

# INDIAN ECONOMIC DEVELOPMENT

TEXTBOOK FOR CLASS XI



11100



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## FOREWORD

The National Curriculum Framework (NCF) 2005, recommends that children's life at school must be linked to their life outside the school. This principle marks a departure from the legacy of bookish learning which continues to shape our system and causes a gap between the school, home and community. The syllabi and textbooks developed on the basis of NCF signify an attempt to implement this basic idea. They also attempt to discourage rote learning and the maintenance of sharp boundaries between different subject areas. We hope these measures will take us significantly further in the direction of a child-centred system of education outlined in the National Policy on Education (1986).

The success of this effort depends on the steps that school principals and teachers will take to encourage children to reflect on their own learning and to pursue imaginative activities and questions. We must recognise that, given space, time and freedom, children generate new knowledge by engaging with the information passed on to them by adults. Treating the prescribed textbook as the sole basis of examination is one of the key reasons why other resources and sites of learning are ignored. Inculcating creativity and initiative is possible if we perceive and treat children as participants in learning, not as receivers of a fixed body of knowledge.

These aims imply considerable change in school routines and mode of functioning. Flexibility in the daily time-table is as necessary as rigour in implementing the annual calendar so that the required number of teaching days are actually devoted to teaching. The methods used for teaching and evaluation will also determine how effective this textbook proves for making children's life at school a happy experience, rather than a source of stress or boredom. Syllabus designers have tried to address the problem of curricular burden by restructuring and reorienting knowledge at different stages with greater consideration for child psychology and the time available for teaching. The textbook attempts to enhance this endeavour by giving higher priority and space to opportunities for contemplation and wondering, discussion in small groups, and activities requiring hands-on experience.

The National Council of Educational Research and Training (NCERT) appreciates the hard work done by the textbook development committee responsible for this book. We wish to thank the Chairperson of the advisory group in Social Sciences, Professor Hari Vasudevan and the Chief Advisor for this book, Professor Tapas Majumdar for guiding the work of this committee. Several teachers contributed to the development of this textbook; we are grateful to their principals for making this possible. We are indebted to the institutions and organisations which have generously permitted us to draw upon their resources, material and personnel. We are especially grateful to the members of the National Monitoring Committee, appointed by the Department of Secondary and Higher Education, Ministry of Human Resource Development under the Chairpersonship of Professor Mrinal Miri and Professor G.P. Deshpande, for their valuable time and contribution. As an organisation committed to systemic reform and continuous improvement in the quality of its products, NCERT welcomes comments and suggestions which will enable us to undertake further revision and refinement.

New Delhi  
20 December 2005

*Director*  
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## HOW TO USE THIS BOOK

The main objective of this book, *Indian Economic Development*, is to expose you to some of the key issues facing the Indian economy. In this process, as young adults, you are expected to be sensitised about these issues, appreciate and learn to critically assess the role of the government in various economic spheres. The book also provides opportunities for knowing what economic resources are and how these resources are being utilised in different sectors. You are also exposed to numerical information relating to various aspects of Indian economy and India's economic policies. You are expected to develop analytical skills, interpret the economic events and visualise the economic future of India. Nevertheless, conscious effort has been made not to burden with concepts and data.

With regard to various economic issues and trends, this book attempts to bring out alternative views on every issue so that students can engage yourself in well-informed debates. On completion of the course, *Indian Economic Development*, you are expected to acquire skills to understand macroeconomic events which occur around them, and to critically evaluate and interpret the relevant information provided by the media.

This course comprises of many activities with each chapter. You need to carry out such activities under the guidance of their teachers. In fact, the role of the teacher in enriching the understanding of the Indian economy is greater in this course. The activities include classroom discussions, collecting information from government documents such as Economic Survey, archival materials, from newspapers, television, internet and others sources. Learners should also be encouraged to read the original works of scholars on various topics.



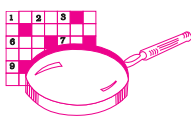
For all this to happen, the teachers have to initiate the process by taking some steps before starting the course. At the beginning of the academic year, you can collect clippings from newspapers and magazines relating to different topics under the course — five year plans and the role of NITI Aayog in planning; allocation of funds to various sectors like agriculture, industry, services and for specific causes such as poverty and employment; key issues of rural

development, environment, various infrastructure, health, education and energy; and economic events in China and Pakistan. You may maintain these clippings, and when the teacher starts teaching a particular topic, you can cull out those news items, which you have collected from the beginning of the course, and display/use them in the classroom. It is necessary you to build this collection right from the beginning of the course so that the relevant information is at hand as and when needed; this habit will also come in handy during later stages of education.

The schools will have to buy a hard copy of the Economic Survey for the latest year. You will notice that information relating to the Indian Economy is updated in the Economic Survey. It is necessary for the students to familiarise themselves with such reports and work on relevant activities. The statistical tables available as Appendix in the Economic Survey would be immensely helpful in understanding various issues.

