

## Chapter: 1 The story of Palampur

**Subject: Economics**

**STD - IX**

### **Main Production Activities**

- Farming is the main production activity in the village Palampur.
- Most of the people are dependent on farming for their livelihood
- Non-farming activities such as dairy, small-scale manufacturing (e.g. activities of weavers and potters, etc.), transport, etc., are carried out on a limited scale.

### **Factors of Production (Or Requirements for Production of Goods and Services)**

**Land, labour and capital** are the basic requirements for production of goods and services which are popularly known as factors of production.

- Land includes all free gifts of nature, e.g., soil, water, forests, minerals, etc
- Labour means human effort which of course includes physical as well as mental labour
- Physical capital is the third requirement for production.  
Physical capital includes fixed capital (e.g. tools, machines, building, etc.) and raw materials such as seeds for the farmer, yarn for the weaver.

### **Important Changes in Farm Activities**

Land area under cultivation is virtually fixed. However, some wastelands in India had been converted into cultivable land after 1960.

Over the years, there have been important changes in the way of farming, which have allowed

the farmers to produce more crops from the same amount of land.

These changes include :

- (a) Multiple cropping farming
- (b) Use of modern farming methods.

Due to these changes (in the late 1960s) productivity of land has increased substantially which is known as **Green Revolution**.

It is a revolution of using modern farming methods for higher yield and achieving the self sufficiency in the production of wheat and rice.

It includes use of High Yielding Variety (HYV) seeds, irrigation, chemical fertilisers, pesticides etc for producing best results

### **Factors responsible for Green Revolution are :**

(i) Increase in yield : HYV seeds promised to produce much greater amounts of grains on a single plant. As a result, the same piece of land produce for larger quantities of food grains.

(ii) Use of modern technology : Use of modern technology like tractors, harvesters, tubewells etc have made the implementation of green revolution possible in the environment.

(iii) Use of chemical fertilisers and pesticides : Unlike traditional fertilisers and manures, use of chemical fertilisers has increased as a requirement with HYV seeds which improves the quality and quantity of the produce

### **Negative effects and drawbacks of Green Revolution :**

(i) Decline in fertility of soil : Too much use of chemical fertilisers resulted in decline of fertility of soil. Farmers have to use more and more chemical fertilisers which increases the loss of production.

(ii) Level of groundwater : Use of groundwater for cultivation with the help of tubewells have caused decline in level of ground water.

**Labour** : After land, labour is the next basic factor of production.

- Small farmers provide their own labour
- Medium and large farmers make use of hired labour to work on their fields.

**Capital** : After land and labour, capital is another basic factor of production. All categories of farmers (e.g. small, medium and large) require capital.

- Small farmers borrow from large farmers or the village moneylenders or the traders who supply them various inputs for Cultivation.
- Modern farming requires a great deal of capital

### **Sale of Surplus Farm Products**

- Farmers produce crops on their lands by using the three factors of production, Viz--- land , labour and capital.
- They retain a part of produce for self-consumption and sell the surplus in the nearby market
- That part of farm produce which is sold in the market is called marketable surplus
- Small farmers have little surplus output. It is the medium and large farmers only who have substantial surplus produce for selling in the market.

### **Non-farm activities**

Out of every 100 workers in the rural areas in India, only 24 are engaged in non-farm activities.

There is a variety of non-farm activities in the villages.

**(a) Dairy** : It is a common activity at Palampur village. People feed their buffalos on jowar and bajra and sold their milk in Raiganj village. Two traders from Shahpur town have set up collection cum chilling centres at Raiganj from where the milk is transported to far away towns and cities.

**(b) Small scale manufacturing units** : People get involved in very simple production methods in their homes only with their family members. They make baskets, pottery etc small things and sell them in the markets nearby.

**Shopkeepers** : People get involved in trade, they buy goods from nearby whole sale markets and sell them in the village. They sell wide range of items like sugar, tea, oil, soap etc. They open shops for eatables near bus stands.

**Transport** : People also get involved in providing transportation services like rickshaws, tongas, jeeps, tractors, trucks, bullock cart etc.