

**ODM STUDY NOTES**  
**SUBJECT-ECONOMICS**  
**THE STORY OF VILLAGE PALAMPUR**

## Rural Economy

The village Palampur is somewhat big in size. It is well connected by all-weather road from the nearest town. The village has a primary health centre, school, irrigation facilities and electricity supply.

- iii) Palampur has about 450 families belonging to several different castes. 80 families of upper caste own the majority of land. Their houses are quite large and made of brick with cement plastering. The SCs (dalits) comprise one third of the population and live in one corner of the village and in such smaller houses, some of which are of mud and straw.
- iv) Most of the houses have electric connections. Electricity powers all the tube wells in the fields. Electricity is also used in various types of small business. Palampur has two primary schools and one high school. There is a primary health centre run by the government and one private dispensary

### Difference between developed and developing

#### **Developed-**

- 1. Per capita income is high
- 2. the standard of living is high
- 3. The level of efficiency and productivity is high
- 4. The rate of capital formation is high

#### **Developing-**

- 1. Per capita income is low and there is widespread poverty.
- 2. The standard of living is low
- 3. The level of efficiency and productivity is low
- 4. The rate of capital formation is low.

## **ORGANISATION OF PRODUCTION**

Production of any type of goods or services required the services of four factors of Production.

**PRODUCTION-** Production is an activity that involves making goods or services that a person needs.

(i) First requirement is **land** and other natural resources such as water, forests and minerals

(ii) Second requirement is **labour**. Some production activities require highly educated workers; other activities require workers who can do manual work.

(iii) Third requirement is **physical capital**, i.e. the variety of inputs required at every stage during production

**FIXED CAPITAL-**The things which are used for longer period of time in the production process.

**WORKING CAPITAL**-The things which are used again and again in the production process to complete the production.

**HUMAN CAPITAL**- One needs knowledge and enterprise to be able to put together land, labour and physical capital and produce an output. This, these days, is called **human capital**. Every production is organised by combining

### **FARMING IN PALAMPUR- LAND IS FIXED:**

Farming is the main production activity in Palampur. 75 percent of the working people are dependent on farming for their livelihood. Since 1960 in Palampur, there has been no expansion in land area under cultivation. By then, some of the wastelands in the village had been converted to cultivable land. There exists no further scope to increase farm production by bringing new land under cultivation.

- The standard unit of measuring land is hectare.
- But in Indian villages they are using local units of measurement i.e bigha, guintha, kanal, Ghumaon etc.

#### • **Ways to produce more from the same land:**

- All land is cultivated in Palampur. No land is idle. During the rainy (kharif) season, people grow jowar and bajra which are used as cattle feed. Between October and December they cultivate potatoes. In the winter (or the Rabi) season they sow wheat. a part of the land area is also devoted to sugarcane which is harvested once every year.

- **MULTIPLE CROPPING-** By multiple cropping more than one crop is grown on a piece of land during the same year. All farmers in Palampur grow at least two main crops; many are growing potatoes as the third crop.

- **MODERN FARMING METHOD**-The other way is to use modern farming methods for higher yield. Higher yields are possible from a combination of HYV seeds, irrigation, chemical fertilisers, pesticides etc

- (i) As a result of the coming of electricity in the Palampur village, people have greatly improved the system of irrigation. They can now irrigate more lands quite effectively.

- (ii) Tube wells were first installed by the government but soon people were able to set up their own tube well

### **. WILL THE LAND SUSTAIN?**

#### • **Disadvantages of Overuse of Land:**

- After the Green Revolution, food grain production has increased manifold in India. But the Green Revolution has also brought many problems. **There excess exploitation of groundwater at many places which has resulted in the water table going down at many places. Water shortage is becoming a recurring problem in most of the villages.**

- **Overuse of chemical fertilisers has reduced soil fertility** and there is a danger of many farmlands turning barren. Before the advent of the Green Revolution, farmers normally used manure and compost to improve yield. Such a practice was eco-friendly and could be sustained for a longer period.

**Effect on Punjab-**

- The consumption of chemical fertilizers in Punjab is highest in the country. The continuous use of chemical fertilizers has led to degradation of soil health.
- Punjab farmers are now forced to use more and more chemical fertilizers and other inputs to achieve the same production level.

**This means the cost of cultivation is rising very fast.**

### **Who will provide the labour?**

1. In case of small farmers- small farmers along with their families cultivate their own field.

2. In case of large and medium farmers- They hire farm labourers to work on their field.

- **WAGES-** Wages can be in case or in kind.
- **EXAMPLE-CROP,** sometimes labourers get meals also.
- **Wages vary widely** from region to region, from crop to crop, from one farm activity to another.(like sowing and harvesting)
- **Duration of time-** Employed on a daily basis, or for one particular farm activity or for the whole year.

**The minimum wages** for a farm labourer set by the government is Rs.300 per day

### **The capital needed in farming**

1. **In case of small farmers-** Most small farmers have to borrow money to arrange for the capital. They generally borrow from large farmers or traders who supply inputs for cultivation.

The rate of interest on such loans is very high.

**Debt trap-** a situation in which a debt is difficult or impossible to repay, typically because high interest rate payments prevent repayment of the principal.

**In the case of medium and large farmers-**In contrast medium and large farmers have their own savings from farming. They are able to arrange the capital needed.

### **SALE OF SURPLUS PRODUCT**

- In case of medium and large farmers holding is large so after the production generally they have surplus production's they sell in nearby market and have good earnings.
- Generally they keep these earnings in the bank account.
- They used the savings for lending loans to the small farmers.
- They also used the savings to arrange for the working capital for the farming in the next season.

Some also use the savings to buy cattle, trucks or to set up shops.

### **NON-FARM ACTIVITIES IN PALAMPUR:**

Only 25% of the people working in palampur are engaged in activities other than agriculture.

#### **DAIRY-the other common activity**

- Dairy is a common activity in many families in Palampur
- Milk sold in nearby village Raiganj

Two traders from Shahpur town have set up collection cum chilling centres at Raiganj from where milk is transported to far away towns and cities.

#### **Small scale manufacturing-**

- Less than fifty people are engaged in manufacturing in Palampur.
- Manufacturing in palampur involves very simple production method and are done on a small scale.

#### **The shopkeepers of Palampur-**

- The traders Of Palampur are shopkeepers who buy various goods from wholesale **markets in the cities and sell them in the village.**

Generally we can see small general stores in the village selling wide range of items like rice, wheat, soap oil, toothpaste, sugar, tea, pen pencil, batteries even some cloth.

A few families are much closed to bus stop they generally open some eatable shops.

**Transport: a fast developing sector**

- There are a variety of vehicles on the road connecting Palampur to Raiganj.
- Like tractor, tongawallah, bogey, jeep, truck, people driving the bullock carts etc.
- They ferry people and goods from one place to another.
- Numbers of people involved in transport has grown over the last several years in Indian villages
- So Transport is the fast developing sector for Indian villages.