

APPOLO STUDY CENTRE

TEST - 4

9 - SOCIAL SCIENCE ECONOMICS

9 - சமூக அறிவியல் பொருளாதாரம்

Unit 1	Understanding Development: Perspectives, Measurement and Sustainability	அலகு 1	மேம்பாட்டை அறிவோம், தொலைநோக்கு அளவீடு மற்றும் நிலைத் தன்மை
Unit 2	Employment in India and Tamil Nadu	அலகு 2	இந்தியா மற்றும் தமிழ்நாட்டில் வேலைவாய்ப்பு
Unit 3	Money and Credit	அலகு 3	பணம் மற்றும் கடன்
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9th Social science – Economics

Unit – 1

Understanding Development Perspectives, Measurement and Sustainability

Introduction

The word 'development' is used widely. It refers to the progress of a particular field or a particular person. Similarly, the economic progress of a country is known as 'economic development'. However, the interpretation of the concept development keeps on changing from time to time, from person to person and its meaning gets extended further.

Different Perspectives About Development

Every human being has an ambition or desire of his or her own to achieve progress in life. Similarly, we have ideas about how a country should progress. If our thinking turns towards progress and about the ways to achieve the many goals for progress, it leads to development.

From the above diagram, you will notice that other than income, people seek freedom to grow on their own. Thus, development refers to the improvement in quality of life such as higher income, better education, better health and nutrition, less poverty and more equal opportunity. The term 'economic development' refers to the overall growth of all sectors of the economy by adoption of new technologies. Economic development improves the living standards of the people as well as the status of the country.

Indicators of Economic Development

The major indicators to measure the level of economic development are Net National Product (NNP), Per Capita Income (PCI), Purchasing Power Parity (PPP) and Human Development Index (HDI).

Net National Product

The Net National Product (NNP) is considered as a true measure of national output. It is also known as national income. A rise in per capita income means an increase in aggregate real output. Hence, this is a better indicator than national income for measuring development.

G8 Countries	GDP per capita (Value in US dollars)	SAARC Countries	GDP per capita (Value in US dollars)	BRICS Countries	GDP per capita (Value in US dollars)
UK	40,03,000	Afghanistan	6610.24	Brazil	10,51,000
Russia	10,63,000	Bangladesh	1,666,000	Russia	10,63,00
Canada	47,66,000	Bhutan	3,22,000	India	1,99,000
France	42,42,000	India	1,99,000	China	9,38,000
USA	61,69,000	Maldives	132,000	South Africa	6,29,000
Italy	33,73,000	Nepal	882.93		
Japan	40,06,000	Pakistan	NA		
Germany	47,54,000	Sri Lanka	4,05,000		

For measuring a country's development, its income is considered to be one of the most important factors. Countries with higher income are considered to be more developed than those with lesser income. So, income itself is considered to be one of the indicators of economic development.

Per Capita Income

However, for comparing the development of various countries, total income is not a useful measure. Since countries have different populations, comparing total income will not be suggestive of what an average person is likely to earn. Are people in one country better off than others in a different country? The average income is calculated by dividing the country's total income by its total population. The average income is also called per capital income. Calculations on the per capita income of all countries are calculated only in the US dollar in order to compare International level.

Per Capita Income according to the World Bank report, new income measurements of countries are classified as below (2017-18)	
Type of Countries	Per capita Income (US Dollar)
Low Income	< 1005
Lower Middle Income	1006 - 3955
Upper Middle Income	3956 - 12,235
High Income	> 12,235

Purchasing Power Parity

Purchasing power parity is defined as the number of units of a country's currency required to buy the same amount of goods and services in the domestic market as one dollar would buy in the US. The technique of purchasing power parity allows us to estimate what exchange between two currencies is needed to express the accurate purchasing power of the two currencies in the respective countries. Recently, India became the third largest economy in terms of PPP. China became the largest defeating the US to the second position.

Human Development

Human resource is necessary for the progress of any country. The term 'human resources' refers to the collective abilities of people, which can be utilised in the production sector. Human resource development means the development of a person's physical and mental abilities through education, health care and training. Therefore, investment in education and health of people can result in a high rate of returns in the future for a country.

For example, if a child is invested with good education and health, he or she may turn to be very productive in future in the form of higher earnings and greater contribution to the society. Human Development Index (HDI) which indicates all round development of the people in the society. In the past, economists believed that the rate of economic growth of nations could be increased only by increasing investment in physical capital. But they have realised over time that investment in human capital is as important as investment in physical capital.

