



Resonance Pre-foundation Career Care Programmes (PCCP) Division

WORKSHOP TAPASYA SHEET SOCIAL SCIENCE

**COURSE : NTSE (STAGE-)
CLASS-X**

CONTENTS

S. No.	Topics	Page No.
1.	Indian National Movement	1 - 8
2.	The Rise of Nationalism in Europe	9 - 17
3.	Mineral & Energy resources	18 - 25
4.	Political Parties	26 - 31
5.	Money and credit	32 - 36

© Copyright reserved.

All right reserved. Any photocopying, publishing or reproduction of full or any part of this study material is strictly prohibited. This material belongs to only the enrolled student of RESONANCE. Any sale/resale of this material is punishable under law. Subject to Kota Jurisdiction only.

.13RPCCP



NATIONALISM IN INDIA

THE FIRST WORLD WAR, KHILAFAT AND NON-COOPERATION

After 1919 national movement spread to new areas, incorporating new social groups, and developing new modes of struggle.

- (i) The First World War led to a huge increase in defence expenditure which was financed by war loans and increasing taxes: **custom duties were raised** and income tax was introduced.
- (iii) Villagers were called upon to supply soldiers and the **forced recruitment** caused widespread anger.
- (iv) From **1918 – 1921 crops failed** resulting in acute **food shortage**.
- (v) There was an **influenza epidemic** in which 12 to 13 million people perished.

- (vi) People hoped that their hardships would end after the war was over. But that did not happen.

At this stage a new leader appeared and suggested a new mode of struggle.

(a) The Idea of Satyagraha :

Mahatma Gandhi introduced the idea of satyagraha which emphasised the **power of truth** and the need to **search for truth**. It suggested that if the cause was true, if the struggle was against injustice, then physical force was not necessary to fight the oppressor. Without seeking vengeance or being aggressive, a satyagrahi could win the battle through non-violence. This could be done by appealing to the conscience of the oppressor. People-including the oppressors- had to be persuaded to see the truth, instead of being forced to accept truth through the use of violence. Mahatma Gandhi believed that this dharma of non-violence could unite all Indians.



Fig. – Indian workers in South Africa march through Volksrust, 6 November 1913.

Mahatma Gandhi was leading the workers from Newcastle to Transvaal. When the marchers were stopped and Gandhiji arrested, thousands of more workers joined the satyagraha against racist laws that denied rights to non-whites.

- (i) Gandhiji used the Satyagraha techniques successfully against injustice in **South Africa**.
- (ii) In **1916** he travelled to **Champaran in Bihar** to inspire the peasants to struggle against the oppressive plantation system.
- (iii) In **1917** he organised a satyagraha to support the **peasants of the Kheda district of Gujarat**, demanding that revenue collection be relaxed.
- (iv) In **1918**, he went to **Ahmedabad** to organise a satyagraha movement amongst cotton mill workers.

(b) The Rowlatt Act :

The Rowlatt Act passed through the Imperial Legislative Council gave the government immense

powers to repress political activities, and detention of political prisoners without trial for two years. Gandhiji wanted a non-violent civil disobedience against such unjust laws, which started on **April 6, 1919** with a **hartal**.

- (i) **Rallies** were organised in various cities.
- (ii) Workers went on strike in **railway workshops** and **shops closed down**.
- (iii) A **panicked British Government** came down on the nationalist, leaders were **arrested**, Gandhiji was barred from entering Delhi.
- (iv) On **10 April**, the **police fired on a peaceful procession** in Amritsar provoking widespread attacks on post offices, banks and railway stations.
- (v) **Martial Law was imposed** and General Dyer took command.

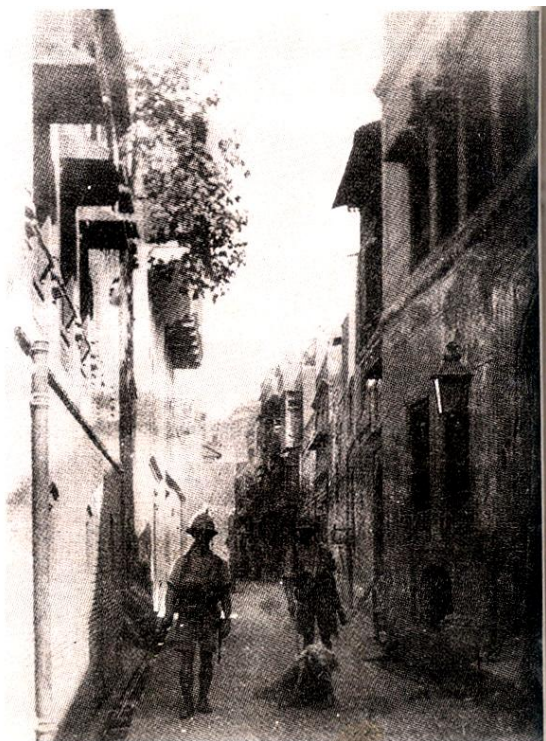


Fig. – General Dyer's 'crawling orders' being administered by British soldiers, Amritsar, Punjab, 1919.

Jallianwalla Bagh massacre :

On **13 April 1919** Jallianwalla Bagh massacre took place. A peaceful meeting held at Jallianwalla Bagh was fired upon by **General Dyer**, after he had blocked all the exit points. Hundreds of innocent people were killed. Dyer wanted to strike terror in the hearts of the people, but it led to strikes, clashes with the police and attacks on government buildings.

Khilafat issue :

- (i) The **Ottoman Turkish Empire** was defeated in the First World War.
- (ii) A **harsh peace treaty** was imposed on the Turkish Emperor - The **Khalifa**. The Khalifa was considered the spiritual head of the Muslim world and protector of their holy places.
- (iii) The Turkish empire was totally dismembered by 1920.

The Khilafat Movement :

- (i) Two brothers, **Muhammad Ali and Shaukat Ali**, Muslim leaders founded a Khilafat common in **March 1919**, to defend the Khilafat's rights.
- (ii) The **anti Rowlatt satyagraha** was limited to cities and towns. Gandhiji wanted to launch a more broad-based movement. This could only be done by bringing Hindus and Muslims together. He took up the khilafat issue.
- (iii) At the **Calcutta session** of the Congress in **September 1920**, he convinced other leaders of the need to start a non-cooperation movement in support of Khilafat as well as for swaraj.

(c) Why Non-Cooperation ?

In his famous book **Hind Swaraj (1909)** Mahatma Gandhi declared that British rule was established in India with the cooperation of Indians, and had survived only because of this cooperation. If Indians refused to cooperate, British rule in India would collapse within a year, and swaraj would come.

Gandhi proposed to begin the movement by asking the people to **surrender titles** and **boycott civil services**, army, police courts and legislative councils, schools, and foreign goods. However many congress members were against the boycott of council elections and feared the movement may cause violence. In the congress session at Nagpur in December **1920**, a compromise was worked out and the Non-Cooperation programme was adopted.

DIFFERING STRANDS WITHIN THE MOVEMENT

(a) The Movement in The Towns :

The movement started with middle class participation in the cities. Thousands of students left government controlled schools and colleges, headmasters and teachers resigned, and lawyers gave up their legal practices. The Council elections were boycotted in most provinces except Madras. Foreign goods were boycotted, liquor shops picketed and foreign cloth burnt in huge bonfires. In many places merchants and traders refused to trade in foreign goods or finance foreign trade. Due to this, demand of Indian textile mills and handlooms went up.

Movement in the cities gradually slowed down :

- (i) **Khadi cloth** was often **more expensive** than mass-produced mill cloth and poor people could not afford to buy it.
- (ii) Boycott of British institutions posed a problem. In the **absence of alternative Indian institutions**, students and teachers began trickling back to government schools and lawyers joined back work in government courts.

(b) Rebellion in the Country-Side :

- (i) It drew into its fold the struggles of peasants and tribals which were developing in different parts of India in the years after the war.
- (ii) In **Awadh**, peasants were led by **Baba Ramchandra**. The movement here was against talukdars and landlords who demanded from peasants exorbitantly high rents and a variety of other cesses. The peasant movement **demanding reduction of revenue**, abolition of **begar**, and **social boycott** of oppressive landlords. In June 1920, Jawaharlal Nehru began going around the villages in Awadh, talking to the villagers, and trying to understand their grievances. By October, the Oudh Kisan Sabha was set up headed by Jawaharlal Nehru, Baba Ramchandra and a few others. The peasant movement, however, developed in forms that the Congress leadership was unhappy with. In many places local leaders

told peasants that Gandhiji had declared that no taxes were to be paid and land was to be redistributed among the poor. The name of the Mahatma was being invoked to sanction all action and aspirations.

- (iii) Tribal peasants interpreted the message of Mahatma Gandhi and the idea of swaraj in yet another way. In the **Gudem hills** of Andhra Pradesh, for instance, **a militant guerrilla movement** spread in the early 1920s - not a form of struggle that the Congress could approve. Because of the policies of the British not only the livelihoods of the tribals were getting affected, but they felt that their traditional rights were being denied. When the government began forcing them to contribute begar for road building, the hill people revolted under the leadership of **Alluri Sitaram Raju** whom the rebels proclaimed an incarnation of God. Raju talked of the greatness of Mahatma Gandhi, persuaded people to wear khadi and give up drinking but at the same time he asserted that India could be liberated only by the use of force, not non-violence. Raju was captured and executed in **1924**.

(c) Swaraj in the Plantations :

For plantation workers in Assam, freedom meant the right to move freely in and out of the confined space in which they were enclosed, and it meant retaining a link with the village from which they had come. When

They heard of the Non-Cooperation Movement, thousands of workers defied the authorities, left the plantations and headed home. They however never reached their destination. Stranded on the way by a railway and steamer strike, they were caught by the police and brutally beaten up.

(d) Outcome :

The **visions of these movements were not defined** by the Congress programme. People **interpreted** the term swaraj in their own ways. Yet, when the tribals chanted Gandhiji's name and raised slogans demanding 'Swatantra Bharat', they were also emotionally relating to an all- India agitation, they were identifying with a movement which went beyond the limits of their immediate locality.

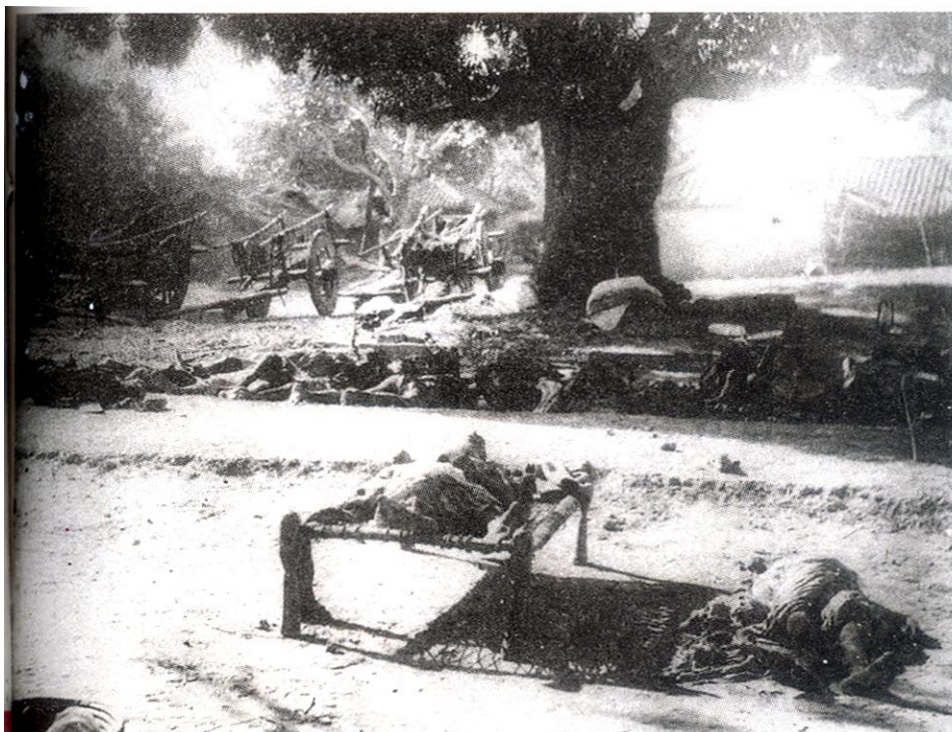


Fig. 5 – Chauri Chaura, 1922.

At Chauri Chaura in Gorakhpur, a peaceful demonstration in a bazaar turned into a violent clash with the police. Hearing of the incident, Mahatma Gandhi called a halt to the Non-Cooperation Movement.

TOWARDS CIVIL DISOBEDIENCE

(a) Formation of Swaraj Party :

In February **1922**, Gandhi decided to **withdraw** the Non-Cooperation Movement. He felt the movement was turning violent in many places. Within Congress some

leaders were by now tired of mass struggles and wanted to participate in election of the provincial councils. They felt that it was important to oppose British policies within the councils, argue for reform and also demonstrate that these councils were not truly democratic. **C.R. Das** and **Motilal Nehru** formed the **Swaraj Party** within the Congress to argue for a return to council politics.

(b) Factors which Shaped Indian Politics Towards the late 1920s :

The first was the effect of the worldwide **economic depression**. **Agricultural prices** began to **fall** from 1926 and collapsed after 1930. Peasants found it difficult to sell their harvests and pay their revenue. By 1930, the countryside was in turmoil.

A Statutory Commission under **Sir John Simon** was established to look into the functioning of the constitutional system in India and suggest changes. The problem was that the commission did not have a single Indian member. They were all British. All parties, including the Congress and the Muslim League **opposed Simon Commission**.

(c) The Salt March and the Civil Disobedience Movement :

Lord Irwin announced in **October 1929**, a vague offer of '**Dominion status**' for India in an unspecified future, and a round table conference to discuss a future constitution. This did not satisfy the congress leaders **Jawahar Lal Nehru** and **Subhash Chandra Bose** became more assertive.

In December **1929**, under the presidency of **Jawahar Lal Nehru** the **Lahore congress** formalised the **demand of Purna Swaraj**. It was declared that **26 Jan. 1930**, would be celebrated as independence day when people were to take pledge to struggle for complete independence. But the celebration attracted very little attention. So **Mahatma Gandhi** had to find a way to relate this abstract idea of freedom to more concrete issues of everyday life.



Fig. – The Dandi march. During the salt march Mahatma Gandhi was accompanied by 78 volunteers. On the way they were joined by thousands

Mahatma Gandhi, on **31 January 1930**, sent a letter to the Viceroy **Lord Irwin**, stating eleven demands. Some of these were of general interest, some were specific demands of different classes, from industrialists to peasants. The most stirring of all was the demand to abolish the salt tax. He made the "Salt tax" his target and called it the most repressive Act of the British government. Mahatma Gandhi's letter was, in a way, an ultimatum but Irwin was unwilling to negotiate. So, Gandhi started his famous "**Salt March**" on **March 12, 1930** from **Sabarmati Ashram to Dandi**, a small coastal village in Gujarat. He started with **78** followers and thousands joined him on his **240 miles** route. On **6 April** he reached Dandi, and ceremonially **violated the law**, manufacturing salt by boiling sea water.

