

CHAPTER 1- DEVELOPMENT

What Development Promises - Different People, Different Goals

- Development promises a real growth by enhancing total income and standard of living of a person.
- Different people have different development goals. The development goals are varying from people to people.
- For example, a girl from a rich urban family gets as much freedom as her brother and is able to decide what she wants to do in life. She is able to pursue her studies abroad.

Income and Other Goals

- People prefer to earn more income for fulfilling their daily requirements of life. Companies provide material thing like, money. But people also want non-material thing like, freedom, security, and respect of others.
- Some companies provide less salary but offer regular employment which enhances sense of securities.
- In other case, some companies provide high salary but offer no job securities. They reduce sense of securities.

National Development

- National development refers to ability of a nation to improve standard of living of its citizens.
- Standards of living of citizens depend upon per capital income, Gross Domestic Product, literacy rate and availability of health etc. These factors also consider as measure of improvement.

How to Compare Different Countries or States?

- We can compare different countries or state on the basis of **per capital income**.
- We cannot take national income to compare different countries because each country has different population rate.
- **Per capita income is calculated by dividing total income of a country to total population of that particular country.**
- A country with higher per capita income is more developed than others with less per capita income.

Income and Other Criteria

- For achieving development goal of people, people not only want better income, they also want non-material thing like, freedom, security, and respect of others.
- For development of a nation average income or per capital income is needed.

If per capita income were to be used as the measure of development, Haryana will be considered the most developed and Bihar the least developed state of the three. However, this is not true, if we look at the other criteria.

- **Literacy Rate:** It is the number of people above 7 years of age who are able to read and write with understanding. Higher the literacy rate, more developed a state will be. India has a literacy rate of 64%. Kerala has the highest literacy rate and Bihar has the lowest.

- **Infant Mortality Rate:** It is the number of children that die before attaining one year of age as a proportion of 1000 live births in a year. It indicates the development of health facilities in a country. In India, Kerala has the lowest IMR while Bihar has the highest.

- **Net Attendance Ratio:** It is the total number of children of age group 14 and 15 years attending school as a percentage of total number of children in the same age group.

Public Facilities

- Facilities which are provided by the government considered as public facility like schools, hospitals, community halls, transport, electricity etc.
- We need public facility because we are not able to purchase all things by money. We cannot able to buy a pollution free environment with the help of money.

Sustainability of Development

- Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

It is helpful to fulfils the needs of the human being without harming the ability of the future generation.

- For sustainable development, we have to use non-renewable resources like carbon based originally designed fuel for the quantity how much we needed.
- Some renewable resources like groundwater will take long time for replenished. So, we should use that resource in finite quantity.

CHAPTER 2 – THREE SECTORS OF ECONOMY

ECONOMIC ACTIVITIES

- Those activities which generates some income are known as economic activities
- **Sectors** are groups of people who engage in diverse activities including the production of commodities or services.

Division of Economic activities. **Three SECTORS of economy**

PRIMARY SECTOR – related to farming activities

SECONDARY SECTOR – related to manufacturing

TERTIARY SECTOR – provide support to other two sectors

1. Primary Sector: The primary sector is when we make a product by extracting and collecting n.

Secondary Sector/ Industrial sector- This includes the transformation of natural goods into new forms through various manufacturing processes. Ex. Cloths from cotton, Sugar from sugarcane

3. Tertiary Sector / Service Sector – which helps in the development of primary and tertiary sector. Ex. Banking, Transport, Teachers,

Historical changes in sectors

1. The primary sector was the most important sector of economic activity in a country throughout its early phases of development.
2. With the innovation in farming methods, agriculture sector began to produced much more food than before.
3. People started working in industries, some involved in transportation.
4. Gradually, secondary sector became the most important in economy and providing employment.
5. Different industries related to food processing, equipment's making, textiles coming in large numbers.
6. This leads to start of services such as banking, health, education etc.
7. The service sector became the most important sector in terms of total production and started employing more people.