S. No	Country	HDI in 2010	HDI in 2015
1.	India	0.580	0.624
2.	Russia	0.785	0.804
3.	China	0.700	0.738
4.	Pakistan	0.525	0.550
5.	Nepal	0.529	0.558
6.	Bangladesh	0.545	0.579
7.	South Africa	0.638	0.666
8.	Sri Lanka	0.746	0.766

S. No	Parameter	States						
		Andhra Pradesh	Karnataka	Kerala	Gujarat	Uttar Pradesh	Tamil Nadu	India
1.	Literacy Rate %	67.02	75.36	94	78.03	69.72	80.09	74.04

	(2011)							
2.	Sex Ratio (Females per 1000 Males)2011	993	973	1084	919	912	996	943
3.	Enrolment in Higher Education % (2015- 16)	30.8	26.1	30.8	20.7	24.5	44.3	24.5

Sustainability of Development

Sustainable economic development is taken to mean development without damaging the environment and not compromising with the needs of the future generation. The consequences of environmental degradation do not respect national or state boundaries. Sustainability of development is comparatively a new area of knowledge in which scientists, economists, philosophers and other social scientists are working together. Natural resources can be divided into renewable resources and non-renewable resources. Groundwater is an example of a renewable resource. The question arises as to how sustainable development is possible if the resources are over-used rather than getting replenished. Non-renewable resources get exhausted after certain number of years of extracting and using them and they cannot be replenished.

Renewable resources	Non-renewable resources
Renewable resources are pollution free and environment friendly. These resources take a short time for renewal. Example: Solar energy, wind energy, water, wood, paper.	Non-renewable resources pollute and damage the environment. Million of years are needed for the formation of these resources. Example: Metals, glass, fossil fuels (coal, petroleum, natural gas, diesel)

To achieve real sustainability, we need to balance economic, social and environmental sustainability in equal harmony. In general, the question of development or progress is continuous. At all times, as a member of society and as individuals, we need to ask where we want to go, what we wish to become and what our goals are.

Policies for Sustainable Development

Use of Non-conventional Sources of Energy

India depends on thermal and hydro power plants to meet its power needs. Both these sources have an adverse environmental impact. Thermal power plants emit large quantities of carbon dioxide, which pollute the environment.

Solar Power in India

Solar power is the conversion of energy from sunlight into electricity either directly using photovoltaic cells or indirectly using concentrated solar power. Solar panels absorb the sunlight as a source of energy to generate electricity. A solar electric system can reliably produce electricity for our home and offices. These distributed solar systems are often installed by home and business owners to reduce their electricity costs. Solar power in India is a fast-developing industry.

Tamil Nadu is the state with highest installed solar capacity in India. Tamil Nadu is one of the leading solar power producing states in India. As on 31 July 2017, the total installed capacity in Tamil Nadu is 1,697 MW.

Environmental Policies in India

Environmental policies in India have been evolved considerably over the past three decades. These policies have covered a wide range of issues such as air, water pollution, waste management and biodiversity conservation. India faces challenges in economic development, which has to be achieved with limited resources, minimum externalities and in the presence of an uncertain climate. One of the approaches to overcome this challenge is through the path of sustainable development. The Supreme Court of India has interpreted and introduced new changes in environmental protection through a series of directions and judgements.

List of Environmental Acts in India

S. No	Act	Action
1	National Green Tribunal Act, 2010	Environmental protection and conservation of forests and other natural resources
2	Biological Diversity Act, 2002	To provide for conservation of biological diversity
3	The Environment (Protection) Act, 1986	Providing for the protection and improvement of the environment.
4	Forest (Conservation)	Check deforestation and encourage

	Act, 1980	afforestation of non-forest areas.
5	Water (Prevention and control of pollution) Act, 1974	Provides maintenance and restoration and quality of all types of surface and groundwater.
6	Wildlife Protection Act, 1972	Providing protection to wild animals and birds.

Article 51A(g) of the Constitution states that “it shall be the duty of every citizen of India to protect and improve the natural environment including forests, lakes, rivers and wildlife and to have compassion for living creatures.” Development increases the quality of life. This means that people will have higher incomes, better education, better health and nutrition, less poverty and more equality of opportunity.

