	Social infrastructure is a subset of infrastructure that facilitates the quality of life of a community.
<b>(2) Example:</b>	
Energy transport, communication, etc. are the example of economic infrastructure.	Education, health service, recreational services, etc. are the example of social infrastructure.

**2. Agriculture sector and Service sector.**

**Ans.**

Agriculture sector	Service sector
<b>(1) Nature:</b>	
Agriculture sector consists of all those activities that facilitate production of crops.	Service sector consists of all those activities that facilitate well being of people through services
<b>(2) Example:</b>	
Farming, Fishing, etc. activities are include in primary sector.	Transport, communication, tourism, etc. services are included in service sector.

**3. Tourism and Hospitality.**

**Ans.**

Tourism	Hospitality
<b>(1) Meaning:</b>	
Tourism comprises the activities of people travelling to and staying in places outside their usual environment for pleasure or business	Hospitality comprises the services offered by host to the guest with the aim of friendly reception and quality entertainment of guests.
<b>(2) Concept:</b>	
Tourism is a narrower concept	Hospitality is a broader concept

**4. Education and Health services.**

**Ans.**

Education services	Health services
<b>(1) Meaning:</b>	
Education services comprises establishments such as schools, colleges, universities, etc. that provide instructions and training to the students.	Health services comprises establishments such as primary health centres, hospital, medical colleges, etc. that provide medical facilities, hygiene, nutrition, safe drinking water, etc. to community.
<b>(2) Concept:</b>	
The scope of education services is comparatively narrower.	The scope of health services is comparatively broader.

**Q.4. IDENTIFY AND EXPLAIN THE CONCEPT (ANY-3) (9 marks)**

**1. Prajakta and her family visited the beaches during her eight-day Diwali vacation.**

**Ans. (a) Identified concept:** Tourism.

**(b) Explanation of concept:** Tourism comprises the activities of people travelling to and staying in places outside their usual environment for pleasure or business.

2. **Raoji purchased a new tractor for his farm by taking a loan.**

Ans. (a) **Identified concept:** productive agricultural credit.

(b) **Explanation of concept:** The agricultural credit that is used for agricultural productive activities is called productive agricultural credit.

3. **Rani Gond from Chandrapur works as a hostess with the Mumbai – Goa cruise ship.**

Ans. (a) **Identified concept:** Hospitality

(b) **Explanation of concept:** The Hospitality industry is a broad category of fields within the service sector of economy that includes sub-industries/fields such as airlines, cruiseship, hotels, restaurants, event management, etc. Hospitality industry mainly focuses on customers' satisfaction.

4. **Subsidized credit is provided by banks to small farmers for purchase of high yielding variety (HYV) seeds.**

Ans. (a) **Identified concept:** Short-term credit.

(b) **Explanation of concept:** Short-term credit refers to loans not exceeding two years. It is provided by banks to cultivators for purchasing high yielding variety (HYV) seeds, fertilizers, etc.

5. **Ramraoji takes a loan from the bank for a period of ten years subject to terms and conditions for the purpose of irrigated farming.**

Ans. (a) **Identified concept:** Long-term agricultural credit.

(b) **Explanation of concept:** Long-term agricultural credit refers to loans that are taken for a period of more than five years.

#### **Q.5. SHORT NOTES (ANY-2)**

**(8 marks)**

1. **Problems of Industrial Sector.**

Ans. 1) Delays in government procedure.

2) Lack of opportunities for skill development.

3) Lack of updated technology.

4) Lack of infrastructural facilities.

5) Lack of motivation to new entrepreneurs.

6) Lack of development programmes.

7) Regional imbalance

2. **Significance of rural development in India.**

Ans. 1) **public health and sanitation:** Rural development helps to improve sanitation and hygiene, providing safe drinking water and affordable health facilities. This would lead to an improvement in the quality of life of the rural people.

2) **Literacy rate in rural area:** Literacy is a powerful instrument of socio-economic change. However there is a considerable gap between the rural and urban literacy rates. Rural development helps to bridge this gap by making provisions for educational facilities at all levels.

3) **Empowerment of women:** Rural development helps to reduce gender disparity, meet the diverse needs of rural women as well as encourage their participation in community development programmes.

- 4) **Enforcement of law and order:** Rural development helps to safeguard the rights of the socially disadvantaged groups through proper enforcement of law and order.
- 5) **Land reforms:** Rural development ensures effective implementation of land reforms such as ceiling on land holdings, regulation of rent, protection of tenancy rights etc. this leads to reduction in rural inequality.
- 6) **Infrastructure development:** Rural development leads to further progress in basic facilities such as generation of electricity, road connectivity, irrigation etc.
- 7) **Availability of credit:** Rural Development also facilitates the growth of financial institutions such as primary agricultural co-operative credit societies, regional rural banks, and co-operative banks. This is vital for providing subsidised credit facilities to the farmers.
- 8) **Eradication of poverty:** Rural development leads to an increase in rural incomes and standard of living. This helps in the eradication of poverty.