While discussing a particular issue, discussion of the numerical information about the issue is inevitable. For instance, when we talk of growth rates — overall growth rates and growth of different sectors — though it may be necessary for you to have a rough idea about the trends in growth rates, you may also be encouraged to learn the process involved in reaching the level of growth and factors contributing to the trend rather than mere reproduction of tabular data of growth rate.

You will notice numbered boxes in all chapters. These boxes supplement the information given in the text. Through these boxes, an attempt has been made to lend a humane touch and, thus, bring the issue under discussion closer to real life. However, these boxes, as also 'Work These Out' activities, are not meant for examination/evaluation purposes.

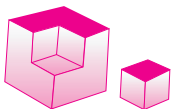


Besides the relatively conventional 'Exercises', each chapter has 'Suggested Additional Activities' at the end and 'Work This/These Out' as part of the text; the more elaborate activities of these can be treated as projects. You may explore beyond the text while attempting these activities.



Understandably, Information Technology facilities may not be available in all the schools, however, it is important to take note that various information relating to the Indian economy are available on the internet. You need to learn to use the internet and access the websites

of various government departments to get the required information. For instance, the details relating to poverty are published by the NITI Aayog. You need to know that the NITI Aayog of the Government of India has a website in which various reports relating to different aspects of India, including poverty, are available in the form of reports. Since it may not be always possible to procure such reports in hard copy, students and teachers may attempt to download such reports from websites and use them in the classroom.



The reports such as Economic Surveys of the last 10 years are available on the website: <http://www.indiabudget.gov.in>. Many organisations change their website addresses. In case a website given in this book is not accessible, kindly search those websites through search engines such as Google ([www.google.co.in](http://www.google.co.in)).

For the first time, each chapter has been briefly summed up in the 'Recap' to facilitate learning. Also, please take note that sources for all tables have not been given with the table as these tables were sourced from various research material which have been covered under 'References' for each chapter.

We wish to reiterate the fact that the prime objective of this course on Indian economy is to introduce the basic macro issues of the Indian economy to the student community and to initiate a well-informed debate on our economy. We also stress that collaborative learning is an important aspect of this course, hence the involvement of students, as well as, teachers in collecting information on the Indian economy from other sources is necessary and such collected information should be used as important inputs for both teaching, as well as, learning about the Indian economy.

You can send your queries and feedback relating to any part of this book to the following address.

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# THE CONSTITUTION OF INDIA

## PREAMBLE

**WE, THE PEOPLE OF INDIA**, having solemnly resolved to constitute India into a <sup>1</sup>**[SOVEREIGN SOCIALIST SECULAR DEMOCRATIC REPUBLIC]** and to secure to all its citizens :

**JUSTICE**, social, economic and political;

**LIBERTY** of thought, expression, belief, faith and worship;

**EQUALITY** of status and of opportunity and to promote among them all;

**FRATERNITY** assuring the dignity of the individual and the <sup>2</sup>[unity and integrity of the Nation];

**IN OUR CONSTITUENT ASSEMBLY** this twenty-sixth day of November, 1949 do **HEREBY ADOPT, ENACT AND GIVE TO OURSELVES THIS CONSTITUTION.**

1. Subs. by the Constitution (Forty-second Amendment) Act, 1976, Sec.2, for "Sovereign Democratic Republic" (w.e.f. 3.1.1977)
2. Subs. by the Constitution (Forty-second Amendment) Act, 1976, Sec.2, for "Unity of the Nation" (w.e.f. 3.1.1977)

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# Constitution of India

## Part IV A (Article 51 A)

### Fundamental Duties

It shall be the duty of every citizen of India —

- (a) to abide by the Constitution and respect its ideals and institutions, the National Flag and the National Anthem;
- (b) to cherish and follow the noble ideals which inspired our national struggle for freedom;
- (c) to uphold and protect the sovereignty, unity and integrity of India;
- (d) to defend the country and render national service when called upon to do so;
- (e) to promote harmony and the spirit of common brotherhood amongst all the people of India transcending religious, linguistic and regional or sectional diversities; to renounce practices derogatory to the dignity of women;
- (f) to value and preserve the rich heritage of our composite culture;
- (g) to protect and improve the natural environment including forests, lakes, rivers, wildlife and to have compassion for living creatures;
- (h) to develop the scientific temper, humanism and the spirit of inquiry and reform;
- (i) to safeguard public property and to abjure violence;
- (j) to strive towards excellence in all spheres of individual and collective activity so that the nation constantly rises to higher levels of endeavour and achievement;
- \* (k) who is a parent or guardian, to provide opportunities for education to his child or, as the case may be, ward between the age of six and fourteen years.

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**Note:** The Article 51A containing Fundamental Duties was inserted by the Constitution (42nd Amendment) Act, 1976 (with effect from 3 January 1977).

\* (k) was inserted by the Constitution (86th Amendment) Act, 2002 (with effect from 1 April 2010).