The Growth Story of Tamil Nadu

Tamil Nadu is one of the states that achieving rapid progress over a relatively short period, though it started from appalling levels of poverty, deprivation and inequality. It is during that period, Tamil Nadu is much to the consternation of many economists, initiated bold social programmes such as universal midday meals in primary schools and started putting in place an extensive social infrastructure – schools, health centres, roads, public transport, water supply, electricity connections, and much more. Today, Tamil Nadu has some of the best public services among all Indian states, and many of them are accessible to all on a non-discriminatory basis.

- ❖ First, active social policies constitute an important aspect of this shared experience. This is particularly striking in the vigour of public education, but it also extends to other domains, such as health care, social security and public amenities.
- ❖ Second, these states have typically followed universalistic principles in the provision of essential public services. This is especially noticeable in the case of Tamil Nadu.
- ❖ Third, these efforts have been greatly facilitated by a functioning and comparatively efficient administration. The governments involved have delivered their services in traditional lines and these ‘old fashioned’ public institutions-functioning schools, health centres, government offices, Gram Panchayat and co-operatives have left much room for private initiatives at a later stage of development.

NOTE

- ❖ Final value of total goods and services produced within the geographic boundaries of a country during a specified period of time, normally a year is known as Gross Domestic Product (GDP).
- ❖ The Ministry of Human Resource Development is responsible for the development of human resources in India. Its headquarters is situated at Shastri Bhavan in New Delhi.
- ❖ Human Development Report of the world prepared and released by UNDP Literacy rate of Tamil Nadu is the second highest among the southern states. Tamil Nadu's literacy rate is higher than the national average. The enrolment for higher education in Tamil Nadu is the highest in India.

- ❖ Fourth, dealing with social inequality has also been an important part of these shared experiences. In each case, the historical burden of social inequality has been significantly reduced in one way or another. In Kerala, Tamil Nadu and Himachal Pradesh, principles of equal citizenship and universal entitlements were forged through sustained social reform movements as well as fierce struggles for equality on the part of under-privileged groups-especially Dalits,.
- ❖ Fifth, these experiences of rapid social progress are not just a reflection of constructive state policies but also of people's active involvement in democratic politics. The social movements that fought traditional inequalities are part of this larger pattern.
- ❖ Last but not least, there is no evidence that the cultivation of human capability has been at the cost of conventional economic success, such as fast economic growth. Tamil Nadu have some of the highest per capita incomes and lowest poverty rates among all Indian states. Economic growth, in turn, has enabled these states to sustain and consolidate active social policies. This is an important example of the complementarity between economic growth and public support.

- Source: *An Uncertain Glory* by Nobel laureate Prof. Amartya Sen.

Unit- 2 Employment in India and Tamil Nadu

Introduction

You know the basic needs of every human being are food, clothes and shelter. In the present world, one more essential need has to be added in this list. That is employment. To survive in the world, we all need employment to earn money. Those who are engaged in economic activities, in whatever capacity- high or low - are called employees. People who employ these workers and pay rewards for their work are called the employers.

Labour force of the economy is the number of people in the country who work and also capable of working. We take the age group of 15-60 years for the computation of workforce. Persons who are less than 15 years are considered as children, and person who have crossed 60 years of age are excluded as they are not physically fit to undertake productive occupation. If larger percentage of population is accounted by children and old-age persons, then the progress of the country would be very slow as the working force is very small. Besides, the small working force will have to maintain larger non-working force for feeding out of the small national product.

Employment Structure in India

The nature of employment in India is multi-dimensional. Some get employment throughout the year; some others get employed for only a few months in a year. The economy is classified into three sectors: primary or agriculture sector, secondary or industrial sector and tertiary or service sector. The structure of employment denotes the number of workers engaged in different sectors of the economy. Though the occupational pattern varies from one country to another, one can find in Developing countries like India that a large work force will be engaged in primary sector, while a small proportion in secondary and tertiary sectors. Whereas, in well-developed countries, the proportion of workforce engaged in agriculture will be very small and a majority of labour force will be in the industrial and tertiary sectors. Employment has always featured as an important element of development policy in India. Employment growth has increased at an average rate of 2% during the past four decades since 1972-73.

- ✓ **Primary sector:** Agriculture, forestry animal husbandry, poultry, dairy farming, fishing etc.

- ✓ **Secondary sector:** Manufacturing, small and large-scale industries and constructional activities.
- ✓ **Tertiary sector:** Transport, insurance, banking, trade, communication, real estate, government and non-government services.