NOTE: - All sectors are interdependent on each other as the good and services produced in one is used in the other sector

- Goods and services are of two types

1. Final goods and services – goods and services that are directly consumed by the consumers.
2. Intermediate goods and services- good and services that are used for production and processing.

***GDP – GROSS DOMESTIC PRODUCT**

- GDP stands for Gross Domestic Product.

- **GDP** is the value of all final goods and services produced within a country during a particular year

- The value of final goods and services produces in each sector during a particular year = **total production of the sector**

How to calculate GDP?

Economists suggest that : *the value of product and services should be used rather than adding up the actual numbers(Quantity).*

Every goods and services and intermediate goods are not calculated.

Only the value of final goods and services should be counted (A+B+C)

Q. Why only the value of final good are calculated?

Only final goods and services are counted, to avoid multiple counting, since their prices covers the cost of all intermediate products and services that were used to produce the final output.

Reasons for the rising importance of Tertiary sector in India.

(i) This sector provides basic services such as hospitals, educational institutions, post and telegraph services, police stations, courts, municipal corporations, defence, banks, insurance etc. which are basic for the development of the country.

(i) This sector provides services such as transport, trade, storage etc. which help in the development of the agriculture or the Primary sector and the industries or the Secondary sector.

(iii) Increasing income level has created demands for many more services like eating out, tourism, shopping, private hospitals. private schools etc.

(iv) Over the last decade, or so, certain new services such as those based on information and communication technology have become important and essential.

(v) The production of these services has been rising rapidly.

Reasons – Why there is no shift in the share of sectors in employment, as it has been share of sector in GDP

- enough jobs are not created in the secondary and tertiary sector

- Even though industrial output or the production of goods went up by eight times during the period, employment in the industry went up by only 2.5 times.

- While production in the service sector rose by 11 times, employment in the service sector rose less than three times.

- People in the primary sector are underemployment/disguised unemployment. (story of Laxmi)

How to create more employment?

1. Diversification of agriculture (should adopt different types of cultures)

2. Cheap Credits: Government should encourage commercial banks to provide loans to farmers and business at cheaper rates.

3. Provisions of basic facilities : like roads, transportation, banking, market etc. (to link the villages with market)

4. Promoting local and small scale industries.

5. Improvement in Education & health

6. Exploring new sectors for employment

- Planning commission(Niti Aayog) estimates

Education -20 lakh jobs can be created in education itself .

Health – More doctors , nurses, health workers are needed.

Tourism – If improved, every year more than 35 lakh people can be employed.

MNREGA (Mahatama Gandhi National Rural Employment Guarantee Act, 2005)

- enacted on September 2005, based on “right to work”
- State funded work creation programme
- Under MNREGA, all those who are able to and are in need of, work in rural areas are guaranteed 100 days of employment in a year by the govt.
- If govt. fails, will give unemployment allowances to the people
- The work given is related to the land and its productivity.

Division of sectors on the basis of working condition

ORGANISED	UNORGANISED
Comprises enterprises where the term of employment is regular and the job is assured.	Comprises small units where jobs are not regular and hence the job is not assured.
Companies are registered by the government and have to follow rules and regulations.	Companies are outside the control of the government. They have rules and regulations but these are not followed.
Employees in the organised sector have fixed working hours and they are paid if they work overtime.	Workers in the unorganised sector are paid low wages. There is no provision of payment if they work overtime.
Employees in the organised sector get social security benefits such pension, provident fund, paid leave, sick leave etc.	Workers in the unorganised sector do not get benefits such as pension and provident fund. There are no paid leaves and no leaves due to sickness.
Workers in the organised sector are paid a fixed salary.	Workers in the unorganised sector are not paid a fixed salary.