### 3. Measures for development of Economic Infrastructure.

- Ans.**
- 1) Increasing installed capacity of electricity generation.
  - 2) Rural electrification, network improvement and programmes for energy conservation.
  - 3) Modified direct benefit transfer scheme to LPG consumers in the state.
  - 4) Road development plan (2001-2021) is being implemented in the state with a target to develop 3.37 lakh kms of road.
  - 5) Metro railway has started at Mumbai and Nagpur.
  - 6) Maharashtra port Development policy was constituted for integrated development of ports. State government is promoting sagarmala programme launched by the central government for port led development.
  - 7) Internet subscriber base was 5.45 crore in Maharashtra as on 30<sup>th</sup> September 2017, which is the highest among all the states.

### 4. Types of Agricultural credit in India.

**Ans.** Agricultural credit can be classified on the basis of:

1. **Tenure:** it is credit requirement based on the-period of loans. It is of three types:
  - (a) **Short-term Credit:** It refers to loans not exceeding two years. It is required for meeting the short-term requirements of the cultivators, e.g. loans required for the purchase of fertilizers, High Yielding Variety (HYV) seeds, for meeting expenses on religious or social ceremonies etc.
  - (b) **Medium-Term credit:** These loans are for a period upto 5 years. These are the financial requirements to make improvements on land, buying cattle or agricultural equipment's, digging up of canals etc.
  - (c) **Long-Term Credit:** These loans are for a period of more than 5 years and are generally required to buy tractor, making permanent improvements on land etc.

2. **Purpose:** The agricultural credit on the basis of purpose for which the credit is used can be of two types:
- (a) **Productive:** Productive loans are the loans that are related to agricultural production and economically justified e.g. purchase of tractor, land, seeds etc.
  - (b) **Unproductive:** Unproductive credit is used for personal consumption and unrelated to productive activity, e.g. loans for expenditure on marriages, religious ceremonies etc.

**Q.6. LONG ANSWERS (ANY-1)****(10 marks)****1. Explain the measures taken to develop social infrastructure in Maharashtra.**

**Ans.** the measures taken to develop social infrastructure in Maharashtra are as Maharashtra.

**(A) Education:** Education is significant aspect of Human Resource Development. The state of Maharashtra has implemented various educational schemes to achieve the goal of education at the following four levels:

**(1) Primary Education:**

1. The state of Maharashtra has implemented the right to education (RTE) of children in the age group 6-14 years to provide free and compulsory education under the Sara Shiksha Abhiyan (SSA)
2. The expenditure of the state government on primary education was ₹19,486 crores during 2016-17.

**(2) Secondary and Higher Secondary Education:**

1. Rashtriya Madhyamik Shiksha Abhiyan (RMSA) was launched in 2009. The objective of this scheme is to improve the access as well as the quality of secondary education.
2. During 2016-17, the state government's education was ₹16,089 crores.

**(3) Higher Education:**

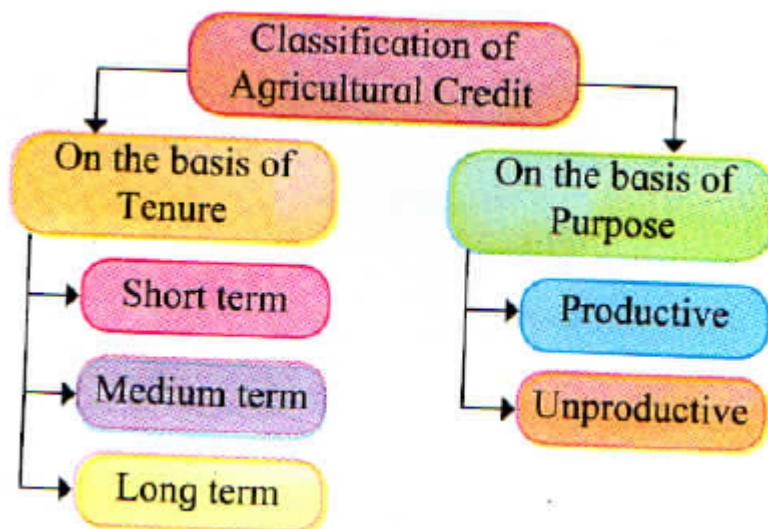
1. There are 22 state universities in Maharashtra out of which 4 universities are for agriculture, one university for health science courses, one university for veterinary science, one for technology and 15 other universities for general courses.  
In addition to these, there are 21 autonomous universities, one Central university 4 private universities and 5 institutes of national importance in the state.
2. To meet the challenges of liberalization privatization and globalization, Maharashtra state has enacted the new Maharashtra public Universities Act, 2016. This act aims at promoting academic autonomy and excellence skill based education through democratic process in higher education.
3. Maharashtra is also the first state in the country to receive RUSA grant of ₹20 crore under research and Innovation and Quality Improvement for setting up innovation and technology transfer hubs at various locations in the state. Rashtriya Unhchater Shiksha Abhiyaan (RUSA) is a centrally sponsored scheme launched by the Government of India in 2013.
- (4) The state of Maharashtra has also started various schemes for adult literacy, girls' education and tribal education.