Salt March marked the beginning of the **Civil Disobedience Movement**, People were now asked not only to refuse cooperation, but also to break colonial

laws. Gandhiji's Salt March led to violation of salt law all over the country. It also led to boycott of foreign goods and picketing of liquor shops. Students and women played a significant role in this movement. Peasants refused to pay taxes, forest people broke forest laws and grazed their cattle, collected wood in prohibited forest areas. There was an uprising against the government every where in India.

British Reaction :

Worried by the developments, the colonial government began **arresting** the Congress leaders one by one. When **Abdul Ghaffar Khan**, a devout disciple of Mahatma Gandhi, was arrested in April **1930**, angry crowds demonstrated in the streets of Peshawar facing armored cars and police firing. Many were killed. A month later, when Mahatma Gandhi himself was arrested, industrial workers in Sholapur attacked police posts, municipal buildings, law courts and railway stations—all structures that symbolised British

rule. A frightened government responded with a policy of brutal repression. Peaceful satyagrahis were attacked, women and children were beaten, and about **100,000** people were arrested.

Mahatma Gandhi once again decided to call off the movement and entered into a pact with Irwin on **5 March 1931**. BY this **Gandhi–Irwin Pact**, Gandhiji consented to participate in a Round Table Conference in London and the government agreed to release the political prisoners.

(d) How participants saw the movement :

In the countryside :

Rich peasant communities-like the Patidars of Gujarat and the Jats of Uttar Pradesh-were active participants. These rich peasants became enthusiastic supporters of the Civil Disobedience Movement. For them the fight for swaraj was a **struggle against high revenues**. But they were deeply disappointed when the movement was called off in 1931 without the revenue rates being revised. So when the movement was restarted in 1932, many of them refused to participate.

The poor :

The poorer peasantry were not just interested in the lowering of the revenue demand. They wanted the **unpaid rent to the landlord to be remitted**. Apprehensive of raising issues that might upset the rich peasants and landlords, the congress was unwilling to support 'no rent' campaigns in most places. So the relationship between the poor peasants and the Congress remained uncertain.

The Role of women :

The Business Classes :

Indian industrialists and merchants had made huge profits during the First World War. They wanted **protection against imports of foreign goods**, and a rupee-sterling foreign exchange ratio that would discourage imports. They formed the Indian Industrial and Commercial Congress in 1920 and the Federation of the Indian Chamber of Commerce and Industries in 1927. The industrialists attacked colonial control over the Indian economy and supported the Civil Disobedience Movement when it was first launched. Most businessmen came to see swaraj as a time when colonial restrictions on business would no longer exist and trade and industry would flourish without constraints. But after the failure of the Round Table Conference, they were apprehensive of the spread of militant activities, and worried about prolonged disruption of business, as well as of the growing influence of socialism amongst the younger members of the Congress.

The Industrial Working classes :

The industrial working classes **did not participate** in the Civil Disobedience Movement in large numbers, some workers did participate, selectively adopting some of the ideas of the Gandhian programme, like boycott of foreign goods, as part of their own movements against low wages and poor working conditions. But the Congress was reluctant to include workers' demands as part of its programme of struggle. It felt that this would alienate industrialists and divide the anti-imperial forces.



Fig. – Women join nationalist processions. During the national movement, many women, for the first time in their lives, moved out of their homes on to a public arena. Amongst the marchers you can see many old women, and mothers with children in their arms.

Important feature of the Civil Disobedience Movement was the **large scale** participation of women. In urban areas these women were from high-caste families; in rural areas they came from rich peasants households. Increased public role of women did not necessarily mean any radical change in the way the position of women was visualised. Gandhiji was convinced that it was the duty of women to look after home and hearth, be good mothers and good wives. And for a long time the Congress was reluctant to allow women to **hold any position of authority** within the organisation. It was keen only on their symbolic presence.

THE LIMITS OF CIVIL DISOBEDIENCE

Not all social groups were moved by the abstract concept of swaraj.

- (i) One such group was the “**Untouchables**” who now called themselves “**Dalits**” or the oppressed, Mahatma Gandhi called the untouchables, harijans and declared that India would not achieve ‘Swaraj’ for hundred years, if untouchability was not totally eliminated. He organised satyagraha to secure them entry into temples, and access to public wells, tanks, roads and schools.

The Dalits - Wanted a political solution for their problems. They demanded reservation of seats, in educational institutes, **separate electorate** to choose their own candidates to the legislative councils. They wanted to solve their social problems.

Dr. B.R. Ambedkar, the leader of the Dalits, formed an association in 1930, called the Depressed Classes Association. He clashed with Gandhiji at the Second Round Table Conference by demanding separate electorates for dalits. The British Government accepted Dr. Ambedkar's demand.

Gandhiji began a **fast unto death**. He believed that the Dalits would never be integrated into society, if they got separate electorates Dr. Ambedkar finally signed a pact with Gandhiji in **September 1932**, called the **Poona Pact**. It gave reserved seats in provincial and Central Legislative Councils to the Depressed Classes. They were to be voted in by the general electorate.

- (ii) Muslim political organisations also kept away from Civil Disobedience Movement.
 - (A) **Muslims** felt alienated from Congress after the **decline of Non-Cooperation - Khilafat Movement**.
 - (B) From mid-1920's the Congress seemed to be more visibly **associated** with Hindu religions nationalist groups like the **Hindu Mahasabha**.
 - (C) There were Hindu-Muslim **Clashes and riots** in many cities, which further worsened the relations between the two communities.

Attempt was made in **1927** by the Congress and Muslim League to form an alliance. It seemed possible as M.A. Jinnah, one of the leaders of Muslim League, agreed to give up the demand for separate electorates if:

- (A) Muslims were **assured reserved seats** in Central Assembly.
- (B) Representation in proportion to population in the Muslim dominated provinces, (Bengal and Punjab).

Negotiations failed in 1928 when **M.R. Jayakar** of the Hindu Mahasabha strongly **opposed** efforts at compromise.

So the Civil Disobedience Movement started in an atmosphere of distrust and suspicion between the two communities. Muslims feared that their culture and identity would be submerged under the Hindu majority dominance.

THE SENSE OF COLLECTIVE BELONGING

The sense of collective belonging came partly through the experience of united struggles. But there were also a variety of cultural processes through which nationalism captured people's imagination. **History and fiction, folklore and songs, popular prints and symbols**, all played a part in the making of nationalism.

(a) Image of Bharat Mata :



Fig. – Bharat Mata, Abanindranath Tagore, 1905.
Notice that the mother figure here is shown as dispensing learning, food and clothing. The mala in one hand emphasises her ascetic quality. Abanindranath Tagore, like Ravi Varma before him, tried to develop a style of painting that could be seen as truly Indian.

The identity of India came to visually associated with the **image of Bharat Mata**. The image was first created by **Bankim Chandra Chattopadhyay**. In the 1870s he wrote '**Vande Mataram**' as a hymn to the motherland. Later it was included in his novel *Anandamath* and widely sung during the Swadeshi movement in Bengal. Moved by the Swadeshi movement, **Abanindranath Tagore painted** his famous image of Bharat Mata. In this painting **Bharat Mata** is portrayed as a ascetic figure: she is calm, composed, divine and spiritual. Devotion to this mother figure came to be seen as **evidence of one's nationalism**.

(b) Revival of Indian Folklore :

In late-nineteenth century India, nationalist began **recording folk tales** sung by bards and they toured villages to **gather folk songs** and **legends**. This was done to promote the traditional culture that had been corrupted and damaged by western forces. It was essential to **preserve** this folk tradition in order to discover one's national identity and **restore** a sense of pride in one's past. In Bengal, **Rabindranath Tagore** and in **Madras Natesa Sastri** made important contributions.

(c) Icons and Symbols :

During the swadeshi movement in Bengal, a **tricolour flag** was designed. It had **eight lotuses** representing eight provinces of British India, and a crescent moon, representing Hindus and Muslims. By **1921**, Gandhiji had designed the **Swaraj Flag**.

(d) Reinterpretation of History :

Modern education, in course of time, evoked interest in the **correct understanding of India's past**. Attempts were made to rediscover and re-study the past India to enhance the understanding of the present. Laudable efforts were made by many **scholars** and enlightened Indians in this direction.

Much of the new knowledge about India's past gave a sense of pride to the Indian people and helped in their awakening. Many Indian scholars took up the study of Indian history and culture in a **systematic way** and the appreciation of India from a specifically Indian point of view began.

ROLE OF GANDHIJI IN INDIA'S STRUGGLE FOR INDEPENDENCE

Perhaps there is no other Indian who made so **great a contribution** as Mahatma Gandhi to the achievement of independence for India. He **dominated the scene** of the Indian politics from **1919 to 1947 A.D.** So most of the Indian historians have given the name of "**the Gandhian Era**" to this period. There is no exaggeration in it. He united all the elements of the Indian National Movement under his banner. Actively participating himself in the struggle for freedom, he **guided other** leaders as well.

He made the powerful and strong. British Government yield by the use of his **peaceful weapon** of non-violence. He did not made use of any violent means to achieve freedom or independence but employed the peaceful movement of Non Cooperation, Sataygrha, Boycott. Swadeshi, etc. for this purpose.

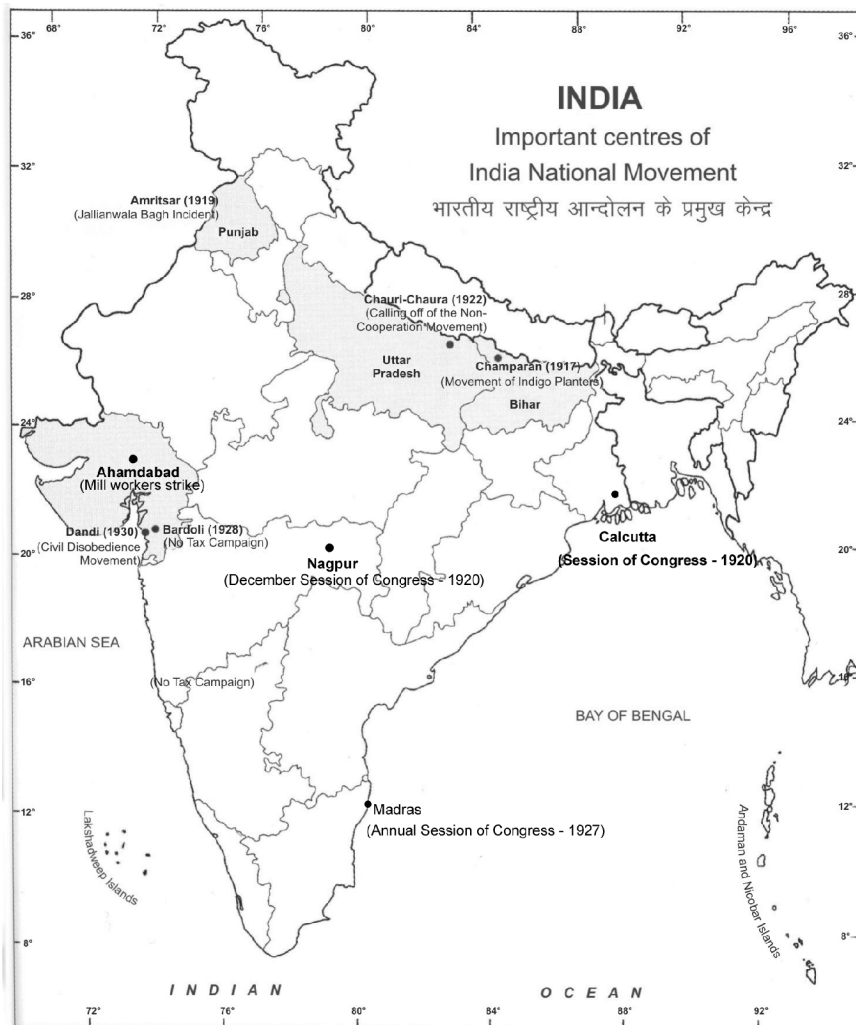
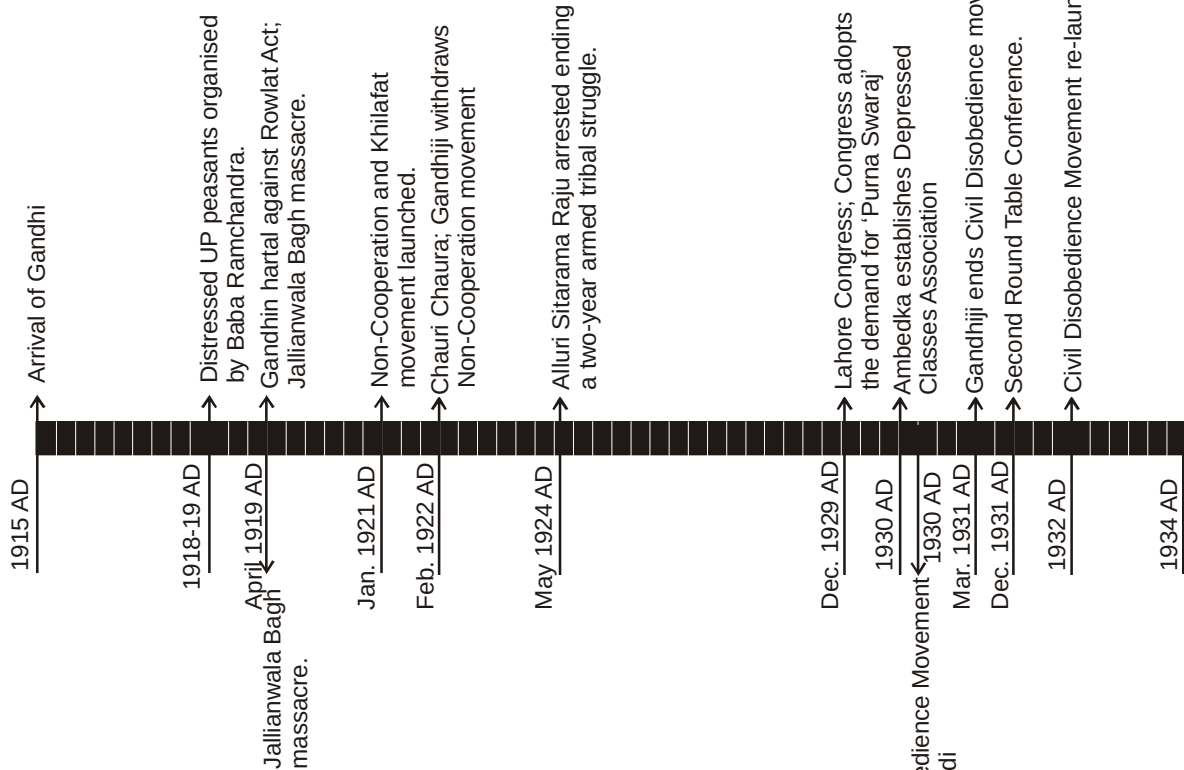
He laboured hard to keep Hindus and Muslims **united** so that the British policy of '**Divide and Rule**' should **not succeed**.

He did a lot for the **uplift of the Harijans** and laboured hard to get them a respectable position in the society.

In fact Gandhiji was always ready to **sacrifice** his all for the sake of his countrymen and his motherland. For this he had to pass through many risks. He had to bear the lathi blow and had also to go to the jail many a time. Even then he did not gave up his struggle and continued his efforts as a brave soldier. His able leadership and sacrifices ultimately compelled the British to leave India on **15th August, 1947 A.D.**

It was he who had made the Congress movement a mass movement. Take any of the movements the Non-cooperation Movement, the Satyagraha Movement, the Civil Disobedience Movement, the Quit India Movement, it were the common masses who played the major role and took an active part in the freedom movement of the country. It was he who inspired the people with new confidence in their fight for freedom. The common masses realized the strength of their unity and cooperation and learnt the lessons in self sacrifice and self reliance.

