

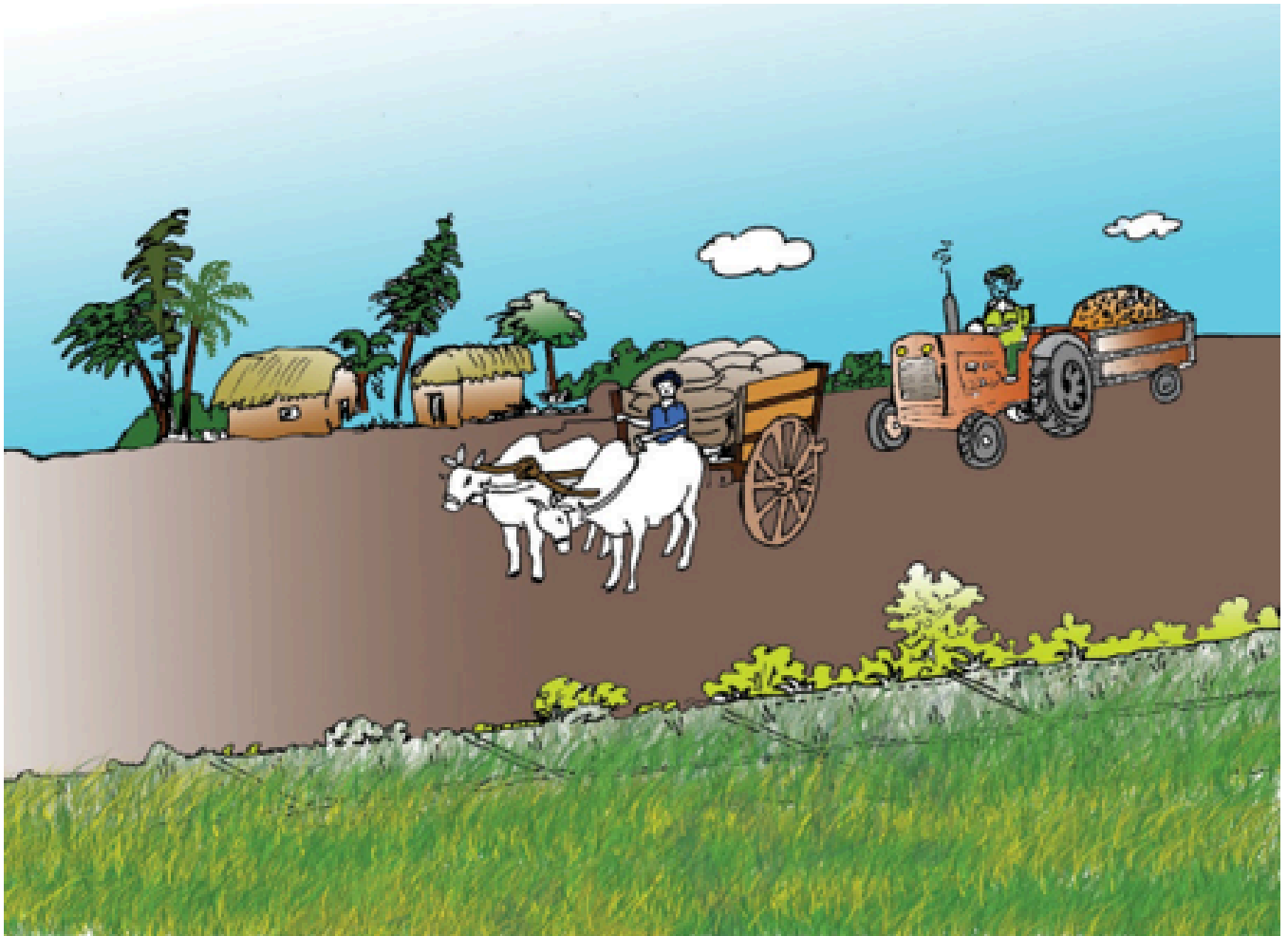
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## Introduction to Palampur

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Palampur is a hypothetical village used to explain basic concepts of production in economics. Farming is the main activity, with other small-scale activities like manufacturing, dairy, and transport also present. The village is well-connected by roads to nearby villages and towns, facilitating transport of goods and people.