How to protect workers in Unorganised sectors

RURAL AREA	URBAN AREA
Landless agricultural labourers, small and marginal farmers, share croppers, artisans	Workers in small scale industry, casual workers in construction, street vendors, head load workers, transports etc
<ul style="list-style-type: none"> - Timely delivery of seeds - Providing agricultural inputs. - Cheap credits, storage facilities and market outlets 	<ul style="list-style-type: none"> - Set minimum wages - Set working hours and overtime rules - Cheap credits facility - Taking action against discrimination - Implementing the law

Division of sectors on the basis of OWNERSHIP

PUBLIC	PRIVATE
<ul style="list-style-type: none"> -Owned by Government - Ex. BHEL, SAIL, IRCTC, BSNL - Motive: Providing Services (Basic needs) Banks, transport, irrigation, electricity, water	<ul style="list-style-type: none"> - Owned by private individuals and groups - TATA, Reliance, Infosys - Motive: Earn profit

CHAPTER -3 MONEY & CREDIT

Money is something that act as a medium of exchange in the transaction.

- Goods are being bought and sold with the use of money.

In credit there might not be a actual transfer of money, but a promise to pay money later.

Money as medium of exchange

Why only Money (Case 1 and Case 2)

- In the absence of money we would have rely on the **double coincidence of wants**.

When in the exchange, both parties agree to sell and buy each others commodities it is called double coincidence of wants.

- The system where goods are exchanged directly without exchange of money is known as **barter system**

- **In modern economy, money work as an intermediary, it is used as medium of exchange for good and services.**

Modern forms of money

1. Currency(coins and paper notes of currency)

Why it is accepted as medium of currency: Because it is authorised by the government of the country

. In INDIA

- The reserve Bank of India issues currency notes on the behalf of the central govt.

- No other individual or organisation is allowed to issue currency.

- No individual in India can legally refuse a payment made in rupees.

2. Deposit with Banks

- People deposits extra cash in the banks(Bank Account)

 - Bank pays an amount as interest on the deposits.

 - People's money is safe.

 - People also have provision to withdraw the money, when they require. (Demand

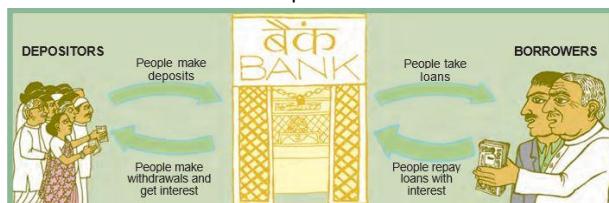
Deposits – can be withdraw on demand)

CHEQUE

A Cheque is a paper instructing the bank to pay a specific amount from the person's account to the person in whose name the cheque has been issued .

Loan activities of Bank

What do bank do with the deposits:



- Bank keeps a small proportion of their deposits as cash with themselves.

- Bank make use of the deposits to meet the loan requirement of the people.

- Bank mediate between those who have surplus funds(the depositors) and those who are in need of these funds (borrowers).

- Bank charges a high interest loans than what they offer on deposits.

- The difference between what is charged from borrowers and what is paid to depositors is their main SOURCE OF INCOME.

TERMS OF CREDIT

Interest rate, collateral and documentation requirement, and the mode of repayment together – comprises is called term of credit.

INTEREST RATE - The amount that borrower must pay to the lender along with the repayment of the principal.

COLLATERAL – Collateral is an asset that the borrower owns (Land, building, vehicle, deposits etc) and uses this as a guarantee to a lender until the loan is repaid.

DOCUMENTATION REQUIREMENT – Paperwork

MODE OF PAYMENT – Instalment / Lump sum Cash/ Gold / Property

Terms of credit may vary depending on the nature of lender and borrower

TWO TYPES OF LOAN

FORMAL SECTOR	INFORMAL SECTOR
- Loans from Banks and cooperatives.	- Money lenders, traders, employers, relatives and friends, etc
- The RBI supervises functioning of formal sources of loans.	There is no organisation which supervises the credit activities of lenders in the informal sector
Require documentation and collateral	Often do not require documentation and collateral
May take longer to obtain	Can be obtain quickly
Offer lower interest	Offer higher interest
Rigid repayment schedules	Flexible repayment option

How RBI supervises?

- The RBI monitors the banks in actually maintaining cash balance.

- RBI supervises – that banks give loans not just to profit making business and traders but also to small cultivators, small scale industries etc.

- Periodically, banks have to submit information to the RBI (how much they are lending, to whom and at what interest rate)

NOTE: - Majority of poor households gets loan from informal sector.