Nationalism in India



Gandhiji begins Civil Disobedience Movement by breaking salt law at Dandi



Fig. 1 — *The Dream of Worldwide Democratic and Social Republics – The Pact Between Nations*, a print prepared by Frédéric Sorrieu, 1848.

- ## THE FRENCH REVOLUTION AND THE IDEA OF THE NATION



Resonance
Educating for better tomorrow

THE MAKING OF NATIONALISM IN EUROPE

In the mid-eighteenth century Germany, Italy and Switzerland were divided into kingdoms, duchies and cantons whose rulers had their autonomous territories of diverse peoples. They did not see themselves as sharing common identity.

They spoke **different languages** and **belonged to different ethnic groups**. Such differences did not easily promote a sense of political unity. The only tie binding to these diverse groups together was a common allegiance to the emperor.



(a) The Aristocracy and the New middle Class :

- (i) Socially and politically, a landed **aristocracy was the dominant class** on the continent. The members of this class were united by a common way of life that cut across regional divisions, owned estates in the countryside and also town-houses, spoke French, their families were often connected by **ties of marriage**. This powerful aristocracy was, however, numerically a small group. The majority of the population was made up of the peasantry.
- (ii) In Western and parts of Central Europe the growth of **industrial production** and **trade** meant the growth of towns and the emergence of **commercial classes** whose existence was based on production for the market.
- (iii) **New social groups came into being:** a working-class population, and middle classes made up of industrialists, businessmen, professionals. It was

among the educated, liberal middle classes that ideas of national unity following the abolition of aristocratic privileges gained popularity.

(b) What did Liberal Nationalism Stand for?

- (i) The term '**liberalism**' derived from the Latin word **liber**, means **free**. For the new middle classes liberalism stood for freedom for the individual and equality of all before the law. Politically, it emphasised the concept of government by consent. Since the French Revolution, liberalism had stood for the **end of autocracy** and clerical privileges, a constitution and representative government **through parliament**.
- (ii) Yet, equality before the law did **not necessarily stand for universal suffrage**. Only for a brief period under the Jacobins did all adult males enjoy suffrage. Throughout the nineteenth and early twentieth centuries women and non-propertied men organised opposition movements demanding equal political rights.

- (iii) In the economic sphere, liberalism stood for the **freedom of markets** and the **abolition of state-imposed restrictions** on the movement of goods and capital. During the nineteenth century this was a strong demand of the emerging middle classes.
- (iv) **Napoleon's administrative measures** had created out of countless small principalities a confederation of 39 states. Each of these possessed its own currencies, and weights and measures. Which involved time-consuming calculations.
- (v) In **1834**, a customs union or **zollverein** was formed by the initiative of Prussia and joined by most of the German states. The union abolished tariff barriers and reduced the number of currencies from over thirty to two. The creation of network of railways further stimulated mobility, harnessing economic interests to national unification. According to Prof. Friedrich List, **the aim of the zollverein was to bind the Germans economically into a nation.**

(c) A New Conservatism after 1815 :

Conservatives believed that **established, traditional institutions of state and society should be preserved**, however they did not propose return to the society of pre-revolutionary days. They realized from the changes initiated by Napoleon, that modernisation could in fact strengthen traditional institutions like the monarchy. It could make state power more effective and strong.

Major Proposals of the Vienna Congress :

In **1815**, representatives of the European powers who had collectively defeated Napoleon, met at Vienna to draw up a settlement for Europe. The delegates drew up the **Treaty of Vienna of 1815** with the object of undoing most of the changes that had come about in Europe during the Napoleonic wars.

- (i) The **Bourbon dynasty**, which had been deposed during the French Revolution, was **restored to power** and France lost the territories it had annexed under Napoleon.
- (ii) A **series of states were set up** on the boundaries of France to prevent French expansion in future. Thus the kingdom of the **Netherlands**, which included **Belgium**, was set up in the north and **Genoa** was added to **Piedmont** in the south.
- (iii) **Prussia** was given important new territories on its western frontiers, while **Austria** was given control of northern **Italy**.
- (iv) The **German confederation of 39 states** that had been set up by Napoleon was **left untouched**.
- (v) In the east, **Russia** was given part of **Poland** while **Prussia** was given a **portion of Saxony**.
- (vi) The main intention of the Congress was to **restore the monarchies** that had been overthrown by Napoleon and to create a new conservative order in Europe.

Criticism of Conservative Regimes :

- (i) Conservative regimes set up in **1815 were autocratic**, did not tolerate criticism and dissent, and sought to curb activities that questioned the legitimacy of autocratic governments.
- (ii) Most of them **imposed censorship** laws to control what was said in newspapers, books, plays and songs and reflected the ideas of liberty and freedom associated with the French Revolution.

(d) The Revolutionaries :

Revolutionaries at this time meant a commitment to oppose monarchical forms that had been established after the Vienna Congress, and to fight for liberty and freedom. Most of these revolutionaries also saw the creation of nation states as a necessary part of this struggle for freedom.



*Fig. — Giuseppe Mazzini and the founding Young Europe in Berne 1833.
Print by Giacomo Mantegazza.*

Giuseppe Mazzini :

Born in **Genoa in 1807** he became a member of the **secret society of the Carbonari**. As a young man of 24, he was sent into exile in 1831 for attempting a revolution in Liguria. He subsequently founded two more underground societies, first, **Young Italy in Marseilles**, and then, **Young Europe in Berne**, whose members were like-minded young men from Poland, France, Italy and the German states. Mazzini believed that God had intended nations to be the natural units of mankind. So Italy could not continue to be a patchwork of small states and kingdoms. It had to be forged into a **single unified republic** within a wider alliance of nations. This unification alone could be the basis of **Italian liberty**.

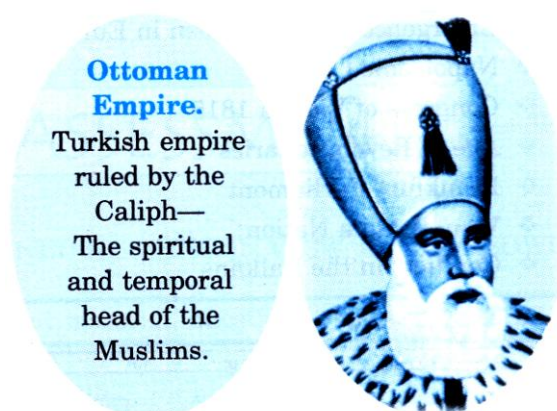
As conservative regimes tried to consolidate their power, liberalism and nationalism came to be increasingly associated with revolution in many regions of Europe. The revolutions were led by the liberal nationalists belonging to the educated middle class elite, among whom were professors, school teachers, clerks and members of commercial middle class.

- (i) **Upheaval in France:** The first upheaval took place in France in July 1830.

The Bourbon kings who had been restored to power after the Vienna Congress by the conservatives were now overthrown by liberal revolutionaries who installed a constitutional monarchy with Louis Philippe as its head.

- (ii) **Uprising in Brussels:** The July Revolution sparked an uprising in Brussels which led to Belgium breaking away from the United Kingdom of the Netherlands.

- (iii) **Uprising in Greek:** Greece had been part of the Ottoman Empire since the fifteenth century. The growth of revolutionary nationalism in Europe sparked off a struggle for independence amongst the Greeks which began in 1821. Nationalists in Greece got support from other Greeks living in exile and also from many West Europeans who had sympathies for ancient Greek culture. Poets and artists lauded Greece as the cradle of European civilisation and mobilised public opinion to support its struggle against a Muslim empire. The English poet Lord Byron organised funds and later went to fight in the war, where he died of fever in 1824. Finally, the Treaty of Constantinople of 1832 recognised Greece as an independent nation.



(a) The Romantic Imagination & National Feeling :

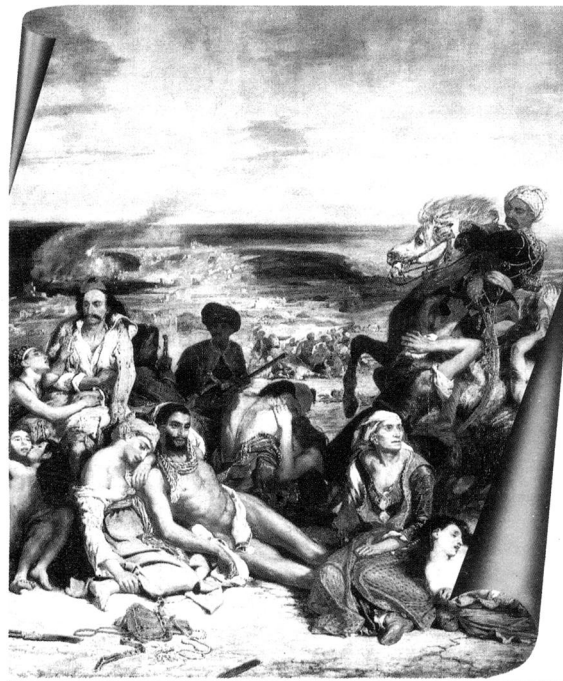


Fig. — *The Massacre at Chios*, Eugene Delacroix, 1824.
The French painter Delacroix was one of the most important French Romantic painters. This huge painting (4.19m x 3.54m) depicts an incident in which 20,000 Greeks were said to have been killed by Turks on the island of Chios. By dramatising the incident, focusing on the suffering of women and children, and using vivid colours, Delacroix sought to appeal to the emotions of the spectators, and create sympathy for the Greeks.

- (i) Though wars and territorial expansions played a major role in arousing the feeling of nationalism but culture, art, poetry, stories, music also played their role.
- (ii) Romantic artists were against the glorification of reasons and science and focused on **emotions, institutions** and **mystical feelings**. They wanted to share a collective heritage, a common cultural past as the basis of a nation.
- (iii) Romantics such as the **German philosopher Johann Gottfried Herder (1744-1803)** claimed that true German culture was to be discovered among the common people **das volk**.
- (iv) Romantic philosophers wanted to create the **true spirit of nationalism** through **folk songs, folk poetry** and **folk dances**.
- (v) The emphasis on **vernacular language** and the collection of **local folklore** was not just to recover an ancient national spirit, but also to carry the modern nationalist message to large audiences who were mostly illiterate.
- (vi) Even though **Poland** no longer existed as an independent territory, national feelings were kept alive through **music and language**. **Karol Kurpinski**, for example, celebrated the national struggle through his **operas** and **music**, turning **folk dances** like the polonaise and mazurka into nationalist symbols.

(b) Hunger, Hardship and Popular Revolt :



Fig. — Peasants' uprising, 1848.

- (i) The **1830s** were years of **great economic hardship in Europe**. The first half of the nineteenth century saw an enormous increase in population all over Europe.

- (ii) In **1848**, **food shortages** and **widespread unemployment** brought the population of Paris out on the roads. Barricades were erected and Louis Philippe was forced to flee. A **National Assembly proclaimed a Republic**, granted **suffrage** to all adult males above 21, and guaranteed the **right to work**. National workshops to **provide employment** were set up.
- (iii) In **1845**, weavers in Silesia had led a revolt against contractors who supplied them raw material and gave them orders for finished textiles but drastically reduced their payments.

(c) 1848 : The Revolution of the Liberals :

Events of February 1848 in France had brought about the abdication of the monarch and a republic based on universal male suffrage had been proclaimed. In other parts of Europe where independent nation-states did not yet exist - men and women of the liberal middle classes combined their demands for constitutionalism with national unification.

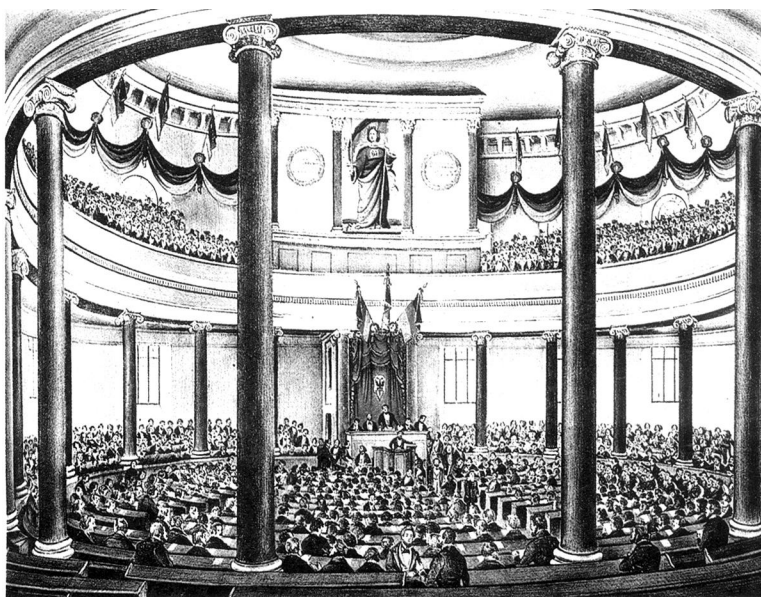


Fig. — The Frankfurt parliament in the Church of St Paul.
Contemporary colour print. Notice the women in the upper left gallery.

Frankfurt Parliament :

In the German regions a large number of political associations came together in the city of Frankfurt and decided to vote for an all-German National Assembly. On **18 May 1848**, **831** elected representatives marched in a festive procession to take their places in the Frankfurt parliament convened in the Church of **St. Paul**. They drafted a constitution for a German nation to be headed by a monarchy subject to a parliament.

Obstacles :

- (i) **Friedrich Wilhelm IV**, King of Prussia rejected it and joined other monarchs to **oppose the elected assembly**.
- (ii) While the opposition of the **aristocracy and military became stronger**, the social basis of parliament eroded. The parliament was dominated by the middle classes who resisted the demands of workers and artisans and consequently lost their support.
- (iii) Issue of extending political rights to **women** was a **controversial** one within the liberal movement, they were denied suffrage rights during the election of the Assembly.