Palampur has about 450 families from different castes. The upper caste families own most of the land, living in brick houses, while Scheduled Castes (dalits) live in smaller houses made of mud and straw. Electricity powers tubewells and small businesses. The village has two primary schools, one high school, a government primary health centre, and a private dispensary.



**Picture 1.1** *Scene of a village*

This image shows a typical village scene with huts, oxen-driven carts, tractors, and green fields, illustrating traditional and modern farming methods and the natural environment.

### Exam Question

**Q:** What are the main features of Palampur village that help in production activities?

**A:** Palampur has well-developed roads, electricity, irrigation, schools, and health facilities. Farming is the main activity supported by natural resources, labour, and capital.

### Organisation of Production

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Production aims to create goods and services using four main requirements:

- **Land:** Natural resources like water, forests, and minerals.
- **Labour:** Human effort, both manual and skilled.
- **Physical Capital:** Tools, machines, buildings (fixed capital), raw materials, and money (working capital).
- **Human Capital:** Knowledge and enterprise to combine other factors effectively.



**Picture 1.2** *A factory, with several labourers and machines*

This image shows a factory where labourers operate machines, demonstrating the combination of human effort and physical capital in production.

### Exam Question

**Q:** What are the four factors of production? Explain physical capital.

**A:** The four factors are land, labour, physical capital, and human capital. Physical capital includes tools, machines, buildings (fixed capital), and raw materials and money (working capital) used in production.