Types of Employment: Organised and Unorganised Sectors

Organised Sector

The organised sector is one that is incorporated with the appropriate authority or government and follows its rules and regulations. In India employees of central and state governments, banks, railways, insurance, industry and so on can be called as organised sector. This sector works according to certain rules and regulations given in the law. Organised sector has some formal processes and procedures. The employees in this sector are provided with job security and receive higher wages than those of the unorganised sectors. Organised sector gives good salary, fixed working hours, paid holidays and provides medical allowance and insurance also.

Unorganised Sector

The unorganised sector of the economy characterised by the household manufacturing activity and small-scale industry. Jobs here are low paid and often not regular, mostly, they do not have paid leave, holiday, leave due to sickness and so on. Employment is not secure. When there is no work, people are asked to leave the job. This sector includes a large number of people who are employed on their own doing small jobs such as selling on the street, doing repair work and so on. In the unorganised sector, the employment terms are not fixed and regular. They do not enjoy any special benefits or job security. These enterprises are not registered with the government.

Public Sector	Private Sector
• NLC	• TVS Motors
• SAIL	• Ashok Leyland
• BSNL	• TATA Steel

Public Sector vs Private Sector

Economic activities are classified into public and private sector based on who owns assets and is responsible for the delivery of services.

Differences between the Public Sector and Private Sector	
Public Sector	Private Sector
• Service motive	• Profit motive
• Government owns the assets	• Private individuals own the assets
• Wages are paid by the government	• Wages are paid by the owner of private enterprises.

Employment Pattern

In recent years, there has been a change in the employment pattern and this has helped the employers to develop more flexible working patterns among their employees. The trends are (a) increasing self-employment (b) firms using fewer full-time employees and tending to offer more short-term contracts (c) there has been a growth in part-time employment. This may be due to lifestyle of the people.

Employment in Iruvelpattu: A case study

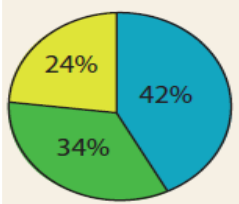
What is happening in the employment scenario can be understood not only from national or state level, but also from the study of the village economy. Iruvelpattu is one such village in Villupuram district in Tamil Nadu. This village has been studied for more than 100 years by many scholars. This village is also called Slater village as Gilbert Slater was the first scholar working in the University of Madras to go with his students to study this village in 1916. Over the years, many scholars surveyed the occupation of villagers and collected many more details of each person in the village.

It was clearly observed that the government brought social security awareness among the people of the village through primary health care, provision of schools and maintenance of public distribution system. Though this village underwent many changes, it is still dependent on agriculture as the main occupation. Look at the following table or chart. You will notice that during 1981, out of 100 families, 24 were engaged in non-agriculture employment. In 2008, the number of families engaged in such employment increased to 41. During 1981–2008, the proportion of families engaged in agriculture has declined—both as agriculture labourers and as cultivators.

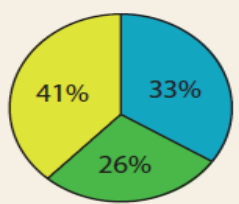
Employment details of households in Iruvelpattu (in%)

Occupation	% of Households	
	1981	2008
Cultivators	42	33
Agricultural labourers	34	26
Non-agricultural labourers	24	41
All households	100	100

1981



2008



■ Cultivators
■ Agricultural Labourers
■ Non-Agricultural Labourers

Employment Trends in Tamil Nadu

Agriculture, despite a sharp decline in gross domestic product, continues to be the largest employer in Tamil Nadu. This is because the non-agriculture sectors are yet to generate enough employment to affect a shift of labour force. Most of the employment growth in Tamil Nadu has been contributed by the unorganised and informal sectors.

NOTE

- ❖ In the medieval period, Feroz Shah Th uqlaq, the Sultan of Delhi, had set up an 'Employment Bureau' to solve the unemployment problem.

Unit - 3. Money and Credit

Almost all things used by man have a monetary value. In addition to that, the pay given for labour, wages and services are all fixed on the basis of money. The taxes and duties are also paid in the form of money. We would have seen our parents planning the expenses at our home every month. The monthly income, pending expenditure, savings, payment of interest etc., are all measured in terms of money. Not only at homes, but also the budgets of a country or states are also framed on the basis of money. The Government, as well as, private institutions and industries calculate their financial status through money. Thus, money plays a predominant and inseparable role in all our lives.

Barter System

If there arises a question, “Has man always used money?”, the answer would be ‘no’. How? When did money enter into the lives of men? In this lesson, let us learn about the evolution of money over the years. Ancient man hunted and gathered food. He lived in caves and forests. In later stages, he invented weapons for hunting and gathering food. Later, he invented fire and learnt to practise agriculture. He used mud to build houses and settle down in a place and also to make earthenware.