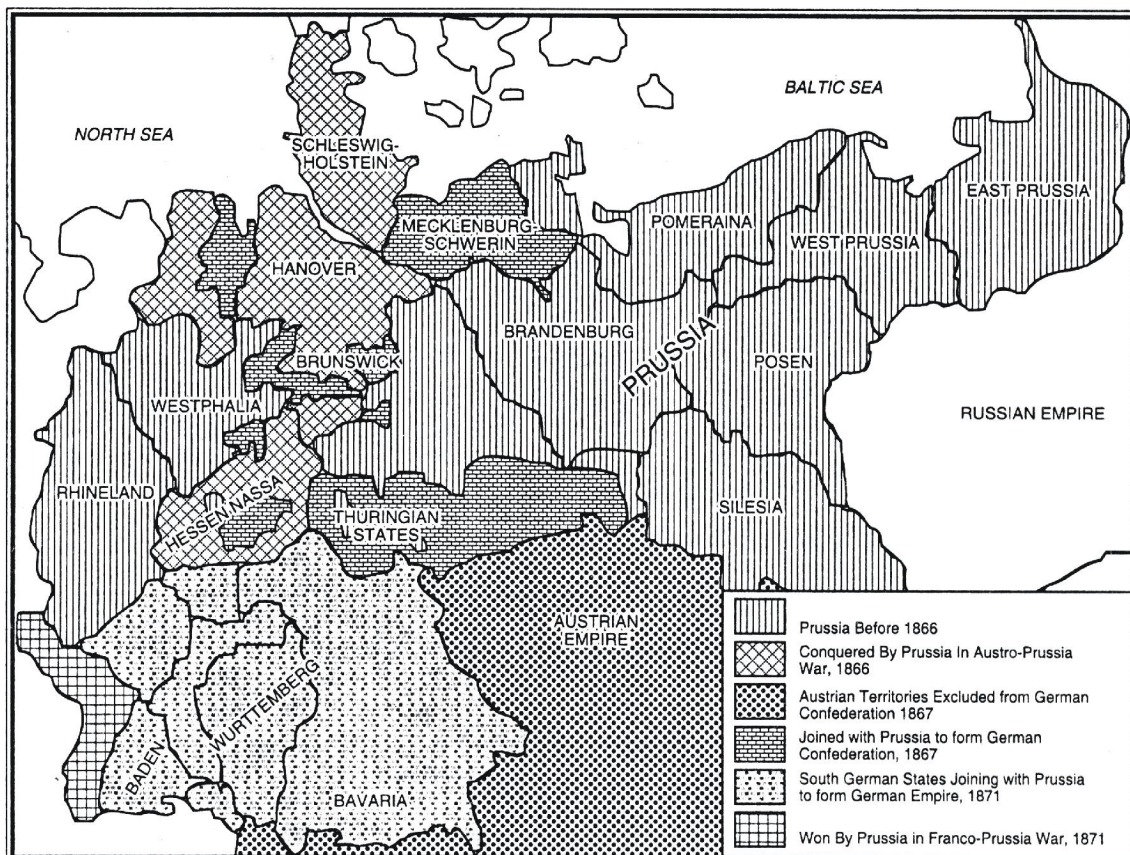
Outcomes :

- (i) Though conservative forces were able to **suppress liberal movements in 1848**, they could not restore the old order.
- (ii) In the years after 1848, the **autocratic monarchies** of Central and Eastern Europe began to introduce the changes that had already taken place in Western Europe before 1815.
- (iii) The Habsburg rulers granted more **autonomy to the Hungarians in 1867**.

THE MAKING OF GERMANY AND ITALY

(a) Germany - Can the Army be the Architect of a Nation ?

- (i) Nationalist feelings were widespread among middle-class Germans, who in 1848 tried to unite the different regions of the German confederation into a nation-state governed by an elected parliament.



Unification of Germany (1866 – 71)

- (ii) **Prussia** took on the leadership of the movement for national unification. Its Chief minister, **Otto von Bismarck** (followed the policy of Blood and Iron), was the architect of this process carried out with the help of the Prussian army and bureaucracy. Three wars over seven years - with Austria, Denmark and France - ended in Prussian victory and completed the process of unification. In **January 1871**, the **Prussian king, William I** was proclaimed German Emperor in a ceremony held at Versailles. On **18 January 1871**, an assembly gathered in the unheated Hall of mirrors in the Palace of Versailles to proclaim the new German Empire headed by **Kaiser William I of Prussia**.

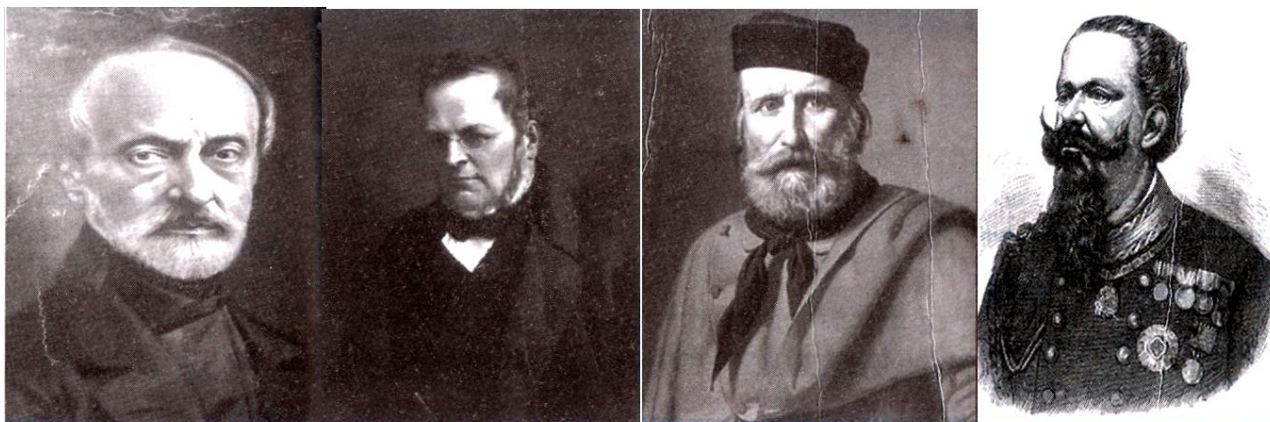


Bismarck

Kaiser William I

- (iii) The new state placed a strong emphasis on **modernising the currency, banking, legal and judicial systems** in Germany.

(b) Italy Unified :



Mazzini

Cavour

Garibaldi

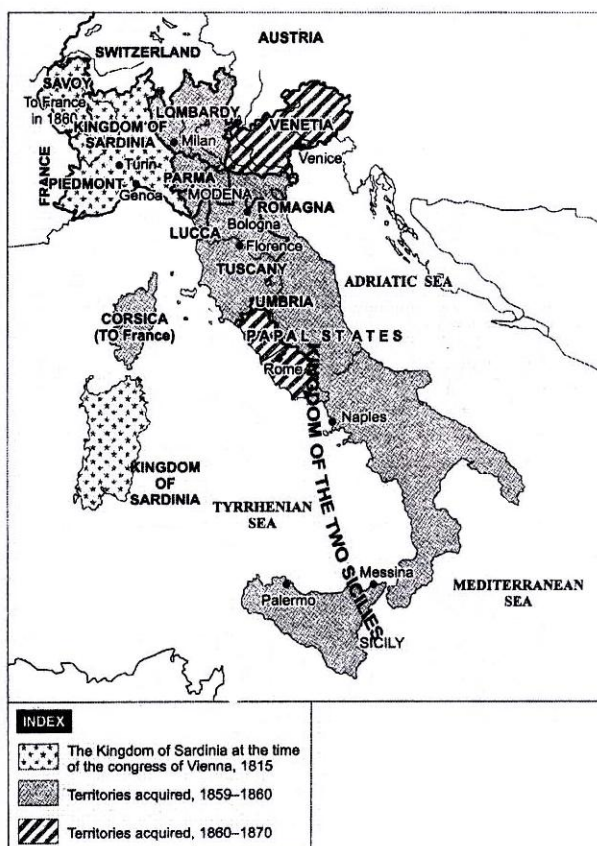
Victor Emmanuel II

- (i) During the middle of the nineteenth century, Italy was divided into seven states, of which only one, **Sardinia-Piedmont**, was ruled by an Italian princely house. Even the Italian language had not acquired one common form and still had many regional and local variations.
- (ii) During the **1830s**, **Giuseppe Mazzini** had sought to put together a coherent programme for a unitary

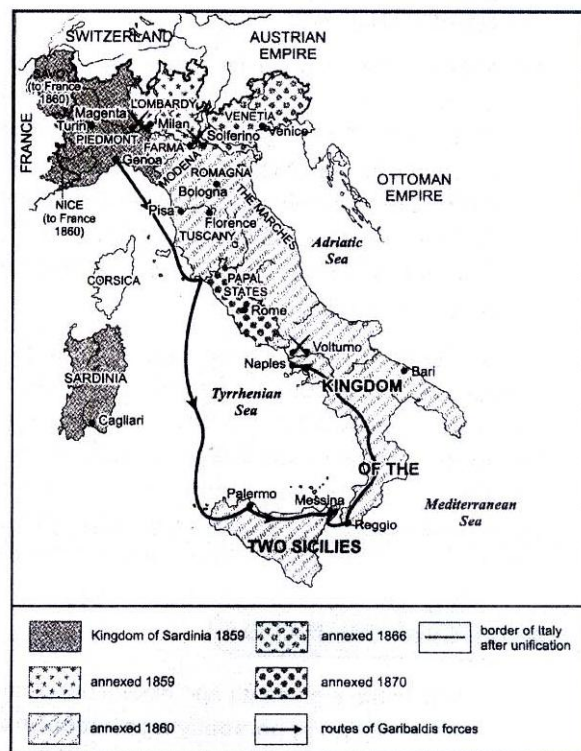
Italian Republic. He formed a secret society called **Young Italy** for the dissemination of his goals. The failure of revolutionary uprisings both in **1831** and **1848** meant that the mantle now fell on **Sardinia-Piedmont** under its ruler **King Victor Emmanuel II** to unify the Italian states through war & still had many problems.

ITALY

Befor Unification



After Unification



- (iii) Through a tactful diplomatic alliance with France engineered by **Cavour**, Sardinia-Piedmont succeeded in defeating the Austrian forces in 1859. Apart from regular troops, a large number of armed volunteers under the **leadership of**

Giuseppe Garibaldi joined the fray. In 1860, they marched into South Italy and the Kingdom of the Two Sicilies and succeeded in winning the support of the local peasants in order to drive out the Spanish rulers. In 1861 Victor Emmanuel II was proclaimed king of united Italy.

(c) The Strange Case of Britain :

- (i) In Britain the formation of the nation-state was not the result of a **sudden upheaval or revolution**. It was the result of a long-drawn-out process. There was no British nation prior to the eighteenth century. The primary identities of the people who inhabited the British Isles were ethnic ones-such as **English, Welsh, Scot or Irish**.
- (ii) But as the **English nation steadily grew in wealth, importance and power**, it was able to extend its influence over the other nations of the islands. The English parliament, which had seized power from the monarchy in 1688 at the end of a protracted conflict, was the instrument through which a nation-state, with England at its centre, came to be forged.
- (iii) **The Act of Union (1707)** between England and Scotland that resulted in the formation of the '**United Kingdom of Great Britain**' meant, in effect that England was able to impose its influence on Scotland. The British parliament was henceforth dominated by its English members. The growth of a British identity meant that Scotland's distinctive culture and political institutions were systematically suppressed.
- (iv) Ireland suffered a similar fate. It was a country deeply divided between Catholics and Protestants. The English helped the Protestants of Ireland to establish their dominance over a largely Catholic country. After a failed revolt led by Wolfe Tone and his United Irishmen (1798). **Ireland was forcibly incorporated into the United Kingdom in 1801.**

A new '**British nation**' was forged through the propagation of a dominant English culture. The symbols of the new Britain-the British flag (Union Jack), the national anthem (God Save Our Noble King), the English language-were actively promoted and the older nations survived only as subordinate partners in this union.

VISUALISING THE NATION

- (i) Artists in the eighteenth and nineteenth centuries found a way out by **personifying a nation**. In other words they represented a country as if it were a person. Nation were than portrayed as female figures.
- (ii) The female form that was chosen to personify the nation did not stand for any particular woman in real life; rather it sought to give the abstract idea of the nation concrete form. That is, the **female figure became an allegory of the nation**.



Fig. Postage stamps of 1850 with the figure of Marianne representing the Republic of France.

- (iii) Female allegories were invented by artists in the nineteenth century to represent the nation. In France she was **christened Marianne**, a popular Christian name, which underlined the idea of a people's nation. Her characteristics were drawn from those of Liberty and the Republic-the red cap, the tricolour, the cockade. Statues of Marianne-were erected in public squares to remind the public of the national symbol of unity and to persuade them to identify with it. Marianne images were marked on coins and stamps.

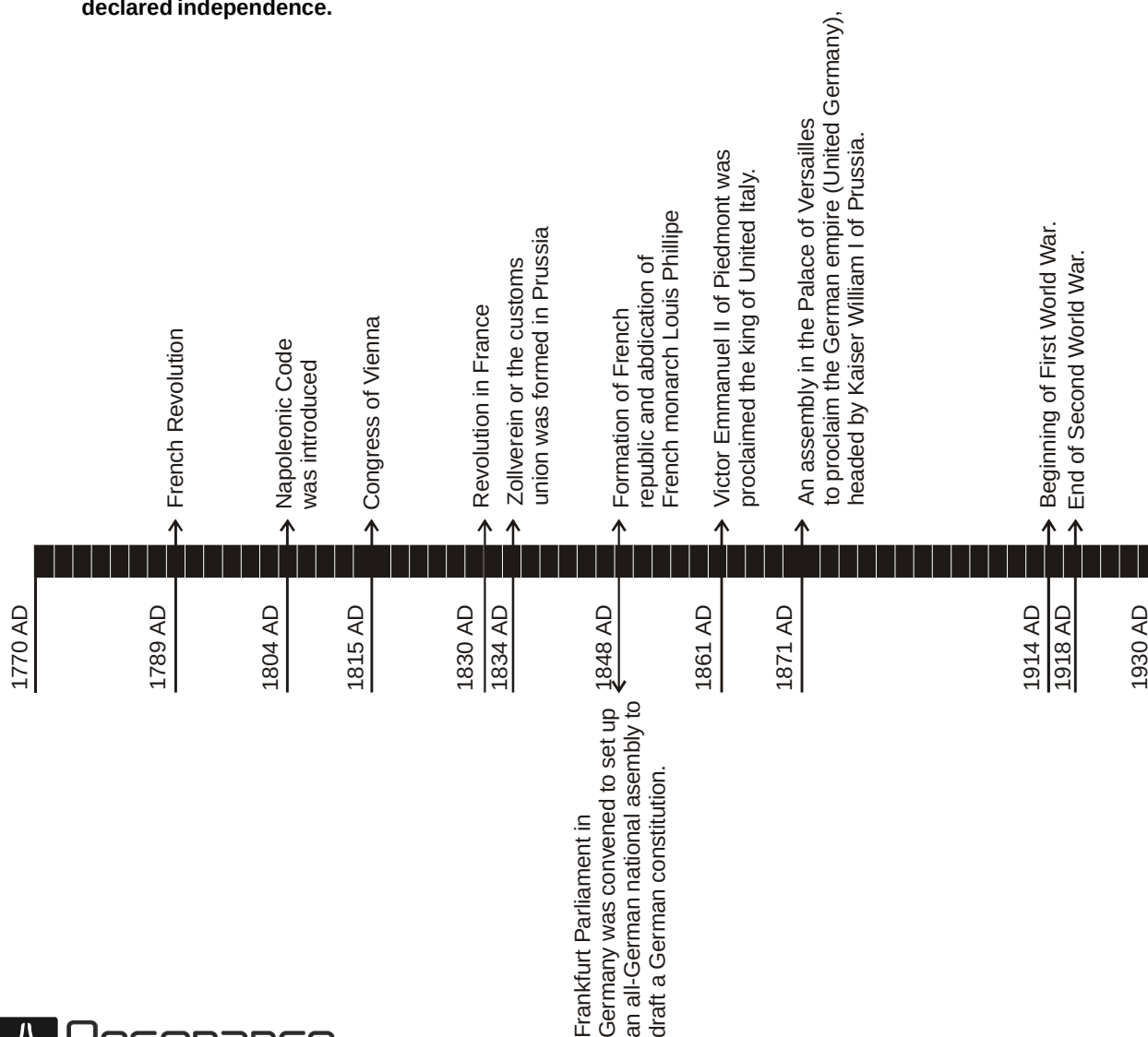


Fig. Germania, Philip Veit, 1848

- (iv) **Germania** became the allegory of the German nation. In visual representations, Germania wears a crown of oak leaves, as the German oak stands for heroism.