- Majority of rich households gets loan from formal sector

How to improve? :- To improve :

- Banks and cooperative societies need to lend more
- Cheap and affordable credit should be provided for the development of country.

It is necessary that banks and cooperatives increase their lending in the rural areas, so that dependence on informal sources of credit decreases.

Secondly, while formal sector loans need to expand, it is also necessary that everyone receives the loan .

SELF HELP GROUP

SHG are small groups of poor people. The member of SHG faces similar problems.

- They help eachother to solve the problems.
- Promotes small savings among their members
- Member can take small loans from the group to meet their needs.
- The interest is less than the banks and moneylenders.
- After a year , if the group is regular in savings, it becomes eligible for availing the loan from the bank.
- Empowerment of members (Decisions taking power, accountability)
- Provide a platform to discuss on variety of social issues, such as health, nutrition, domestic violence etc.

Poor Households depends on the informal sector. Why?

- Banks are not present everywhere in India.
- Absence of collateral
- Getting a loan from bank is much more difficult than taking a loan from informal sources.

GRAMEEN BANK OF BANGLADESH

- Started by **Professor Muhammad Yunus**. (Recipient of 2006 Nobel Price of Peace)
- Started in 1970s as a small project
- In 2018 it had over 9 million members in about 81600 villages spread across Bangladesh.
- Almost all the borrowers are women and belongs to poorest section of the society.

CHAPTER 4 GLOBALISATION AND INDIAN ECONOMY

MNCs MULTINATIONAL CORPORATION

Multinational Corporation are the large companies which owns or controls production in more than one nation.

- They set up offices and factories for production in regions where they can get **cheap labour and other resources**, so that they can earn greater profits.

Factors MNC's Consider before setting up any production Units

- Is it close to the markets.
- Is there skilled and unskilled labour available at low cost.
- Whether the availability of other factors of production is assured.
- Govt. policies that look after their interest.

*The money that is spent to buy assets such as land, building, machines and other equipment is called **investment**.

*Investment made by MNCs is called **foreign investment**.

Ways through which MNCs set up their production

1. MNC's set up production jointly with some of the local companies of the country. Ex. Ford & Mahindra

Benefit to LOCAL COMPANY

- Get money for additional investments.
- MNC's might bring with them the latest technology for production

2. MNC's buys up local companies and then expand their production. (MNC's with huge wealth)

Example: Parakh Foods was bought up by Cargill Foods

3. In developed countries Large MNC's place orders for production with small producers.

- Ex. Garment, footwear, sports items

Their production is carried out by small producers around the world.

- These products are sold under the brand name of MNC's.
- These large MNC's have tremendous power to determine price, quality, delivery and labour conditions for these distant producers.

***FOREIGN TRADE** is the exchange of goods and services between two countries in the international market.

Q. Basic Functions of Foreign Trade or What are the advantages of Foreign Trade?

PRODUCERS

- Foreign Trade creates an opportunity for the producers to reach beyond the domestic markets
- Producers can sell their products not only in markets located within country but can also compete in markets located in other countries.
- Cost of production is reduced

BUYERS

- Import of goods produced in another country is one way of expanding the choice of goods beyond what is domestically produced
- Competition among the producers reduces the price and improves the quality.

GLOBALISATION

GLOBALISATION is the process of rapid integration and interconnection global markets/ countries.

- World coming closer
- Movement of goods, services, investments and technology
- Movement of people between countries
- People usually move for better income, better jobs or better education. (There were many restriction b/w countries)

Factors that have enabled Globalisation

1. Technology

2. Liberalisation of foreign trade and foreign investment policy.

1. Improvement in Technology stimulate the globalisation process. (How)

- *Improvement in transportation technology.*

This has made much faster delivery of goods across long distances at lower cost.

- *Development in Information and communication technology.*

Telecommunication, computers and internet are some of the developments which are connecting world to remote areas with satellite communication devices.