When the agricultural yield was high, they made handicrafts. When there was surplus in agricultural produce and other articles like earthenware, they exchanged it with people who needed them. For example, if a community had excess food stuff, they would exchange that with those who had excess pots. Likewise, when a particular grain grew in abundance in a region, it was exchanged for a different crop in another region. These articles which were exchanged through barter system can be termed as the first form of trade.

Coins

The barter system flourished wherever civilizations thrived. This system was active not only within a civilization, but also among civilizations. This was the initial form of international trade. During archaeological excavations in Egypt and Iraq (Mesopotamia), articles used during the Indus valley civilization were excavated. As years went by, there were issues found in barter system. For example there were problems in the exchanging needed goods. A person who had paddy was in need of earthenware for instance. But, the person who had pots and other utensils was not in need of paddy.

Thus, the needs of many people were not fulfilled. Measuring the quantity and value of the goods exchanged were found very difficult. To solve these issues, they fixed a common item with a standard value, for the effective exchange of goods. It was usually in the form of some metal. Metals were rare to find and could be maintained for a long time and never lost their value. Hence, the metals can be termed as the first form of money.

These may be the reasons why metals were chosen. Gold, silver and copper were the metals used first. They were called ancient currency. Leather, beads, shells, tobacco, salt, corn and even slaves were exchanged as barter, say economists. The later Cholas allowed the traders to have their own army. Historical evidences state that during this period, small traders and producers gave credit to the Tamil traders to support their export needs.

Natural Money

The metals such as silver and gold gained importance gradually all over the world. So, these metals were used as standard value in the exchange of goods. There is called as natural money.

Paper Money

As days went by, issues arose because while trade prospered, there were insufficient reserves of gold and silver. Mines also had a limited reserve of these metals. An alternative was found and coins were made using metals with lesser value. These were used to buy and sell goods of lesser value. It was used as the money of the poor people. Hence these coins were printed in large numbers. Paper money came into being as the next stage. This money was without form and people started saving in banks. The Great Economic Depression was also prompted the saving habit of the people. Money has become an inseparable part of everyone's life today. It has changed its form in the economic front. Money transactions are done through many ways in the electronic world.

History of Money

- 1. Barter System 9000 B.C (B.C.E):** During this period, exchange of goods was done through barter system. Man exchanged the surplus goods for other goods that he needed.
- 2. Coins 1100 B.C (B.C.E):** The Chinese have used small coins during this period. These coins were made in bronze. Countries bordering the

Indian Ocean used shells as a medium of exchange.

3. **Currency 600 B.C (B.C.E):** King Alyattes of Lydia announced publically that official currency will be used for trade. Lydia is a part of Turkey today. This Transaction of money spread throughout the Mediterranean region.
4. **Gold Coin 1250 A.D (C.E):** The florin, a gold plated coin was introduced in Europe
5. **Marco Polo 1290 A.D (C.E):** Paper money spread to Europe through the travels of Marco Polo
6. **Printing of Currency 1661 A.D (C.E):** When new paper money was printed in Sweden, it was not much welcome.
7. **Electronic Transfer 1860 A.D (C.E):** Through telegramme an effort was under taken to transfer money electronically.
8. **Credit Card 1946 A.D (C.E):** John Biggins invented the credit card
9. **Mobile Banking 1999 A.D (C.E):** European banks introduced mobile banking
10. **NFC 2008 A.D (C. E)** Near field communication (NFC) was introduced in Britain. In 2016, it came to India> It takes only about 7 to 8 seconds to transact money through NFC.

Electronic Transactions

One has to visit the bank and fill in a challan or produce a cheque to withdraw money from his account. Now this practice is gradually vanishing. Instead, one can easily withdraw the necessary amount from an Automated Teller Machine (ATM), with the help of an ATM debit card. One can easily withdraw the money needed at any time at ATMs located everywhere. A person can deposit money in their account without visiting the branch.

- ✓ Similarly, credit cards are also available, through which things are bought on credit and the amount can be paid later.
- ✓ Nowadays, instead of using cheques or Demand Drafts (DDs), online transactions through net banking are carried out. Through this, money is transacted to anyone who lives anywhere across the globe.

- ✓ Technology has advanced so much that even mobile banking is widely used nowadays.