NATIONALISM AND IMPERIALISM

- (i) By the last quarter of the nineteenth century the major European powers **manipulated the nationalist aspirations** of the subject peoples in Europe to further their own imperialist aims.
 - (ii) The most serious source of nationalist **tension in Europe after 1871 was the area called the Balkans**. The Balkans was a region of geographical and ethnic variation comprising modern-day Romania, Bulgaria, Albania, Greece, Macedonia, Bosnia-Herzegovina, Slovenia, Serbia and Montenegro whose inhabitants were broadly known as the Slavs. A large part of the Balkans was under the control of the **Ottoman empire**.
 - (iii) The spread of the ideas of romantic nationalism in the Balkans together with the disintegration of the Ottoman Empire made this region very explosive. One by one, its European subject nationalities broke away from its control and declared independence.
 - (iv) All through the nineteenth century the Ottoman Empire had sought to strengthen itself through modernisation and internal reforms but with very little success. One by one, its European subject nationalities **broke away** from its control and **declared independence**.
 - (v) The Balkan area became an area of intense conflict. The Balkan states were **fiercely jealous** of each other and each **hoped to gain more territory** at the expense of the others.
 - (vi) During this period, there was **intense rivalry** among the European powers over trade and colonies as well as naval and military might. Each power- Russia, Germany, England, Austro-Hungary-was keen on countering the hold of other powers over the Balkans, and extending its own control over the area. This led a series of wars in region and finally the **First World War**. Nationalism, aligned with imperialism, led Europe to disaster in 1914.
 - (vii) Many countries in the world which had been colonised by the European power in the nineteenth century began to oppose imperial domination. The **anti-imperial movements** that developed everywhere were nationalist, in the sense that they all struggled to form independent nation-states, and were inspired by a sense of collective national unity, forged in confrontation with imperialism.
- The idea that societies should be organised into '**nation-states**' came to be accepted as **natural** and universal.





MINERAL & ENERGY RESOURCES

Mineral

Geologists define mineral as a “**homogenous, naturally occurring substance with a definable internal structure and chemical composition.**”

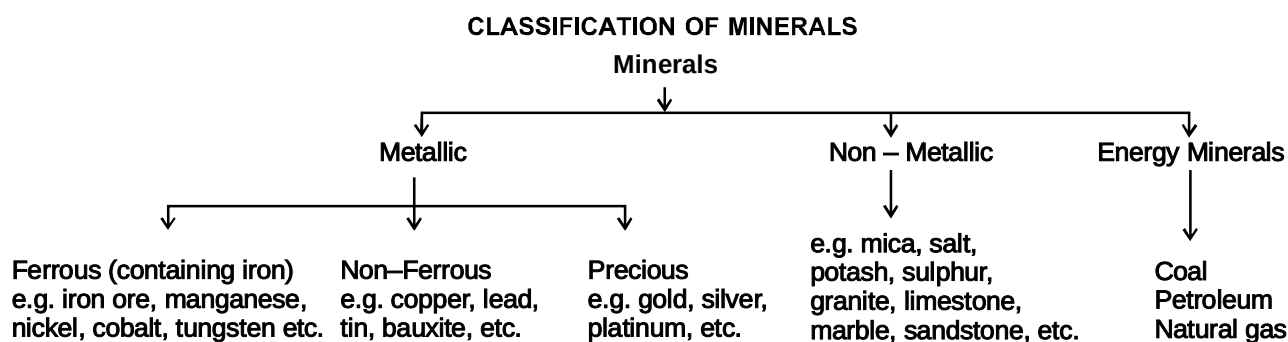
Rocks are combinations of homogenous substances called minerals.

A particular mineral that will be formed from a certain combination of elements depends upon the physical and chemical conditions under which the material forms.

(a) Importance of minerals for a country :

- Minerals are an **indispensable part of our lives**. Almost everything we use are made up of minerals.
- Car, buses, trains, aeroplanes are manufactured from minerals and run on power resources derived from the earth.
- Even the **food** that we eat contains minerals.
- In all stages of development**, human beings have used minerals for their livelihood, decoration, festivities, religious and ceremonial rites.

(b) Classification of minerals :



Geologists classify minerals according to their chemical composition and crystalline structure. Some minerals consist of only one element while others of two or more elements.

Metallic	Non-Metallic
Minerals consist metal	Does not consist any metal
Are solid in nature Example: Iron, Copper, Manganese etc.	Can be semi-solid, liquid or even in Gaseous form Example: Coal, Petroleum, Natural gas etc.

Metallic minerals can be classified into:

Ferrous	Non-Ferrous
Consist of Iron	Does not consist of Iron
Malleable and Ductile, have iron content	Nonmalleable and nonductile,
E.g. Iron ore, Manganese, Chromite,	E.g. Copper, Zinc, Rock Salt, Bauxite etc.

(c) “India has fairly rich and varied mineral resources” :

- Peninsular rocks** contain most of the reserves of coal, metallic minerals, mica and many other nonmetallic minerals.
- Sedimentary rocks** on the **western and eastern flanks of the peninsula**, in Gujarat and Assam have most of the petroleum deposits.
- Rajasthan** with the rock systems of the peninsula has reserves of many nonferrous minerals.
- The **vast alluvial plains** of north India are almost devoid of economic minerals.

These variations exist largely because of the differences in the **geological structure, processes** and **time** involved in the formation of minerals.

The concentration of mineral in the ore, the ease of **extraction** and **closeness** to the market play an important role in affecting the economic viability of a reserve.

MODE OF OCCURRENCE OF MINERALS

- In **igneous** and **metamorphic rocks**, minerals mainly occur in the **cracks, crevices, faults or joints**. The smaller occurrences are called **veins** and the larger are called **lodes**. Major metallic minerals like tin, copper, zinc and lead etc., are obtained from, veins and lodes.
- In **sedimentary rocks** a number of minerals occur in **beds or layers**. They have been formed as a result of deposition, accumulation and concentration in horizontal strata. Coal, iron ore, gypsum, potash salt and sodium salt are a few examples.
- Decomposition of surface rocks**, and the **removal of soluble constituents**, leaves a residual mass of weathered material containing ores. Bauxite is formed this way.
- '**Placer deposits**', occur as alluvial deposits in sands of valley floors and the base of hills. Gold, silver, tin and platinum is most important among such minerals.
- The **ocean water** contains vast quantities of minerals, for example common salt, magnesium and bromine.

FERROUS MINERALS

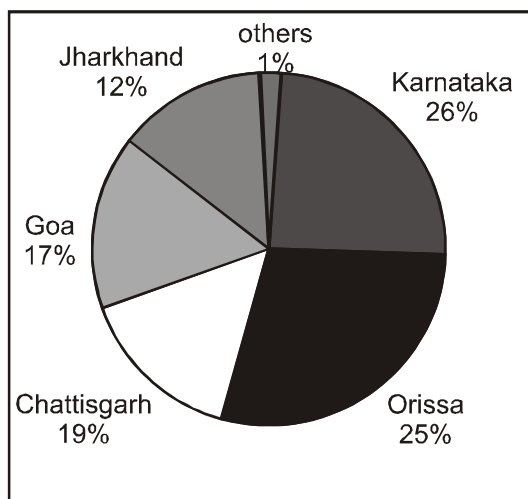
(a) Iron ore :

Importance :

- Backbone** of modern civilization.
- Metal of **universal use**.
- Used for manufacturing of **machines, agricultural implements** and items of **general use**.

Varieties :

- Magnetite**: The finest iron ore with a very high content of iron up to **70 percent**. It has **excellent magnetic qualities**, especially valuable in the electrical industry.
- Hematite**: The most important **industrial** iron ore in terms of the quantity used, but has a slightly **lower iron content** than magnetite. (**50-60 percent**)



Production of iron ore showing statewise share in percent, 2003–04

Major iron ore belts in India :

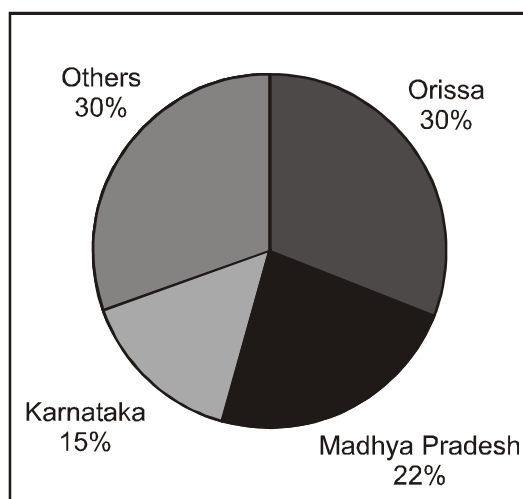
- Orissa-Jharkhand belt**: Badampahar mines in the Mayurbhanj and Kendujhar districts. Gua and Noamundi mines in Singhbhum district of Jharkhand.
- Durg-Bastar-Chandrapur belt** lies in Chhattisgarh and Maharashtra. Bailadila range of hills in the Bastar district of Chhattisgarh comprise of 14 deposits of super high grade hematite iron ore, has the best physical properties needed for steel making, is exported to Japan and South Korea via Vishakapatnam port.
- Bellary-Chitradurga-Chikmagalur-Tumkur belt**, Kudermukh mines in the Western Ghats of Karnataka.
- Maharashtra-Goa belt** includes the state of Goa and Ratnagiri district of Maharashtra.

(b) Manganese ore :

Importance :

- Used for **making Iron and Steel** and preparing ferro-manganese alloys.
- Used for manufacturing **Bleaching powder, Insecticides, Paints and Batteries**.

Orissa is the **largest producer** of manganese ore in India. It accounted for one-third of the country's total production in 2000–01.



Production of Manganese showing statewise share in percent, 2003 – 2004



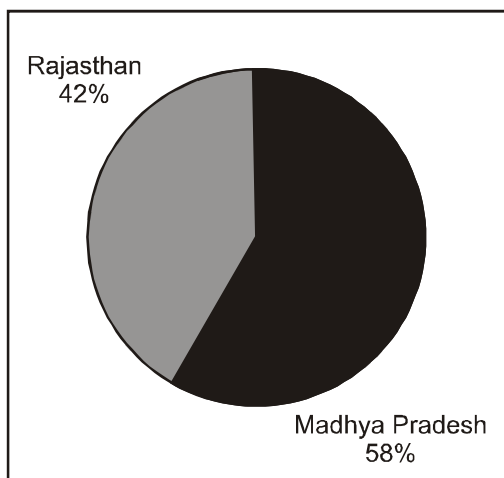
India: Distribution of Iron Ore, Manganese, Bauxite and Mica

NON-FERROUS MINERALS

(a) Copper :

- India is **critically deficient** in the reserve and production of copper.
- Being **malleable, ductile** and a **good conductor**, is mainly used for making **electrical cables** and in electronics and **chemical industries**.

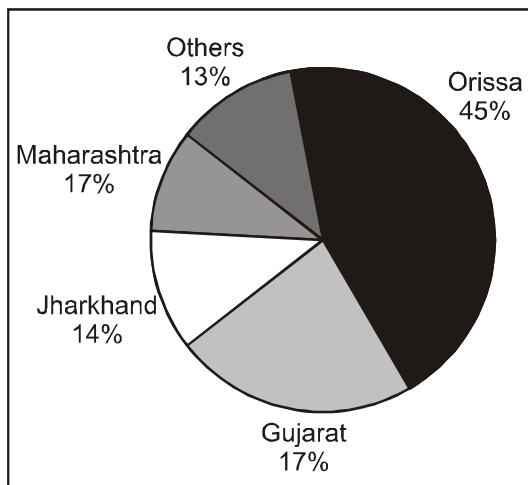
- Found in **Madhya Pradesh, Rajasthan, Jharkhand, Karnataka** and **Andhra Pradesh** (The Balaghat mines in Madhya Pradesh produce **52** percent of India's copper production. The Singhbhum district of Jharkhand is also a leading producer of copper. The **Khetri** mines in Rajasthan are also famous.)



Production of Copper showing state-wise share in percent, 2003–04

(b) Bauxite :

- (i) **Aluminum, a light metal** used in the manufacturing of aeroplanes, utensils and other household goods, is obtained from Bauxite.
- (ii) It combines the strength of metals such as iron, with **extreme lightness** and also with good **conductivity** and **great malleability**.
- (iii) India's bauxite deposits are mainly found in the **Amarkantak plateau, Maikal hills** and the plateau region of **Bilaspur-Katni**. **Orissa** is the largest bauxite producing state in India with **45** percent of the country's total production in 2000–01.



Production of Bauxite showing state-wise share in percent, 2003–04

NON-METALLIC MINERALS

(a) MICA :

- (i) Due to its **excellent di-electric strength, low power loss factor, insulating properties** and **resistance to high voltage**, mica is one of the most **indispensable minerals** used in electric and electronic industries.

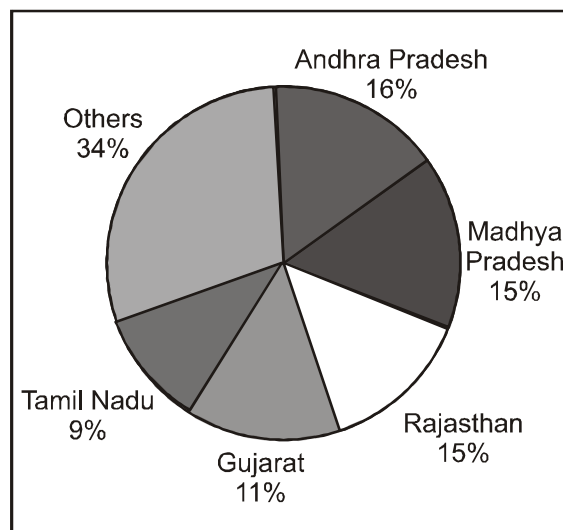
- (ii) Mica deposits are found in the northern edge of the **Chota Nagpur plateau**. **Koderma - Gaya - Hajaribagh belt** of Jharkhand is the leading producer.

- (iii) In Rajasthan, the major mica producing area is around **Ajmer**. **Nellore mica belt** of Andhra Pradesh is also an important producer in the country.

ROCK MINERALS

(a) Limestone :

- (i) Found associated with **rocks**, composed of **Calcium Carbonates** or **Calcium** and **Magnesium carbonates**.
- (ii) Is the **basic raw material** for the **cement** industry and essential for **smelting** iron ore in the blast furnace.
- (iii) **Mostly produced in** Madhya Pradesh, Chattisgarh, Andhra Pradesh, Rajasthan, Gujarat, Karnataka and Himachal Pradesh.