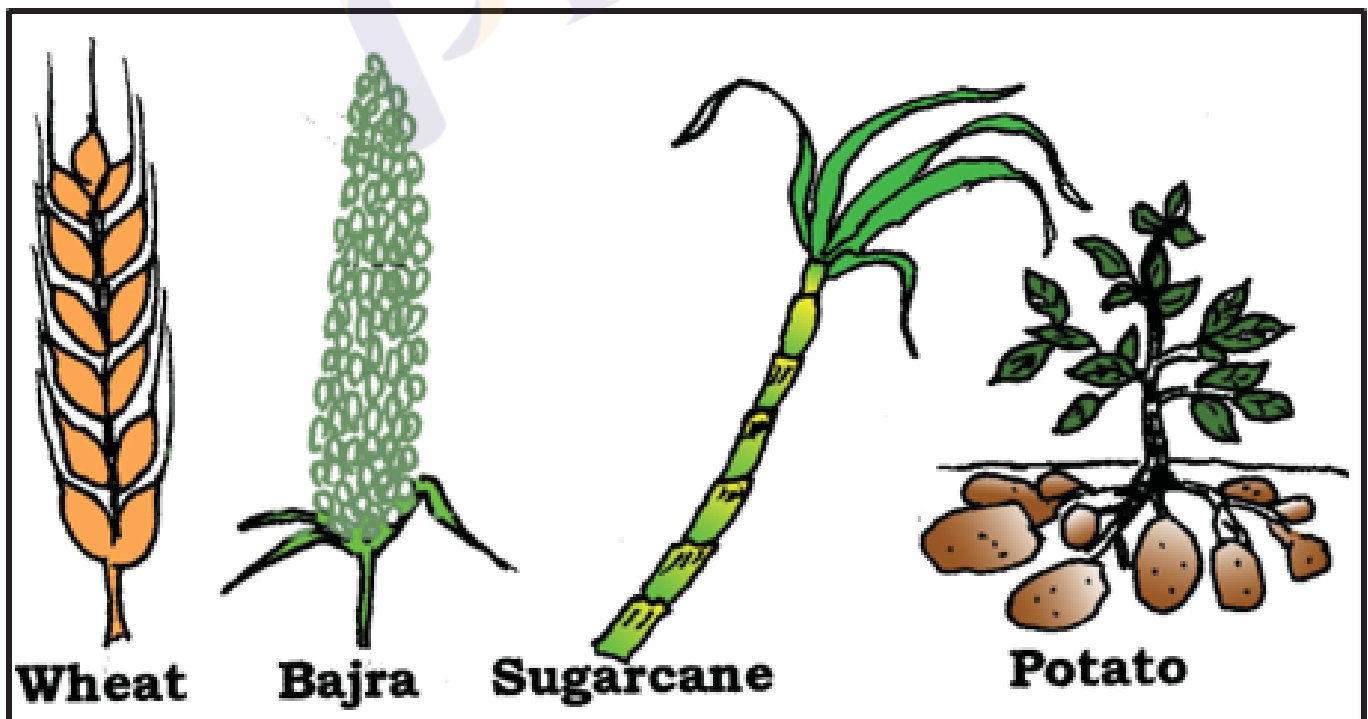
## Farming in Palampur

### Land is Fixed

Farming is the main livelihood for 75% of workers in Palampur. The cultivated land area has been fixed since 1960, with no further expansion possible. Land is measured in hectares (1 hectare = 100m x 100m).

### Growing More from the Same Land

Farmers grow multiple crops annually (multiple cropping) due to good irrigation. Crops include