Role of the Reserve Bank of India

A government has the responsibility to regulate money supply and oversee the monetary policy. Hoarding of money must be avoided at all costs in a country's economy. Only then money can be saved in banks. A major portion of the savings in banks are used for the development of industries, economic growth and various development schemes for the welfare of the poor. All the major and important banks were nationalised (1969) in India. The Reserve Bank of India (RBI) regulates the circulation of currency in India.

The Reserve Bank of India started its operations on 1st April 1935. It was permanently moved to Mumbai from the year 1937. RBI was nationalised in 1949. 85% of the printed currency is let for circulation. According to the statistics available as on August 2018, currency worth of 19 lakh crore are in circulation. (source - Reserve Bank of India)

Educational Loans

- ✓ Educational loan attempts to meet the educational aspirations of the society.
- ✓ A student is the main borrower.
- ✓ A parent, spouse or sibling can be the co-applicant.
- ✓ It is offered to students who want to pursue higher education in India or overseas.
- ✓ It can be taken for a full time, part - time or vocational course and Graduation or Post Graduation.
- ✓ There is no security required for the loan amount up to ` 4 lakhs
- ✓ The loan is repaid by the student generally after the employment.
- ✓ Students can apply through "Vidya Lakshmi Portal Education Loan Scheme".

Relationship between Money and Prices

There is a close relationship between volume of circulation money and the price of things. 90% of the products are manufactured with the main aim of sales or meant for services. Growing crops and production are done on a commercial basis, rather than on a subsistence level. This phenomenon also increased the importance of the market and money.

The relationship between money and price is connected with the Monetary policy. There is a close relationship between the growth of money supply and inflation. Price controls play a very important role in a country's economic stability. This role is played by the Central Bank of our country, RBI in India. Currency is the medium of exchange in a country. The Indian currency is called the Indian Rupee (INR). In a country the foreign currency is called foreign exchange. Purchasing capacity of all currencies in the world are compared using the US dollar as the standard currency. This value differs from country to country. Most of the international trade transactions are carried out in US dollar.

How is currency printed in India?

One rupee and two rupee notes were first printed in India in the year 1917. The Reserve Bank of India is empowered to issue the Government of India notes since 1935. 500 rupee note currency was introduced later. In 1940, one Rupee notes were issued again. Till 1947, the currency notes with the image of King George VI were in circulation. After Independence, the Government of India issued currency notes.

In 1925, the British government established a government press at Nasik in Maharashtra. Currencies were printed three years later. In 1974, a press was started in Dewas, Madhya Pradesh. (Security Printing and Minting Corporation of India Ltd.) In the 1990s, two more presses were started in Mysuru, Karnataka and Salboni in West Bengal to print bank notes.

The Reserve Bank of India has the authority to decide the value of currency to be printed and how the amount should reach its destination safely. Around ten thousand workers are employed here. Countries like Sri Lanka, Bhutan, Iraq and Africa have drawn contracts for printing their currencies and sent to the respective countries. Though the RBI has the power to print up to ten thousand rupee notes, at present a maximum of up to rupees two thousand is printed.

Foreign exchange rate equivalent to US Dollars

Country	Currency	Equivalent Value for 1 US Dollar (July 2018)
India	Rupee	68.72 rupees
England	Pound	0.76 pound
European Union	Euro	1.14 euro

Canada	Dollar	1.31 dollar
Japan	Yen	111.15 yen
China	Yuan	6.76 yuan
Saudi Arabia	Riyal	3.75 riyal
Australia	Dollar	1.35 dollar
Malaysia	Ringgit	4.05 ringgit
Pakistan	Rupee	124.2 rupees
SriLanka	Rupee	159.8 rupees

Functions of Money: When money replaced the barter system, a lot of practical issues were solved. Money acts a medium of exchange, a unit of measurement, a store of value and a standard of deferred payments. It plays an important role in transactions.

Medium of Exchange: Money should be accepted liberally in exchange of goods and services in a country.

Unit of Account: Money should be the common, standard unit of calculating a country's total consumer goods, products, services etc. For example, if a book costs ` 50, it means that the price of the book is equal to 50 units of money. Money is used to measure and record financial transactions in a country.

A Store of Value: Money is used as a store of purchasing power. It can be used to finance future payments.

Credit

Farmers avail credit during monsoons for buying seeds, agricultural input and other expenses. Traders and small entrepreneurs need credit for their needs. Even large industries receive credit to take up their new projects.