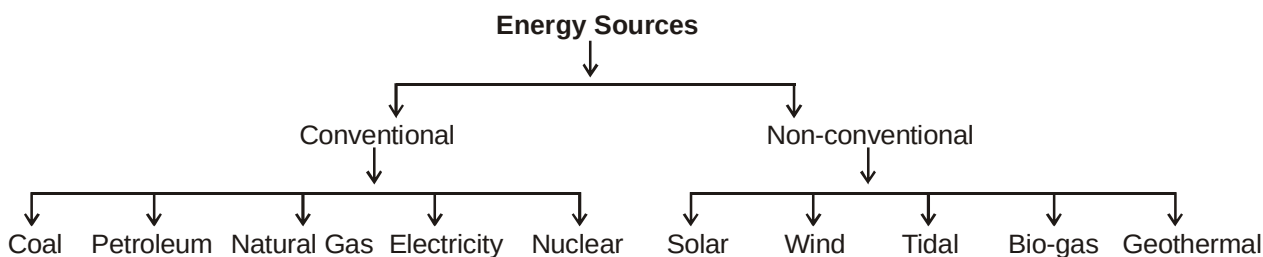
Production of Limestone showing state-wise share in percent, 2003 – 04

CONSERVATION OF MINERALS

Minerals are the base of a country's development. Most of the minerals are **nonrenewable**; once they get exhausted they **cannot be renewed**. Hence there is a **need to conserve minerals**.

(a) Steps that can be taken for the conservation of minerals :

- (i) Use of minerals in such a way that sizable amount is left for **future generation** also.
- (ii) Use them in a **planned way**.
- (iii) **Wastage** in the process of mining and processing **should be minimized**.
- (iv) **Export** of minerals should be **minimized**.
- (v) **Use of substitutes** and **recycling** of metals.



Power resources can be divided into :

CONVENTIONAL	NON-CONVENTIONAL
Have been in use for quite some time	New sources of energy
Mostly non-renewable.	Mainly renewable
Creates pollution	Mainly pollution free form of energy.
By using conventional sources, energy can be produced anywhere.	Production of energy depends upon physical location and climatic condition.
Eg: Coal, Petroleum, Natural Gas etc.	Eg : Solar, Wind, Tidal, Geothermal etc.

COMMERCIAL	NON-COMMERCIAL
Are the continuous source of energy.	Non-continuous source of energy.
Can be used for commercial purposes Such as industries.	Only can be used for non-commercial purposes such as domestic use, street lighting etc.

(a) COAL :

Importance :

- Is the **most abundantly available** fossil fuel, often known as **Black Gold**.
- Provides a substantial part of the **nation's energy needs**.
- Used for **power generation**, to supply energy to industry as well as for domestic needs.
- India is **highly dependent** on coal for meeting its commercial energy requirements.

Coal is found in a variety of forms depending on the degrees of **compression** and the **depth** and **time** of burial.

- Decaying plants in swamps produce **peat**. It has a low carbon and high moisture content, low heating capacity.

- Lignite** is a low grade brown coal, is soft, high moisture content. The principle lignite reserves are in Neyveli in Tamil Nadu and are used for generation of electricity.
- Coal that has been buried deep and subjected to increased temperature is **bituminous** coal. It is the most popular coal in commercial use.
- Anthracite** is the highest quality hard coal.

The major resources of **Gondwana coal**, which are metallurgical coal, are located in Damodar valley (West Bengal -Jharkhand). Jharia, Raniganj, Bokaro are important coalfields. The Godavari, Mahanadi, Son and Wardha valleys also contain coal deposits.

Tertiary coal occurs in the north eastern states of Meghalaya, Assam, Arunachal Pradesh and Nagaland.



India: Distribution of Coal, Oil and Natural Gas

(b) Petroleum :

Importance :

- Next **major energy source** in India after coal.
- Provides fuel** for heat and lighting, lubricants for machinery and raw materials for a number of manufacturing industries.
- Petroleum refineries act as a '**nodal industry**' for synthetic textile, fertiliser and numerous chemical industries.

About **63** percent of India's petroleum production is from **Mumbai High**, **18** percent from **Gujarat** and **16** percent from **Assam**.

Ankeleshwar is the most important field of Gujarat. Assam is the **oldest** oil producing state of India. **Digboi**, **Naharkatiya** and **Moran-Hugrijan** are the important oil fields in the state.

(c) Natural Gas :

An important, **clean energy resource** found in association with or without petroleum, is used as a source of energy as well as an industrial raw material in the petrochemical industry. **Environment friendly** fuel because of low carbon dioxide emissions, the fuel for the present century.

Reserves : In the **Krishna - Godavari basin**, the reserves of Mumbai High and allied fields are supplemented by finds in the **Gulf of Cambay**.

Andaman and Nicobar islands are also important area having large reserves of natural gas.

The **1700 km long Hazira - Bijaipur - Jagdishpur cross country gas pipeline** links Mumbai high and Bassien with the fertilizer, power and industrial complexes in western and northern India.

The **power** and **fertilizer** industries are the key users of natural gas. Use of Compressed Natural Gas for vehicles to replace liquid fuels is gaining wide popularity in the country.

(b) Hydroelectricity :

- A **renewable resource** of energy.
- Accounts for **25%** of the total electricity produced in India.
- Hydel power **potential is 150000 MW**.
- Total installed **capacity 23488 MW**.
- Important Hydel power producing states **Andhra Pradesh, Karnataka**

Difference between :

ELECTRICITY

Installed capacity **104917 MW** and per capita consumption **379 kwh**.

(a) Thermal Electricity :

- Obtained by using Coal, Petroleum and Natural Gas.
- Out of the total production, share of thermal electricity is about **70%**.
- Over **310 thermal power** plants distributed in Assam, Jharkhand, Gujarat, Madhya Pradesh, Chattisgarh, Uttar Pradesh, West Bengal, Punjab and Haryana, Rajasthan, Karnataka, Orissa and Delhi.

THERMAL ELECTRICITY	HYDEL ELECTRICITY
Derived from coal, petroleum, natural gas	Derived from fast flowing stream of water.
Non-renewable	Renewable
Creates pollution	Pollution free, also known as 'White electricity'
Can be installed anywhere.	Installation depends upon physical properties of land (only applicable in mountainous areas)
Per Unit Cost is high	Requires only one time investment



India: Distribution of Nuclear and Thermal Power Plants

(c) Nuclear Electricity :

Produced from **Uranium** and **Thorium** which is found in Jharkhand, Rajasthan and Kerala.

6 Nuclear Power Stations: Tarapur (Maharashtra), Kalpakkam (Tamil Nadu), Rawatbhata (Rajasthan), Kakrapar (Gujarat), Kaiga (Karnataka), Narora (U.P.)

Electricity generated from Nuclear resources is 2720 MW, 4% of the total production of energy.

“India’s Energy hope lies in Nuclear power”

- (i) **67%** of India’s current energy requirement comes from coal which is nonrenewable and also pollution creating, so we have to turn towards other sources of power.
- (ii) India has **vast deposits** of nuclear resources. (about **50%** of world’s Thorium deposits which is used as raw material in nuclear power plant are found in India.)
- (iii) **Hydel electricity** is pollution free and renewable but has got its own limitations.

Conclusion :

India is a developing country which requires lots of energy for its industrial development which can be **only fulfilled by nuclear power.**

NON-CONVENTIONAL SOURCES OF ENERGY

“India is very rich as far as non-conventional sources of energy are concerned.”

- (i) Wind energy is used for **pumping water, irrigating farms** and **generating electricity**. The states of Gujarat, Tamil Nadu, Orissa and Maharashtra are in better position to produce and use such an energy.
- (ii) The **gulf of Kutch** and **Cambay** are suitable for the development of tidal energy.
- (iii) Geothermal energy is produced from **hot springs in Himachal Pradesh**. It is used for running cold storage plants.
- (iv) Every effort is being made to make use of biomass comprising energy plantation, urban waste, farm waste, human waste etc. to generate power.
- (v) Energy **plantations** like fast-growing shrubs and trees with high calorific value **are being grown on waste and denuded lands**.
- (vi) Urban or municipal **waste** and **sewage** in cities are also used for generating gas and electricity.
- (vii) Electricity can also be produced from **farm wastes** like rice husk and bagasse (sugarcane waste).
- (viii) Animal and poultry wastes and human excreta etc. have also been used in ‘bio-gas’ plants to **provide power in rural areas** for different purposes.

- (ix) The **sun provides** abundant and inexhaustible amount of energy. It has a huge potential and is a **universal source of energy.**

(a) Solar Energy :

- (i) Being a tropical country, India has **enough scope for production** and utilization of solar energy.
- (ii) About **20 MW per square Km per annum** energy can be produced from solar energy in India.
- (iii) Solar Energy **can be used for** cooking, pumping, heating of water, refrigerator and street lighting.
- (iv) **Thar desert** can become the biggest solar power house of India.
- (v) India’s **largest solar power plant** is located at **Madhapur** (Gujarat), is used to sterilize milk canes.

(b) Wind Energy :

- (i) Wind Power Potential **20000 MW.**
- (ii) **85** sites with a **potential of 4500 MW** have been identified in Tamil Nadu, Andhra Pradesh, Karnataka, Gujarat, Kerala, Maharashtra and Lakshadweep.
- (iii) **Largest** wind farm cluster of **150 MW** is located in Tamil Nadu.

(c) Biogas :

- (i) Energy derived from **shrubs, farm wastes, animal and human wastes.**
- (ii) Has **higher thermal efficiency** in comparison to Kerosene, Dung cake and Charcoal.
- (iii) Energy produced can be used for **cooking** and **lighting** and the residual can be used as **manure.**

“Solar Energy in Rajasthan and Biogas in the plains and hills of North India have greater potential as non-conventional source of energy.”

Solar Energy has a greater potential as :

- (i) **Rajasthan** is a hot and dry region.
- (ii) It has **clear skies** for a considerable part of the year.
- (iii) **Abundant insolation.**
- (iv) Cheaper **installation, easier management.**
- (v) **Renewable, pollution free** and residue-free source of energy.

Biogas has a greater potential in plains as :

- (i) **Dense vegetation.**
- (ii) Large number of **cattle** and **livestock.**
- (iii) High density of population, and hence **huge decay** and **human waste material.**



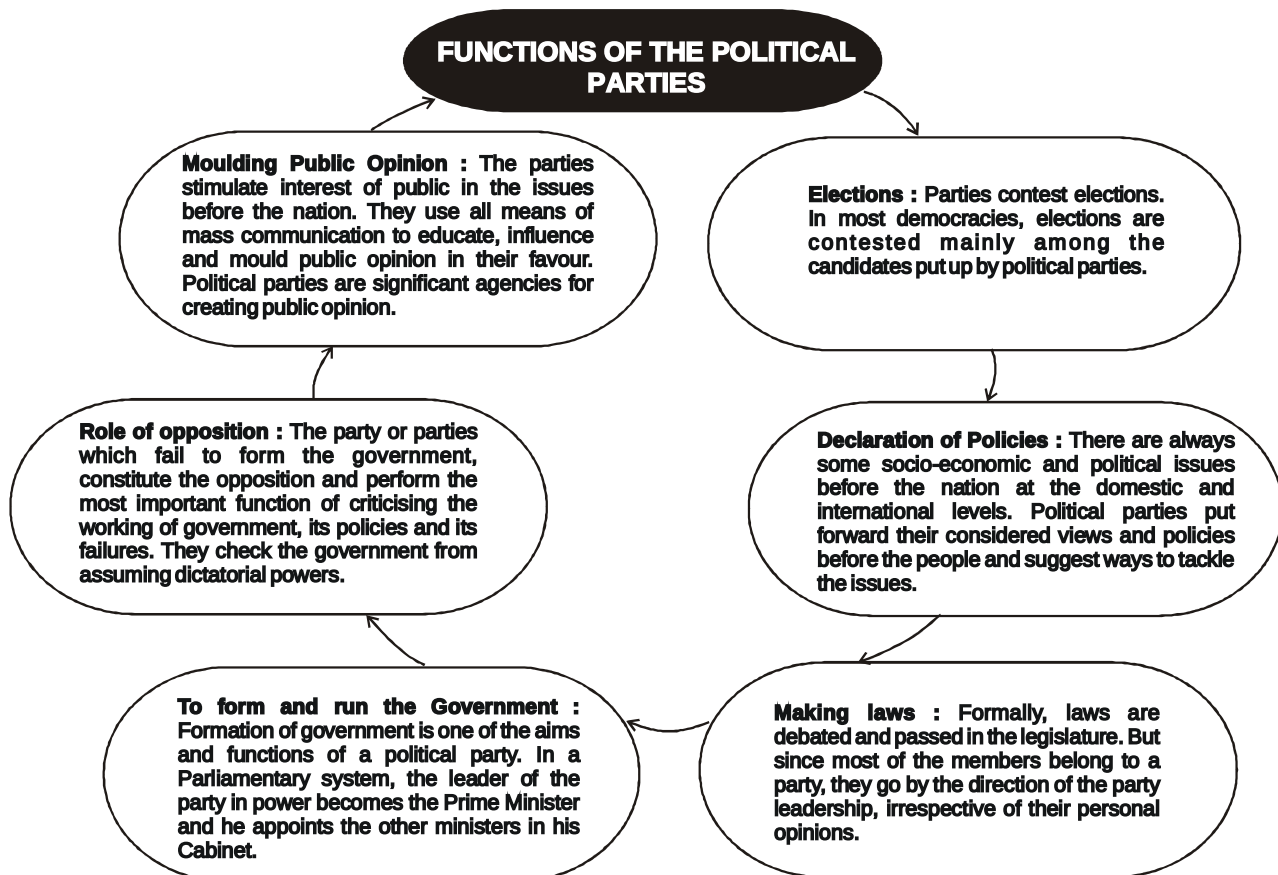
POLITICAL PARTIES

POLITICAL PARTIES

(a) Meaning :

"A political party is a group of people who come together to contest elections and hold power in the government."

(b) Functions :



(c) Necessity :

The rise and growth of political parties is directly linked to the emergence of representative democracies.

As societies became large and complex, they also needed some agency to gather different views on famous issues and to present these to the government. They needed some way to bring various representatives together, so that a responsible government could be formed. Societies also needed a mechanism to support or restrain the government, make policies, justify or oppose them. Hence, the growth of political parties fulfils these needs that every representative government has.

Thus, we can say that political parties are a necessary condition for a democracy.

They agree on some policies and programmes for promoting national interest. Since there can be different views on what is good for all, parties try to persuade people why their policies are better than the others. They seek to implement these policies by winning popular support through elections.

HOW MANY PARTIES SHOULD WE HAVE

(a) One-Party System :

- (i) There is no competition in this system. The only party nominates the candidates and the voters have only two choices - (i) Not to vote at all or (ii) write 'yes' or 'no' against the name of the candidates nominated by the party. This system has been popular in Communist countries and other authoritarian regimes. The countries following this system are China, North Korea and Cuba.
- (ii) Supporters of single-party system claim that this system enables the government to mobilise every citizen to use his talents and energies towards a common goal.

- (iii) Single-party systems, however, limit the choices and freedoms of the citizens.

(b) Bi-party system :

- (i) The two party system is one in which the power alternates between two parties.
- (ii) The government in this party system would be very stable as it comes to power by a majority and thus there will be continuity of policies and programmes.
- (iii) The opposition will be very strong and effective as only one party forms the opposition.
- (iv) This system best reconciles responsiveness with order and representative government with efficient governance.
- (v) Sometimes the two-party system is considered as undemocratic as the ideological choice is very limited between two parties. The opinion of people cannot be expressed properly.
- (vi) Since the party comes to power by an absolute majority, it is difficult to remove it and it can result in the dictatorship of the cabinet, i.e., the Prime Minister and the Council of Ministers.