**(B) Health services :**

- (1) There were 1814 primary health centres and 360 community health centres in the state as on 31st March 2017.
- (2) Government of Maharashtra also emphasizes on programmes to strengthen health system in rural and urban areas through National Rural Health Mission (NRHM) and National Urban Health Mission (NUHM).
- (3) These programmes include providing health services related to sanitation and hygiene, nutrition and safe drinking water.
- (4) The Government of Maharashtra has created a three tier health infrastructure to provide health services.
- (5) Primary tier includes Primary Health Centres and Community Health Centres.
- (6) The Secondary tier includes sub district hospitals and district hospitals.
- (7) The tertiary tier includes well equipped medical colleges and super specialty hospitals located in major cities.

**2. Explain the sources of agricultural credit in India.**

**Ans.** Agricultural credit is an important pre-requisite for agricultural growth. Agricultural policies have been reviewed from time to time to provide adequate and timely finance to his sector. Rural credit system assumes importance because for most of the Indian Rural Families, saving are inadequate to finance farming and other economic activities.



**Source of Agricultural Credit in India :**

- 1) Non-Institutional Sources
  - 2) Institutional Sources
- 1) Non-Institutional Sources :** The non-institutional finance forms an important source of rural credit in India, constituting around 40 percent of total credit in India. The interest charged by the non-institutional lenders is usually very high. The land or other assets are kept as collateral security. The important sources of non-institutional credit are as follows :

- i) **Money-Lenders** : Money-lending has been a widely prevalent profession in the rural areas. The money-lenders charge huge rate of interest and mortgage the property of the cultivators.
  - ii) **Other Private Sources:**
    - a) Traders, landlords. Commission agents, etc.
    - b) Credit from relatives, friends, etc.
- 2) **Institutional Sources** : The general policy on agricultural credit has been one of progressive institutionalization aimed at providing timely and adequate credit to farmers for increasing agricultural production and productivity. Providing better access to institutional credit for the small and marginal farmers and other weaker sections to enable them to adopt modern technology and improved agricultural practices has been a major part of the policy.

Following are some of the institutional sources of agricultural credit in India.

- i) **National Bank for Agriculture and Rural Development (NABARD)** : It is the apex banking -institution to provide finance for agriculture and rural development. National Bank for Agriculture and Rural Development (NABARD) was established on July 12, 1982 with a paid up capital of ? 100 crores by 50:50 contribution of Government of India and Reserve bank of India. NABARD is an apex institution in rural credit structure for providing credit for promotion of agriculture, small scale industries, cottage and village industries, handicrafts etc.

The paid up capital stood at ? 10,580 crores as on 31st March 2018. Consequent to the revision in the composition of share capital between Government of India and RBI, NABARD today is fully owned by Government of India.

- ii) **Rural Co-operative Credit Institutions** :

The rural credit co-operatives may be further divided into short-term credit co-operatives and long-term credit co-operatives.

- A) **Short-term credit co-operatives** :

It provides short-term rural credit and are based on a three-tier structure as follows

- Primary Agricultural Credit Societies (PACS)
- District Central Co-operative Banks (DCCB)
- State Co-Operative Banks (SCB)

- B) **Long-term credit Co-operatives** : These co-operatives meet long-term credit requirements of the farmers and are organized at two levels:

- Primary Co-operative Agriculture and Rural Development Banks : These banks operate at the village level as an independent unit.
- State Co-operative Agriculture and Rural Development Banks : These banks operate at state level through their branches in different villages.

- iii) **Commercial Banks** : Commercial Banks (CBs) provide rural credit by establishing their branches in the rural areas.
- iv) **Regional Rural Banks (RRBs)** : Regional Rural Banks (RRBs) are the specialised banks established under RRB Act, 1976, to cater to the needs of the rural poor. RRBs are set-up as rural-oriented commercial banks with the low cost profile of co-operatives but with the professional discipline and modern outlook of commercial banks.
- v) **Micro Finance Institutions (MFIs)** :  
Banks offer concessional interest rates for the rural credit. However, small farmers are unable to access them because of borrower-unfriendly products and procedures, inflexibility and delay, and high transaction costs, both legitimate and illegal. Thus, Non-Government Organisations (NGOs) are providing alternative means to enhance access to credit by the poor since mid-70's.