Credit is available from:

- ✓ Formal financial institutions like nationalised and private banks and co-operative banks
- ✓ Informal financial institutions
- ✓ Micro credit is received through Self Help Groups (SHG)

As far as nationalised banks and co-operative banks are concerned the interest to credit is comparatively lesser and there is guarantee for the pledged, goods.

Money supply is divided into four:

M1 = Currency held with the public + cash Reserves in commercial and Co-operative banks + cash reserves in the RBI.

M2 = M1 + Money saved in Post office and bank savings Accounts

M3 = M1 + Time Deposits in Commercial and co-operative banks

M4 = M3 + Post office savings Money

Informal Financial Institutions

Informal financial institutions are easily approachable to the customers with flexible procedures. But there are issues like the safety of items pledged high rates of interest and modes of recovery. People who live in a particular place or those who are involved in a certain work join together as a group and start saving. These are called as Self Help Groups. The nationalised banks provide help to these groups through micro-credit. Credit given through Self Help Groups for street vendors, fishermen, especially women and the poor really make a difference in their life.

In Tamil Nadu, all the banks have 10,612 branches; across the state. They carry on a total transaction of around 15 lakh crore rupees during the financial year (2017-2018). A few salient features of the Tamil Nadu Bank transactions are given in the table below

Tamil Nadu - Banking Statistics	
Banking Activates (April 2017 - March 2018)	Rupees (approximately)
Deposits Received	7.17 Lakh crore
Loans sanctioned	7.84 lakh crore
Loans to micro & small enterprises	1.40 lakh crore
Priority sector Loans including Agriculture	3.56 lakh crore
Loans to weaker section	1.04 lakh crore
Education Loan	1.67 lakh crore
Credit Deposit Ratio	109.34%

NOTE

- ❖ During his rule(1540-1546) Sher Shah Suri set up a new civic and military administration and issued a coin of silver weighing 178 grams, which was termed the Rupiya. The silver coin remained in use during the Mughal period, the Maratha era and in British India as well.
- ❖ Dr. B.R. Ambedkar’s Ph.D.thesis on ‘The Problem of the Rupee - Its origin and solution’ was the reference tool and provided guidelines for the Reserve Bank of India Act of 1934.

Unit - 5. Migration

Concept of Migration

In any settlement-village or town-change in population occurs due to birth, death and migration. Of these three components of population change, birth and death is clearly identifiable events while migration poses the maximum amount of problem with regards to its definition and measurement. As almost everyone keeps moving most of the time, it is not easy to define which of these moves have to be classified as migratory moves.

In the Census of India, migration is enumerated on two bases

- i. **Place of birth:** If the place of birth is different from the place of enumeration (known as life-time migrant).
- ii. **Place of residence:** If the place of last residence is different from the place of enumeration (known as migrant, by place of last residence).

Extent of Migration in India and Tamil Nadu

In India, the Census of 2011 enumerated a total population of 121 crores, of which 45 crore people were reported as migrants, according to the definition of the place of last residence. Similarly, in Tamil Nadu out of 7.2 crore people, 3.13 crore people were counted as migrants, in 2011. That is, the percentage of migrants was 37 percent in the country, while it was at a much higher rate in Tamil Nadu at 43 percent.

Generally, one tends to associate migration with urban areas. However, we find that in India as well as Tamil Nadu, the extent of migration is much higher in rural areas compared to urban areas. In 2011, 37 percent of the population are counted as migrants in rural areas while the corresponding percentage in urban India is 27 percent. In Tamil Nadu, migrants account for 41 percent in rural areas and 35 percent in urban areas, in 2011. That is, the mobility of population in rural areas is greater than that in urban areas.

Further, one usually associates mobility with males rather than females. However, an examination of data clearly indicates that a larger proportion of females are reported to be migrants compared to males. In the country as a whole, 53 percent are female migrants while 23 percent are male migrants, in 2011. In Tamil Nadu, the picture is very similar, with more than half the

females (52%) reporting their status as migrants, by place of last residence, and 35 percent are male migrants.

Now, why is there such a large percentage of migration among women? 70 percent in India and 51 percent in Tamil Nadu report marriage as the reason for migration of females in 2011. That is, marriage and the movement associated with marriage appear to be a major factor responsible for women's mobility in India and Tamil Nadu. Movement related to work and employment appears to be the driving force for migration, among men. Of all the male migrants in India, 28 percent report 'work' as the major reason for their migration, in 2011. The corresponding percentage in Tamil Nadu is 26 percent.