(c) Multi-party system :

If several parties compete for power, and more than two parties have a reasonable chance of coming to power either on their own strength or in alliance with others, this type of system is known as multi-party system.

(d) Which of these is better ?

Party system is not something a country can choose. It evolves over a long time depending on the nature of society, its social and regional divisions, its history of politics and its system of elections.

NATIONAL AND REGIONAL POLITICAL PARTIES

- (i) A national party has influence all over the country or in many states of India. The influence of a state party is in a state or a few regions.
- (ii) National parties care for national interests, whereas regional parties promote mainly regional interests.
- (iii) Regional parties stand for greater autonomy for the states. The national parties, on the other hand, have to harmonise various conflicting regional interests. They try to end regional imbalances.
- (iv) An exclusive symbol (such as lotus for B.J.P. and hand for I.N.C.) is reserved for a national party throughout India. But in case of a regional party a symbol for it is reserved for it in the state which it is recognised.

(a) National Political Parties :

A party that secures at least six percent of total votes in Lok Sabha elections or Assembly elections in four states and win atleast four seats in the Lok Sabha is recognised as a National Party. There were six national parties in the country in 2006.

Indian National Congress :



- (i) Popularly known as Congress Party, is one of the oldest parties in the world. It was founded in 1885 by Dr. A.O. Hume.
- (ii) It played a dominate role in the Indian politics at the national and state level for several decades. After India's independence under the leadership of Jawaharlal Nehru, the party sought to build a modern secular democratic republic in India.
- (iii) It was the ruling party at the centre till 1977 and then from 1980-1989, after 1989 its support declined, but it continues to be present throughout the country.
- (iv) A centrist party (neither rightist nor leftist) in its ideological orientation, the party espouses secularism as the foremost task to preserve the unity and integrity of India.
- (v) It aims to safeguard educational, religious and cultural rights and to promote welfare of weaker sections and minorities.
- (vi) Congress Party supports new economic reforms but with a human face.
- (vii) The party also advocates continuing with the policy of non-alignment as its foreign policy. It also follows the principle of Panchsheel.
- (viii) It strives to give power to the people at the grass-roots level through Panchayati Raj and Municipal Corporation.
- (ix) It works upon to establish big industries as well as small-scale industries for the removal of unemployment. Congress Party emerged as the largest party with 145 members in the Lok Sabha elections held in 2004. Hence, currently it leads the ruling United Progressive Alliance coalition government at the centre.

Bharatiya Janata Party (BJP) :



- (i) It was created in 1980. It is one of the two major political parties in India. It champions the socio-religious values of the Hindu majority of India, conservative social policies, and strong national defence. It is strongly supported by Hindu organisations, informally known as the Sangh Parivar (league of RSS-led organisations) in which the Rashtriya Swayamsevak Sangha (RSS) plays a big role.

- (ii) Since its formation, the BJP has been a strong rival of the Indian National Congress. It has allied itself with regional parties to challenge the Congress party, which dominated Indian politics for 40 years. The BJP's rallying cry is "Hindutva" literally meaning 'Hinduness' or cultural Hindu nationalism. It wants full territorial integration of Jammu and Kashmir with India and a uniform civil code. The BJP, in alliance with several other parties, led the Government of India between 1998 and 2004. Its most senior leaders were then Prime Minister Atal Bihari Vajpayee and Deputy Prime Minister Lal Krishna Advani.
- (ii) It is now the recognised opposition, and the leading party within the National Democratic Alliance (NDA). It wants the real life of an Indian citizen to be governed by Indian constitution and not by any religious text. It wants a developed nation, to make India a super power, to launch a second Green Revolution, peace with Pakistan, besides promoting "Hindutva".

Bahujan Samaj Party (BSP) :



- (i) Bahujan Samaj Party (BSP) The Bahujan Samaj Party is a party formed to represent the OBC, SC, ST and religious minorities, those at the bottom of India's caste system. The BSP was formed in 1984 by two leaders, Kanshiram and Mayawati. In the 13th Lok Sabha (1999 - 2004) it had 14 (out of 545) members.
- (ii) The main base of the party is in Uttar Pradesh. It also has a substantial following in Madhya Pradesh, Chhattisgarh, Uttarakhand, Delhi and Punjab.
- (iii) It draws inspiration from the teachings of Sahu Maharaj, Mahatma Phule, Periyar Ramaswami Naicker.

The BSP also draws inspiration from the teachings of Dr. B.R. Ambedkar who was of the opinion that abolition of the caste system was indispensable for the abolition of untouchability. But the BSP does not want to abolish castes. It now wants to uplift the "Bahujan Samaj" (majority castes) and promotes "Sarva Samaj" (the whole society).

Communist Party of India-Marxist (CPI-M) :



- (i) Communist Party of India Marxist (CPI-M) supports socialism, secularism, and democracy and opposes imperialism and communalism. This party was, formed in 1964.
- (ii) It believes or accepts democratic elections as a useful and helpful means for securing the objective of socio justice in India.

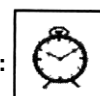
- (iii) The party is critical of the new economic policies that allow free flow of foreign capital and goods in country.
- (iv) CPI-M enjoys strong support in West Bengal, Kerala and Tripura, especially among the poor, factory workers, farmers, agricultural labourers and the intelligentsia. This party has been in power in West Bengal without a break for 30 years.
- (v) In 2004 elections, it won about 6 per cent of votes and 43 seats in the Lok Sabha. Currently, it supports the UP A government from outside.

Communist Party of India (CPI) :

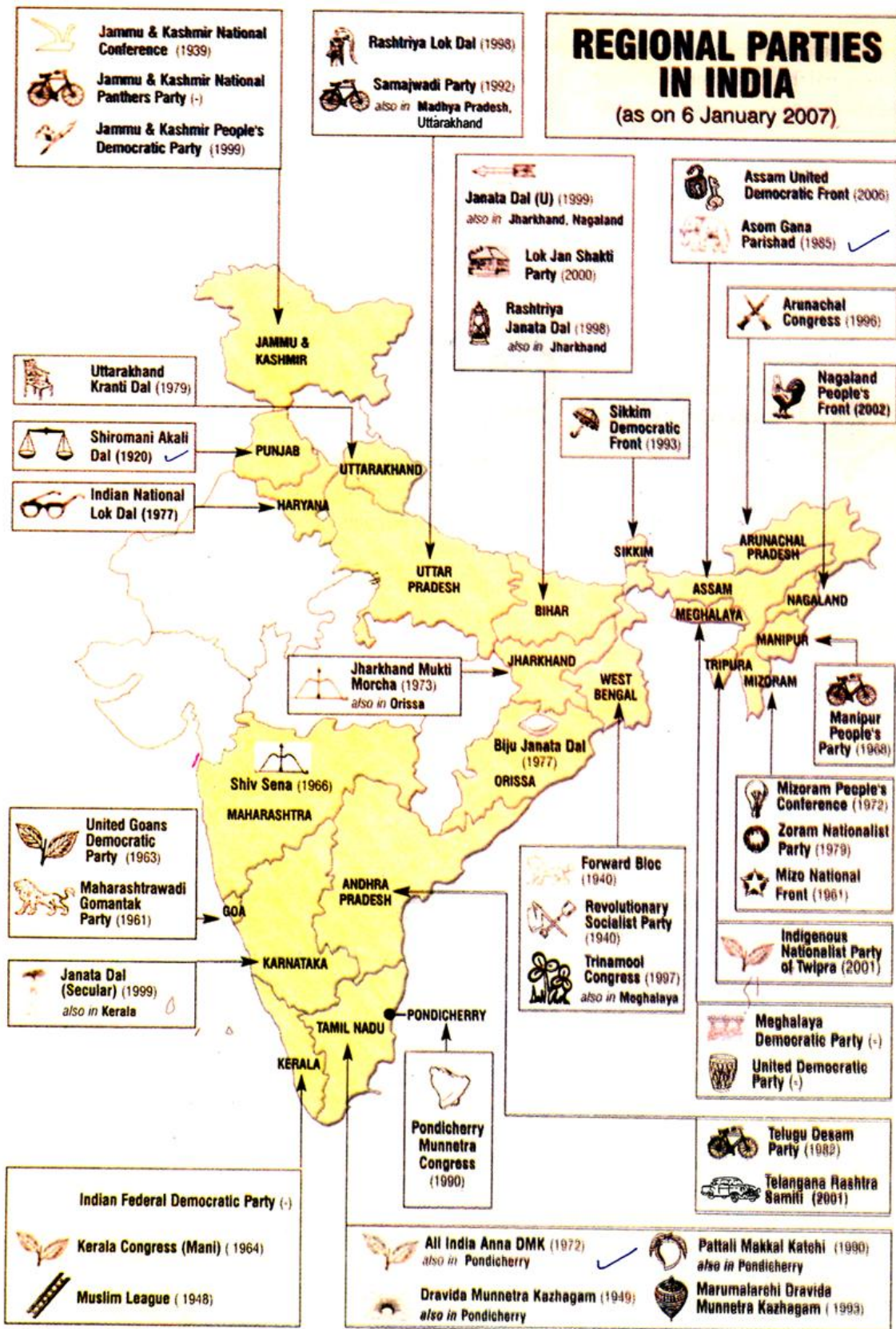


- (i) The Communist party of India was formed in 1925. Till 1977, it remained an ally of the Congress. There after, it started to be anti-Congress and anti-BJP, left and democratic front.
- (ii) CPI believes in Marxism, Leninism, secularism and democracy.
- (iii) It opposes the forces of secessionism and communalism. It accepts parliamentary democracy as a means of promoting the interests of the working class, farmers and the poor.
- (iv) It favours control over foreign trade, new and equitable international economic order. It advocates crop insurance schemes and cancellation of loans taken by small peasants; radical land reforms, including fair wages to agricultural workers, etc.
- (v) CPI supports base states are Kerala, West Bengal, Punjab, Andhra Pradesh and Tamil Nadu. But its support base has gradually declined over the years. It secured about 1.4 per cent votes and 10 seats in the 2004. Lok Sabha elections. Currently CPI supports UPA government from outside.

Nationalist Congress Party (NCP) :



- (i) The recently formed national party is Nationalist Congress Party (NCP). It was formed in 1999 following a split in the Congress Party.
- (ii) This party espouses democracy, Gandhian secularism, equity, social justice and federalism. It also wants that high offices in government be confined to natural born citizens of the country.
- (iii) A major party in Maharashtra, has a significant presence in Meghalaya, Manipur and Assam.
- (iv) It is a coalition partner in the state of Maharashtra in alliance with the Congress. Since 2004, it is a member of the "United Progressive Alliance".



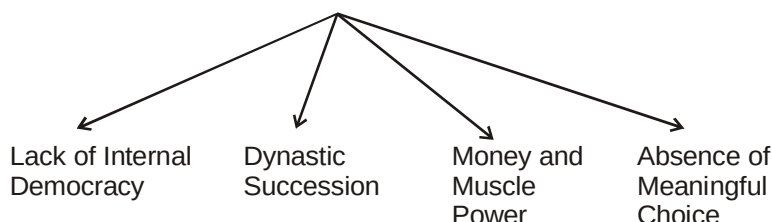
(b) State Party :

A party that secures at least six percent of total votes in Lok Sabha in an election to the Legislative Assembly of a State and wins at least two seats is recognised as a State party. These are commonly referred to as regional parties. Some of these parties are all India

parties that happen to have succeeded only in some states. Parties like the Samajwadi Party, Samata Party and Rashtriya Janata Dal have national level political organisation with units in several states. Some of these parties like Biju Janata Dal, Sikkim Democratic Front and Mizo National Front are conscious about their State identity.

National Parties	Regional Parties
(i) National parties have influence all over the country.	(i) While, the influence of regional parties is limited to particular regions or state.
(ii) National parties deal with national problems.	(ii) Whereas, regional parties are concerned with the problems and demands of a particular region only.
(iii) The activities of the national parties give priority to the national problems over the regional problems.	(iii) But, the activities of regional parties are restricted to the region of the state in which they function.

CHALLENGES TO POLITICAL PARTIES



Popular dissatisfaction and criticism has focussed on four problem areas in the working of political parties.

(i) Lack of internal democracy : All over the world there is a tendency in political parties towards the concentration of power in one or few leaders at the top. Parties do not hold, organisational meetings and do not conduct internal elections regularly. They do not have the means or the connections needed to influence the decisions. As a result the leaders assume greater power to make decisions in the name of the party. Since one or few leaders exercise paramount power in the party, those who disagree with the leadership find it difficult to continue in the party. The personal loyalty becomes more important as compared to loyalty to the party principle and policies.

(ii) Unfair Advantage and Dynastic Succession : Since most political parties do not practice open and transparent procedures for their functioning, there are very few ways for an ordinary worker to rise to the top in a party. In many parties the top positions are always controlled by members of one family. This is unfair to other members of that party. This is equally bad for democracy, since people who do not have adequate experience or popular support come to occupy positions of power.

(iii) Money and Muscle Power: Parties tend to nominate those candidates who have or can raise lots of money. Rich people and companies who give funds to the parties tend to have influence on the policies and decisions of the party. In some cases, parties support criminals who can win elections.

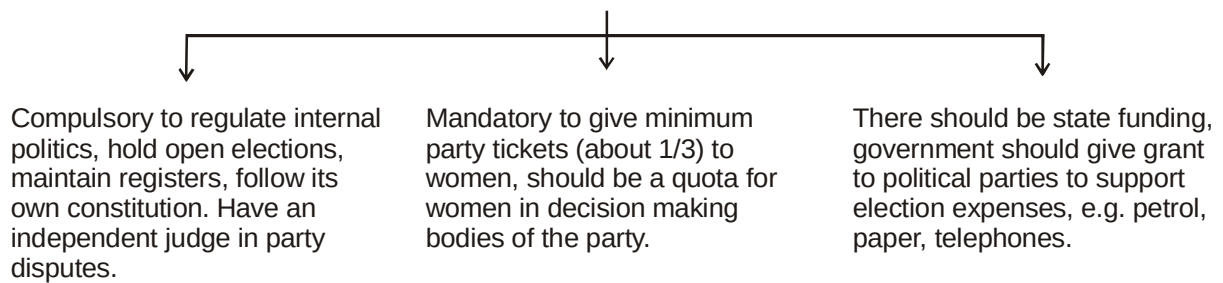
(iv) Absence of Meaningful Choice : Very often parties do not seem to offer a meaningful choice to the voters. In order to offer meaningful choice, parties must be significantly different. In recent years there has been a decline in the ideological differences among parties in most parts of the world. Those who want really different policies have no option available to them. Sometimes people cannot even elect very different leaders either, because the same set of leaders keep shifting from one party to another.