2. Liberalisation of foreign trade and foreign investment policy

Tax on import is an example of trade barriers, Govt. uses trade barriers to increase or decrease (regulate) foreign trade

- to protect the producers within the country from foreign competition.
- The competition from imports at 1950s and 1960s would not allow domestic industries to come up
- Only import of essential items were allowed

LIBERALISATION IN INDIA

***Removing barriers or restriction set up by the government is known as LIBERALISATION**

- Around 1991, some changes policy were made in India
- The govt. allowed Indian producers to compete with producers around the globe
- It felt that competition would improve the performance and quality.
- This decision was supported by the powerful international organisation.

Impact of Liberalisation: Foreign trade, foreign Investment

- Goods could be imported and exported easily
- Foreign companies can set up factories and offices here.
- Businesses were allowed to make decision freely about what they wish to import.
- Govt. imposes much less restriction than before and is therefore said to be more liberal.

WTO WORLD TRADE ORGANISATION

- A global organisation made up of 164 member countries that deals with rules of trade between nations
- Formed on 1 Jan 1995.
- An organisation whose aim is to liberalise international trade
- Started at the initiative of the developed countries.
- WTO establishes rules regarding international trade, which they want to be followed.
- About 164 countries of the world are members of WTO as on 2016.

IMPACT OF GLOBALISATION IN INDIA

- POSITIVE

Advantages to consumers (Particularly Urban)

- Greater Choice
- Improved quality of products
- Lower Price
- Higher Standard of living than earlier

- NEGATIVE

Among Producers and workers, the impact of globalisation has not been uniform

POSITIVE (Explained)

1. MNC's have increased their investment in India

- such as in cell phones, automobiles, fast food, electronics, soft drinks, etc in urban areas
- In these industries and services, new jobs have been created.
- Local companies supplying raw material, etc by which these industries have prospered.

2. Several of the top Indian companies have been able to get benefit from the increased competition. (How)

- They have invested in newer technology and production methods.

- Raised production standards.
- Some have gained from successful collaboration with foreign countries.

3. Globalisation has enabled some large Indian companies to emerge as multidimensional themselves.

- Tata Motors(automobiles), Infosys(IT), Ranbaxy (medicines), Asian paints (paints), Sundaram Fasteners(nuts and bolts)

4. Globalisation has also created new opportunities for companies providing services.

- Example of IT service

- A host of services such as data entry, accounting, administrative tasks, engineering are now being done cheaply in countries such as india and are exported to the developed countries.

NEGATIVE(Explained)

- Globalisation imposed challenges for small producers.

- Batteries, capacitors, plastics, toys, tyres, dairy products, and vegetables oil are some examples where the small manufacturers have been hit hard due to competition.
- Several of the units have shut down rendering many workers jobless.
- As competition increased most employees these days prefer employ workers temporary, Long working hours, in low wages
- MNCs try to cut their cost, looks for cheaper supplier.

How to make globalisation more fair

Fair globalisation would create opportunities for all, and also ensures that the benefits of globalisation are shared better.

Govt. can play a major role:

- The govt. can ensure that labour laws are properly implemented and the workers get their rights.
- It can support small producers to improve their performance till the time they become strong enough to compete.
- The govt. can use trade and investment barriers.
- It can negotiate at the WTO for fairer rules (with other developing countries)against developed countries

* People can also play an important role (campaign, demonstration, protest, etc)

CHAPTER 5, CONSUMER RIGHTS

Introduction:

- Understand the significance of Consumer Rights as a crucial aspect of consumer protection.
- Gain insights into the importance of informed choices and responsible consumer behavior.

Definition of Consumer Rights:

Consumer Rights refer to the set of privileges and protections granted to consumers by law to ensure fair treatment in the marketplace.

The consumer in the market

- A Consumer is someone who buys something and uses it for personal purposes.
- A Consumer may only utilise the goods, product or service for their own personal use, they are not permitted to resell it.

- In the market the consumers are exploited in different ways by producers. for example:less weighing, charge high price, false advertisement. by selling adulterated goods etc. So. there is a need for rules and regulations to ensure protection for consumers.