jowar, bajra, potato, wheat, and sugarcane. Electric tubewells have replaced Persian wheels, enabling irrigation of the entire 200 hectares.



**Picture 1.3** *Different crops*

The image shows wheat, bajra, sugarcane, and potato crops, each with distinct characteristics and growing requirements.

## Exam Question

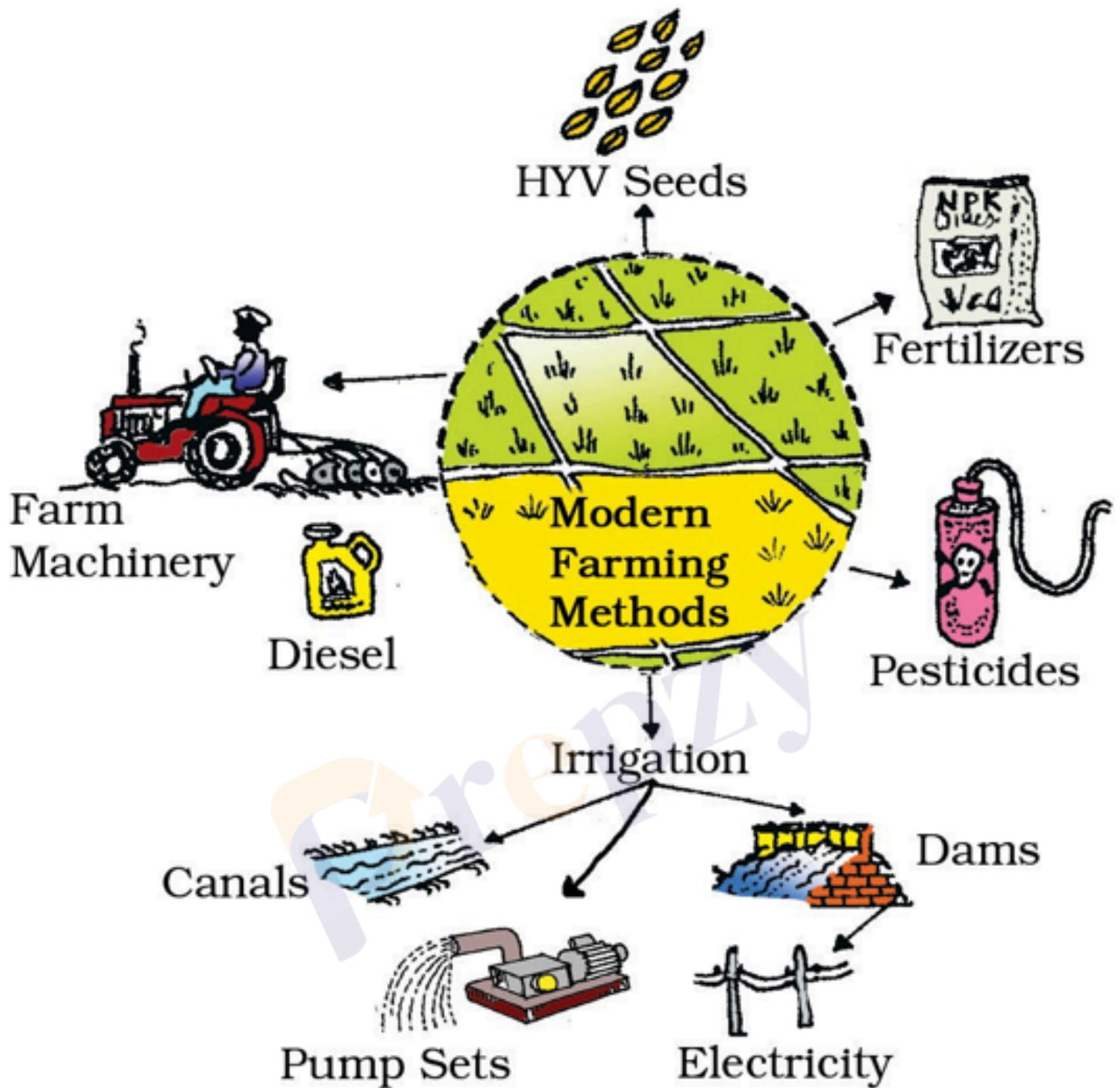
**Q:** What is multiple cropping? Why is irrigation important for it?