To sum up, in Tamil Nadu, two out of every five persons is reported to be a migrant in the year 2011. Incidence of migrants is higher in rural areas and larger among women. Tamil Nadu has a history of migration and people have moved for various reasons such as trade, business, employment etc, to various countries. During the colonial period, labourers had moved to other colonies seeking work and wages. In the more recent period workers from Tamil Nadu have been moving to countries in the Gulf, United States of America and Australia. In 2015, an independent research study was conducted to understand the level, nature and pattern of migration in Tamil Nadu. This study has made some interesting findings, as discussed below:

- ✓ Of the total migrants in Tamil Nadu, 65 percent have migrated or moved abroad while 35 percent have moved within the country.
- ✓ Chennai district has recorded the maximum number of emigrants followed by Coimbatore, Ramanathapuram and Tiruchirapalli districts.
- ✓ Cuddalore, Karur, Thiruvannamalai, Vellore, Namakkal, Salem, Dindigul, Krishnagiri, Nilgiris and Dharmapuri districts record low number of emigrants.

This study also provides information about the sex and destination of migrants Tamil Nadu.

- ✓ Of the total migrants who go to foreign countries, nearly 20% have chosen to go to Singapore, while 18% to the United Arab Emirates, 16% to Saudi Arabia, 13 % to the United States of America; and Malaysia, Kuwait, Oman, Qatar, Australia and England are also referred as important destinations for migrants from Tamil Nadu in the year 2015.

- ✓ Of the international migrants, 15 percent are women, while 85 percent are men.

On the question of educational qualifications of migrants from Tamil Nadu, the study reveals that in 2015 about 7 % were illiterates; 30 % have completed Class X; 10 % have completed Class XII; 15 % had undergone vocational training; 11 % were graduates; 12% were professionally qualified and 11 % had Post Graduate degrees.

The study clearly reveals various occupations undertaken by the migrants: highly skilled professions on one hand and low skilled occupations on the other, along with a large number of semi-skilled occupations.

Factors underlying Migration

The extent and nature of migration in any society is basically determined by the nature of the development process experienced by that society. That is, the type and scale of development achieved by the agricultural and industrial sectors in an economy would determine the migratory patterns. In India and Tamil Nadu, though the agricultural and industrial sectors have grown over the years, inequalities still exist in asset and income distribution. Endemic poverty continues to be a major problem.

Reasons for Migration in India	
Reasons	Percentages %
Work /Employment	14.7%
Business	1.2%
Education	3 %
Marriage	43.8%
Moved after birth	6.7%
Moved with household	21%
Others	9.6%

The growth processes have also created spatial inequalities, by leading to enclaves of growth. The migration patterns observed in a developing society such as ours correspond to these inequalities (economic, social, spatial etc) created by the development processes. Therefore, any migrant stream would consist of heterogeneous sub-streams. For example, if we consider the rural-urban migrant stream, it would comprise of rural rich and the rural poor, each with its own reasons and motivation for migration, the mode of migration, the outcome or consequence of migration etc.

Poorer sections of the population migrate as a survival strategy, in response to distressing conditions in rural areas. Migrants from better-off sections migrate to improve their living standards. Further, spatially, there would be a tendency for migrants to converge on enclaves of growth-either in urban areas or in rural areas. The pattern of migration is very complex, comprising of a number of streams:

- ✓ rural to rural; rural to urban; urban to rural; urban to urban
- ✓ short, medium and long distance migration streams
- ✓ long-term stable migration and short-term circulatory type of movements

Each of these streams would consist of different types of migrants, (from different social classes) each with its own reason for migration. The extent and nature of these migrant streams would essentially depend on.

- ✓ pressures and aspirations experienced by people at the origin of migration
- ✓ constraints imposed on mobility at the origin of migration
- ✓ opportunities at the destination and availability of information regarding these opportunities and
- ✓ the cost of migration

Migration Policies

Policies to address the problem of migration in developing countries like India essentially aim at the following:

- ✓ To reduce the volume of migration: As a large part of migration is a reflection of poverty and insecurity faced by large sections of the rural people, the focus of intervention has to be in rural areas. Rural development policies to reduce poverty and insecurity would be essential to reduce the rate of migration.
- ✓ To redirect the migrant streams: Redirection of migrant streams, away from big metropolitan cities is a desirable policy option. This policy can help in reducing spatial inequalities by suitable strategies, such as developing a more dispersed pattern of urbanisation.

NOTE

- ❖ The largest migration corridor in the world in 2010 was Mexico - U.S.A. The Arctic tern has the longest migration distance of any bird in the world.