HOW CAN PARTIES BE REFORMED

Some of the recent efforts and suggestions in our country to reform political parties are:

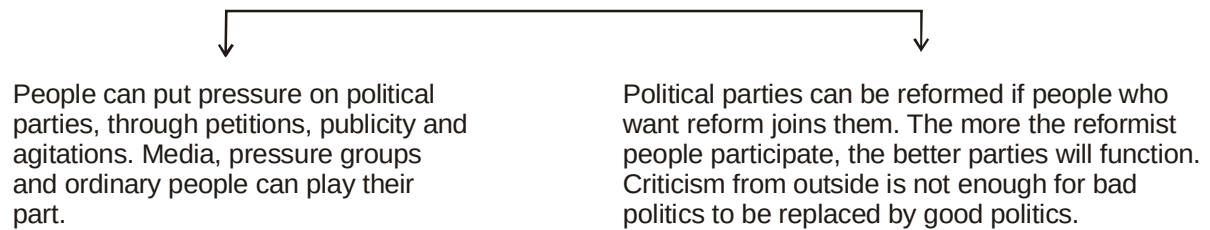
- The Constitution was amended to prevent elected MLAs and MPs from changing parties. This was done because many elected representatives were indulging in defection in order to become ministers or for cash rewards. Now the law says that if any MLA or MP changes parties, he or she will lose the seat in the legislature.
- The Supreme Court passed an order to reduce the influence of money and criminals. Now, it is mandatory for every candidate who contests election to file an Affidavit giving details of his property and criminal cases pending against him.
- The Election Commission passed an order making it necessary for political parties to hold their organisational elections and file their income tax returns.

Suggestions Given to Parties for Reformation



The suggestions have not been accepted yet, we cannot force the parties to pass a law which they do not like.

Two other ways





MONEY AND CREDIT

IMPORTANCE OF MONEY

A person holding money can easily exchange it for any commodity or service that he or she might want. Everyone prefers to receive payments in money and then exchange the money for things that they want.

(a) Double coincidence of wants :

Double coincidence of wants mean both parties i.e., the buyer and the seller have to agree to sell and buy each others commodities.

In a barter system where goods are directly exchanged without the use of money, double coincidence of want is an essential feature. In an economy where money is in use, money by providing the crucial intermediate step eliminates the need for double coincidence of wants.



(b) Money as Medium of Exchange :

Since money acts as an intermediate in the exchange process, it is called a medium of exchange.

- (i) Medium of exchange is an important function of money. It means that money acts as an intermediary for the goods and services in an exchange of transaction. Use of money as a medium of exchange has removed the major difficulty of double coincidence of wants in the barter system.
- (ii) The medium of exchange, function of money has classified all transactions on the basis of time and place. Now, the seller of goods need not sell his goods at a particular time and place and buy goods of the same value as well.
- (iii) The 'medium of exchange' function of money implies that money is generally acceptable by the people. They can buy goods and services they need using money. That is, money facilitates multi-lateral trade.
- (iv) Money also offers economic freedom to the people.

(c) Role of money in an economy :

- (i) Money plays an important role in the economy of a country. The use of money is at every step of life. In fact it would be hard to imagine life without money.
- (ii) The main function of money in an economic system is to facilitate the exchange of goods and services, i.e., to lessen the time and effort required to carry on trade.
- (iii) Without exchange of goods and services nobody can fulfill all his needs and requirements. Without money, exchange is not easy. Barter system has many problems.
- (iv) We are living in world, with a very large group of countries and their population. As the group becomes larger and larger, problems begin to emerge more and more with the barter system.
- (v) Modern economies are highly specialized. There is specialization of firms, of business, of regions, of types of capital, etc. Such specialization allows the utilization of each person at the best of his or her ability and skill, each region to the maximum advantage, and the use of large amounts of specialized capital to reap economics of scale. The fruits of this are high standards of living and productivity. All this specialization will not be possible without an equal highly developed system of exchange and trade, i.e., the use of money.
- (vi) Money serves the economy of the country performing the following four most important functions: (a) a unit of value (b) medium of exchange (c) a standard deferred payments and (d) store of value.

MODERN FORMS OF MONEY

- (i) Modern forms of money include currency- paper notes and coins. The modern currency is without any use of its own.
- (ii) Traditional forms of money include gold, silver and copper. The traditional money had its own uses.

(a) Why currency is accepted as a medium of exchange ? :

- (i) It is accepted as a medium of exchange because the currency is authorized by the government of the country.
- (ii) The law legalizes the use of rupee as a medium of payment that cannot be refused in settling transactions in India. No individual in India can legally refuse a payment made in rupees.

(b) Monetary system adopted by India :

- (i) India has adopted paper currency standard which is also referred as the managed currency standard.
- (ii) The monetary standard means the types of standard money used and the standard refers to legal money in which the government discharges its obligations. The monetary standard is thus synonymous with the standard money adopted. Thus in India paper currency is the unlimited legal tender i.e., it is used to settle debts and make payments to an unlimited amount.
- (iii) Reserve Bank of India issues all currency notes and coins except one rupee notes and coins which are issued by ministry of finance.
- (iv) The system governing note issue is the minimum reserve system which means that we have kept a reserve of 200 crore and the Central Bank is permitted to issue notes to any extent.

(c) Deposits with Banks :

People who have extra money can deposit it with the banks by opening a bank account in their name. Banks accept the deposits and also pay an interest rate on the deposits. In this way peoples money is safe with the banks and earns an interest. People also have the provision to withdraw the money as and when they require. Since the deposits in the bank accounts can be withdrawn on demand these deposits are called demand deposits.

(d) Cheque and its advantages :

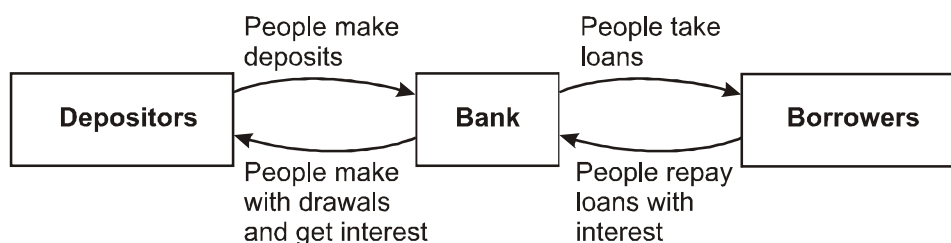
Demand deposits offer another interesting facility. Any person who has an account with the bank can make his payments through cheques. A cheque is a paper instructing the bank to pay a specific amount from the person's account to the person in whose name the cheque has been made.

- (i) It is the safest mode of transactions.
- (ii) It is easy to carry a cheque as compare to money.
- (iii) The facility of cheques against demand deposits makes it possible to directly settle payments without the use of cash.

ROLE THE BANKS PLAY IN THE ECONOMY OF A COUNTRY

The banks play an important role in the economy of a country

- (i) They keep the money of the people in safe custody otherwise people can become an easy prey of thieves or robber.
- (ii) They give interest on the money deposited by the people. Thus they add to the income of the depositor. Many families survive on the bank interest.
- (iii) The banks mediate between those who have surplus money and those who need money.
- (iv) Banks provide cheap loans to a large number of people.
- (v) Banks promote agriculture by providing loans to the farmers who can increase their production by bringing new farm implements and make better arrangements for the irrigation of their fields without which they cannot survive.
- (vi) Banks boost the country's industry also by providing cheap loans to the industrialists etc.
- (vii) The banks are the backbone of the country's trade also.
- (viii) Banks employ a large number of people and as such they solve the employment problem also.



(a) Central Bank :

Is an apex institution in the banking and financial structure of a country. It plays a leading role in controlling, regulating, supervising and developing the banking and financial structure of the economy.

Function of a central bank

- (i) It issues the currency notes.
- (ii) It acts as a banker to the government.
- (iii) Central bank acts as a banker of banks.
- (iv) Central bank also functions as the custodian of foreign exchange reserve of a country.
- (v) It controls credit.
- (vi) It also performs developmental and promotional functions.
- (vii) It maintains relation with the international organizations such as the World Bank, IMF, etc.
- (viii) It conducts research studies and surveys and publishes reports.
- (ix) It formulates an appropriate monetary policy for the country.
- (x) It provides training facilities to the staff working in a various banking institutions in the country.

(b) Commercial banks :

A banking company is one which transacts the business of banking which means accepting deposits for the purpose of Indian companies lending or investment, deposits of money from the public, repayable on demand or otherwise withdrawable by cheque, draft etc. Commercial banks are also called joint stock banks because they are organized in the same manner as joint stock companies.

Main features of commercial banks are :-

- (i) It deals with money; it accepts deposits and advances loans.
- (ii) It also deals with credit. It has the power to create credit.
- (iii) It is a commercial institution, whose aim is to earn profit.
- (iv) It is a unique financial institution that creates demand.
- (v) It deals with the general public.

(c) Loan activities of banks :

- (i) Banks keep only a small proportion of their deposits as cash with themselves. For example, banks in India these days hold about 15 percent of their deposits as cash. This is kept as a provision to pay the depositors who might come to withdraw money from the bank on any given day. Since, on any particular day, only some of its many depositors come to withdraw cash, the banks are able to manage with this cash.

- (ii) Banks use the major portion of the deposits to extend loans. Banks make use of the deposits to meet the loan requirements of the people.
- (iii) In this way, banks mediate between those who have surplus funds (the depositors) and those who are in need of these funds (the borrowers)
- (iv) Banks charge a higher interest rate on loans than they offer on deposit instead helping them in improving their earnings, left those worse off. This is an example of what is commonly called debt-trap. Credit in this case pushes the borrower into a situation from which recovery is very painful.

(b) Role of credit for development :

- (i) It plays a major role in the development of a country by creating better facilities for agricultural and industrial activities.
- (ii) Moreover, it helps people from all walks of life in setting up their business, increase their earnings and support their families.
- (iii) To some people, loans help a lot in constructing their houses and get rid of monthly rents.
- (iv) To others, loans or credit help a lot in raising their social status by enabling them to buy cars, scooters, televisions etc.

(c) Terms of Credit :

Interest rate, collateral and documentation requirement, and the mode of repayment together comprise what is called the terms of credit. The terms of credit vary substantially from one credit arrangement to another. They may vary depending on the nature of the lender and the borrower.

(d) Collateral :

Is an asset that the borrower owns (such as land, building, vehicle, livestock, deposits with banks) and uses this as a guarantee to a lender until the loan is repaid? If the borrower fails to repay the loan, the lender has the right to sell the asset or collateral to obtain payment. Property such as land titles, deposits with banks, livestock are some common examples of collateral used for borrowing.

(e) Reasons when the banks might not be willing to lend to certain borrowers :

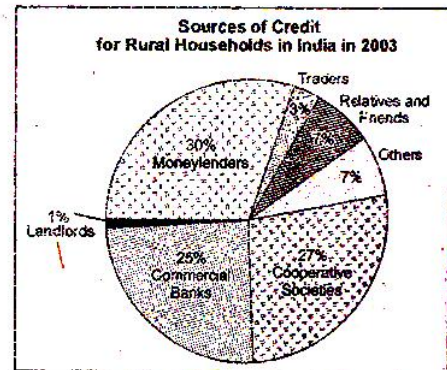
- (i) Some persons are not able to produce certificate of their earnings.
- (ii) There are other people who are not able to produce documents of their employment.
- (iii) Some persons have nothing to give to the bank as security/collateral- no house, no land etc.
- (iv) There are few others who fail to produce two persons who can stand as surety in case he is unable to repay the loan.

Sources of Credit for Rural Households in India in 2003

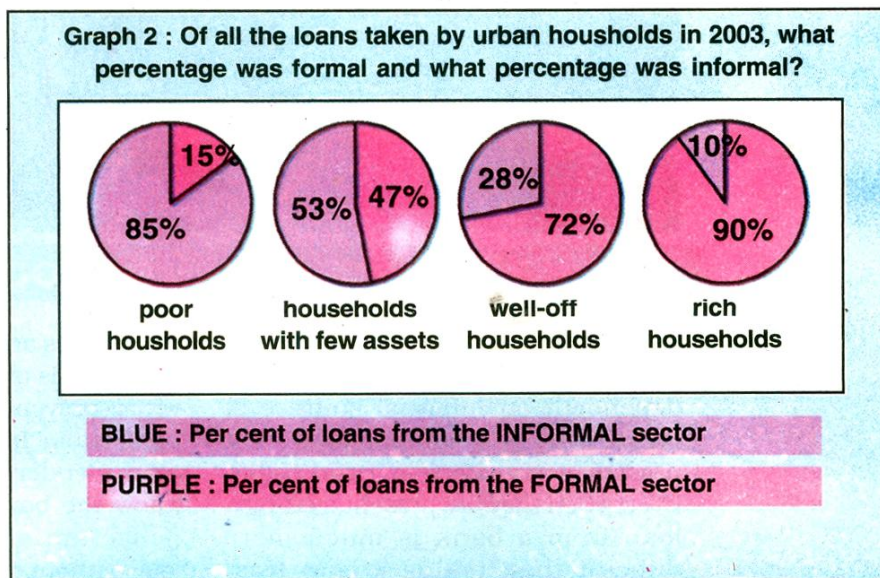
Which are the two major sources of credit for rural households in India ?

Which one of them is the most dominant source of credit for rural households ?

Why is it the most dominant source of credit ? Give two reasons.



SECTORS OF CREDIT IN INDIA



The various types of loans can be conveniently grouped as

(a) Formal sector loans :

These resources work under the supervision of the Reserve Bank of India. The rate of interest is very low. Commercial banks, cooperative societies are the main source of formal source of credit.

(b) Informal sector loans :

These do not work under any government organization. The rate of interest is very high. Relatives, money lenders and landlords are the main source.

RESERVE BANK OF INDIA (RBI)



The Reserve Bank of India supervises the functioning of formal sources of loans. For instance, the banks maintain a minimum cash balance out of the deposits they receive. The RBI monitors that the banks actually maintain the cash balance. Similarly, the RBI sees that the banks give loans not just to profit making businesses and traders but also to small cultivators, small scale industries, to small borrowers etc. Periodically, banks have to submit information to the RBI on how much they are lending to whom, at what interest rate, etc. The supervision of RBI is necessary due to the following reasons:

- It is required to safe deposits of the peoples with the banks and the cooperative society.
- It gives a power to RBI to force banks to maintain a minimum cash balance of the deposits they receives.
- The RBI can check the other banks to loan only to honest and real needy people who are having capacity to repay the loan along with interest on time.
- RBI checks that all formal credit agencies are following the economic policy or guidelines laid down by the government of the country.

SELF-HELP GROUP FOR THE POOR

- (i) A typical self help group can have 15 to 20 members usually belonging to the same village.
- (ii) The main motive of self help group is to pool the savings of the poor people.
- (iii) Saving per member can vary from Rs. 25 to Rs. 100 or more depending on the ability of the people and the strength of the group.
- (iv) The self help groups provide loans to their members at a reasonable rate.
- (v) After a year or two, if the group is regular in savings, it becomes eligible for bank loans.
- (vi) Loan is sanctioned in the name of the group with the main motive to create self employment opportunities for the members.
- (vii) In the recent years, many commercial and cooperative banks have provided loan to these self help groups for releasing mortgaged land, for meeting working capital needs, for housing materials, for acquiring assets like sewing machines, handlooms, cattle etc.
- (viii) Most of the self help groups work in a democratic way i.e., it is the group which decides regarding the loans to be granted, interest to be charged, schedule etc.
- (ix) A case of non-repayment of loan by any member is followed up seriously by other members in the group and because of this feature the commercial banks don't hesitate to lend loans to these groups.
- (x) The most important feature of self help groups is that most of these groups are being organized by women. These are helping women to become financially self reliant. The regular meetings of the group provide a platform to discuss and act on a variety of social issues such as health, dowry, domestic violence, child marriage etc.