Reason of Consumer Exploitation

- Generally, consumers are **innocent and ignorant** about the type, quality, quantity, degree, standard and constituents of the product being purchased by them.
- **Selection of adulterated/defective goods**, while lots of goods are available in the market.
- Sometimes **sellers indulge in unfair sell practices** such as when shopkeepers weighs less than what they should or charges extra money.
- **False information is passed about the products**, price, quality, safety, expiry date, maintenance costs, etc.
- **Illiterate consumers** do not insist on receipts and cash memos.
- Consumers are quite **ignorant of their rights or duties**.
- Getting **no quick decision on complaints** which are filed against the sellers or producers.
- Lack of unity among consumers

CONSUMER MOVEMENT

People were dissatisfied with the rampant production malpractices. There were no existing rules or regulations that penalised such behaviour among the public.

- The consumer was responsible for making a thoughtful purchase,
- they avoided buying from sellers/goods with whom they had a terrible experience.
- Consumer movements started because of widespread dissatisfaction with such practises.
- The consumer movement as a "social force" in India arose from the need to safeguard and promote consumers' interests against unethical and unfair trade practises.
- As a result of all these efforts, the Indian government took a huge step forward in **1986**. It is responsible for enforcing the **Consumer Protection Act of 1986**, also known as **COPRA**.

. Consumer International:

The UN Guidelines for Consumer Protection were adopted by the United Nations in 1985. This was a mechanism for countries to enact consumer protection laws, as well as for consumer advocacy groups to pressure their governments to do so. This has formed the cornerstone for consumer activism on a global scale.

IMPORTANCE OF CONSUMER RIGHTS

1. Consumer rights empower individuals, ensuring their safety and welfare in the marketplace.
2. They provide a legal framework to protect consumers from unfair trade practices and exploitation.
3. Consumer rights promote competition, quality and accountability among producers and service providers.

CONSUMER RIGHTS

1. Right to safety

- There are many goods and services which are hazardous for health and property.
- Consumers have the right to be protected against hazardous goods
- Manufacturers are responsible for providing safe products and adequate warnings about potential risks.

2. Right to information

- Consumers have the right to access accurate and transparent information about products and services, including their price, quality, composition, and expiry date.
- Manufacturers of good and services should have maintained information about ingredients used, price, batch number, date of manufacture, expiry date, address of manufacturer, direction to use, info. Related to side effects, risk etc.

3. Right to choose

- Consumers have the freedom to select from a range of products and services at competitive prices.
- Anti-competitive practices like unfair trade restrictions and monopolies are prohibited.

4. Right to represent

- Consumers have the right to express their interests and concerns through consumer organizations.
- These organizations advocate for consumer rights, ensuring their voices are heard in policymaking.

5. Right to redressal

- Consumers have the right to seek compensation and prompt resolution of grievances against unfair trade practices or deficient services.
- Consumer courts provide a legal platform for consumers to file complaints and seek redressal.

Where should consumer go to get justice

- Consumers have the right to seek redressal against unfair trade practices and exploitation.

- The consumer movement in India has led to the formation of various organisations known as consumer forums or consumer protection councils. They guide consumers on how to file cases in the consumer court.
- COPRA, a three-tier quasi-judicial machinery at the district, state and national levels, was set up for the redressal of consumer disputes.
- The district-level court called District Forum, which deals with cases involving claims up to Rs 20 lakh
- The state-level court, called State Commission, deals with cases involving claims between Rs 20 lakh and Rs 1 crore.
- The national level court is known as the National Commission, which deals with cases involving claims exceeding Rs 1 crore. If a case is dismissed in district-level court, a consumer can also appeal in the state and subsequently in national-level courts.

NOTE: The logo with the letters ISI, Agmark or Hallmark helps consumers to get assurance of quality while purchasing goods and services.

Taking consumer movement forward

- India is one of the countries that has exclusive courts for consumer redressal.
- 24 December is observed as National Consumers' Day in India.
- After more than 25 years of the enactment of COPRA, consumer awareness is spreading, though slowly, in our country.
- For the speedy process of the consumer movement, we require a voluntary effort and active participation of the people.

