

# VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

Class 12 commerce Sub. ECO/B Date 16.9.2020

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## INFRASTRUCTURE

Question 1:

Explain the term infrastructure.

ANSWER:

The term infrastructure refers to the underlying tangible and organisational structures that are essential for the smooth and prosperous functioning of an economy. In other words, infrastructure is regarded as a core support system that enables an economy to grow and develop. Generally, the term infrastructure means technical structure such as roads, transport, communication, bridges, dams, power, public institutions like schools, hospitals, etc. These structures not only serve as basic input for various economic activities like production, investment, but also enable an economy to break the shackles of traditional and primitive social structures and customs. The difference between a developed country and an underdeveloped country can be mainly attributed to the lack of sufficient and technically advanced infrastructure in the latter. Infrastructure has two-fold benefits- as an input and as a support system. Infrastructure *as an input* (roads, bank and power) facilitates the production process and attracts investment from domestic as well as from foreign investors. Infrastructure *as a support system* (such as schools, hospital) develops the quality of human capital by imparting quality and technical education and health facilities. This raises the standard and quality of living and helps the economy to eradicate major economic problems like poverty, unemployment and inequality. Hence, it can be concluded that the presence of quality and sufficient infrastructure is a necessary and sufficient condition for accomplishing economic growth and development.

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Question 2:

Explain the two categories into which infrastructure are divided. How are both interdependent?

ANSWER:

Infrastructure is broadly classified under two categories:

- a. Economic infrastructure
- b. Social infrastructure

**Economic Infrastructure** refers to the elements of economic change that aid in the process of production and distribution. It improves the quality of economic resources and, thus, raises the productivity of the economy as a whole. In this way, it serves as a support system to economic growth. Energy, transportation, communication, banking and financial institutions are some of the examples of economic

infrastructure. Greater the economic infrastructure, greater will be the production and more generation of employment opportunities. Thus, expenditure incurred on the economic infrastructure can be regarded as a necessary condition for economic growth.

**Social Infrastructure** refers to all those facilities and institutions that enhance the quality of human capital. Educational institutions, hospitals, nursing homes, housing facilities etc. are some of the examples of social infrastructures. The availability of such infrastructures raises the human productivity, thereby, improves the quality of standard of living. Unlike, economic infrastructure, social infrastructure indirectly increase the productivity and production of goods and services. For example, availability of better health care and medical facilities enable a perennial supply of healthy workforce that in turn is reflected in the form of increased production levels.

Both economic and social infrastructures are interdependent on and complementary to each other. While economic infrastructure fosters economic growth, social infrastructure enhances the quality of standard of living and thereby leads to the welfare of the economy as a whole. The combined effect of these two infrastructures contributes to the prosperity of the economy. The economic growth attained with the help of economic infrastructure is imperfect without t human development which is attained by means of social infrastructure. Thus, one infrastructure supports the other.

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*Question 3:*

How do infrastructure facilities boost production?

**ANSWER:**

Infrastructure-social and economic, facilitates production. The role of infrastructure in economic production can be understood with the help of an example. If agriculture is devoid of irrigation facilities, then it would entirely depend on the monsoon that may hamper its production and productivity. As irrigation is essential to enhance productivity of agricultural sector, in the same manner, infrastructure is essential for smooth and efficient production of all sectors of the economy. Similarly, industrial production in the absence of proper means of transportation may lead to delays in the movement of raw materials, capital goods and finished goods. This, in turn, leads to delays in the production process and, thereby, hampers industrial production. Thus, infrastructure is the necessary condition for higher productivity and higher production.

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*Question 4:*

Infrastructure contributes to the economic development of a country. Do you agree? Explain.

**ANSWER:**

Yes, infrastructure acts as a support system for production activity in the economy and, thereby, contributes to economic development. The following points will further explain the role of infrastructure in the economic development of a country:

i. **Infrastructure Increases Productivity:** Infrastructure-social and economic facilitates production. The availability of quality infrastructure guarantees increase in production and productivity. Infrastructure ensures easy movement of goods and raw materials, thereby, reducing inefficiencies and lead to efficient utilisation of scarce resources and eliminate wastages.

ii. **Infrastructure Encourages Investment:** Infrastructure provides an environment conducive to investment. Lack of facilities discourage investment. For example, an investor will not invest in absence of basic infrastructure such as transport and communication.

iii. **Infrastructure Generates Linkages in Production:** Infrastructure promotes economic development by way of various linkages– forward and backward linkages. In other words, infrastructure provides scope for expansion of one industry due to the expansion of the other by way of forward and backward linkages. The process of economic growth becomes a dynamic process in the presence of sufficient infrastructure facilities. This can be explained with the help of a forward linkage. For example, if irrigation facilities boost agricultural production, then the related industries that depend on agriculture for the supply of raw materials simultaneously experience increased production.

iv. **Infrastructure Enhances Size of the Market:** Infrastructure widens the size of the market. The fast and cost-effective movement of raw materials and finished goods in bulk enables a producer to offer his products across the country and even across international boundaries.

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Question 5:

What is the state of rural infrastructure in India?

**ANSWER:**

During the colonial rule, the British aimed at developing infrastructure to facilitate their trade affairs. At the time of independence, Indian government found lack of sound infrastructure to realise their dream of economic development and growth. Most of the infrastructural development concentrated in the urban areas. The infrastructural development in the rural areas is still very meagre as compared to the size of the rural population. The women in the rural areas are still making use of bio fuels like cow-dung and fuel wood to meet their energy needs. The census of 2001 states that only 56% of the households has electricity connection, whereas, 43% still use kerosene. About 90% of the rural households use bio fuels for cooking. Tap water is used by only 24% of the rural households and improved sanitation is available to only 20%. As the infrastructure is an essential element of economic growth, so, it becomes a need of the hour to address the problem of infrastructure. The government of India invested only small proportion of GDP on infrastructure i.e. only 5% that is lesser than that of China and Indonesia. The economists see India as the third biggest economy in the world. For that to happen, India will have to boost its infrastructure, especially rural infrastructure. This will not only promote economic development of our country but also enhance economic welfare.

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