**A:** Multiple cropping is growing more than one crop on the same land in a year. Irrigation is important as it provides water needed for different crops throughout the year.

## Modern Farming Methods for Higher Yield

The Green Revolution introduced high-yielding variety (HYV) seeds, chemical fertilizers, pesticides, and mechanization. These methods increased crop yields but require more water and capital.

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**Picture 1.4 Modern Farming Methods: HYV seeds, chemical fertilizer etc.**

The diagram illustrates components of modern farming: HYV seeds, fertilizers (NPK), pesticides, irrigation (canals, dams, pumps), diesel, and farm machinery.

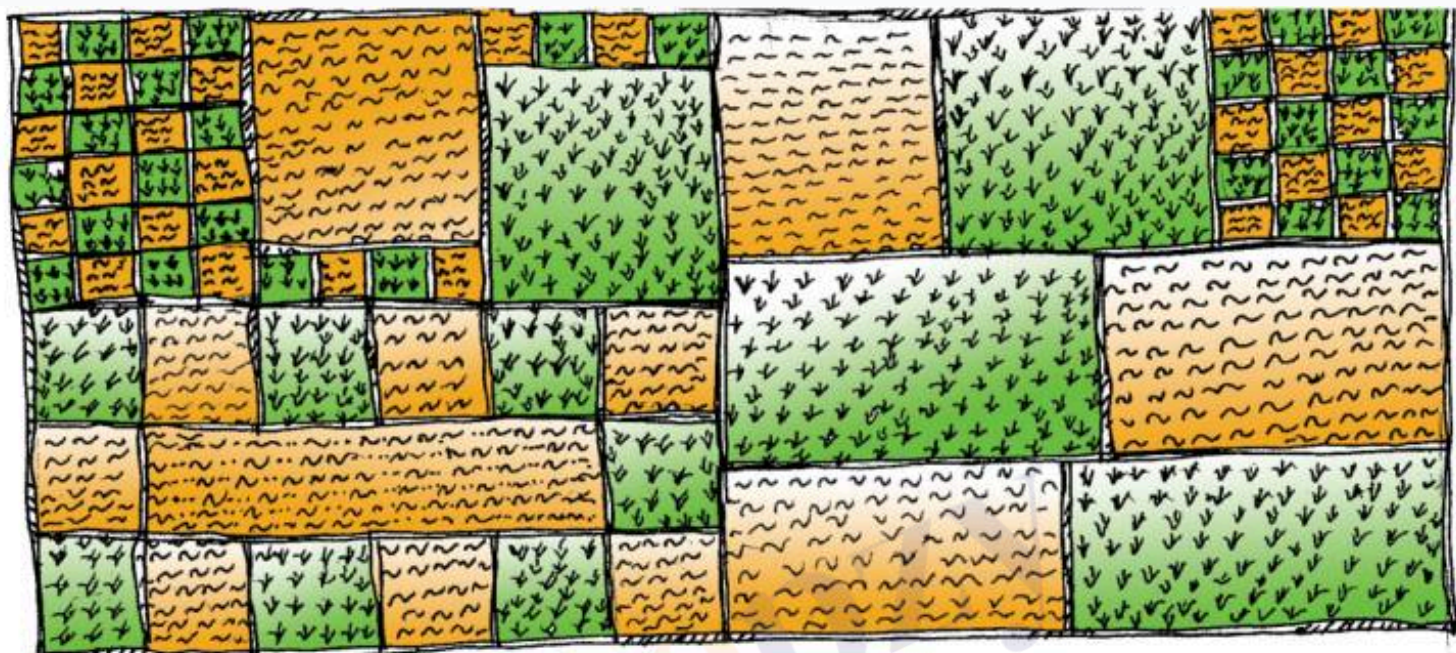
### Exam Question

**Q:** How did the Green Revolution change farming in Palampur?

**A:** It introduced HYV seeds, chemical fertilizers, pesticides, and machinery, increasing yields but requiring more water and capital.

## Will the Land Sustain?

Modern farming has led to soil fertility loss and groundwater depletion due to chemical fertilizers and excessive irrigation. Sustainable use of natural resources is essential for future agriculture.



Picture 1.5 Palampur village: Distribution of cultivated land

The image shows land distribution in Palampur, highlighting different crop plots and land use.

### Exam Question

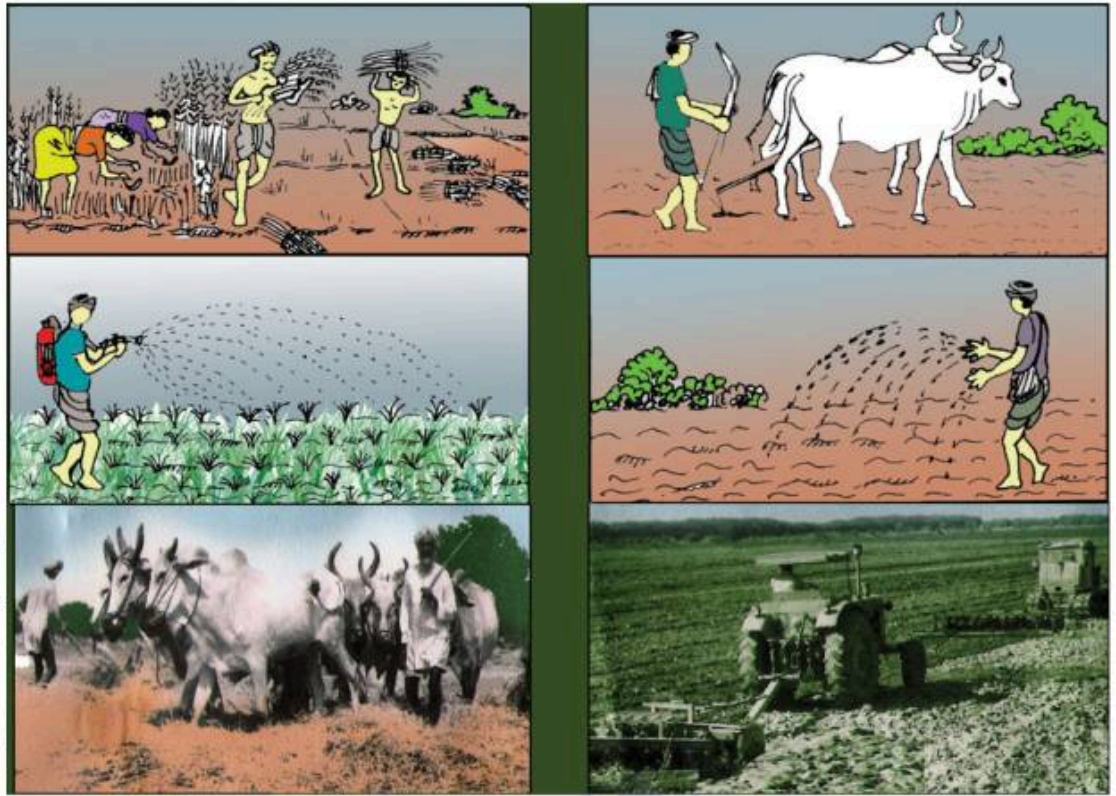
Q: What environmental issues are caused by modern farming methods?

A: Loss of soil fertility, pollution from chemical fertilizers, and depletion of groundwater due to excessive irrigation.

## Land Distribution in Palampur

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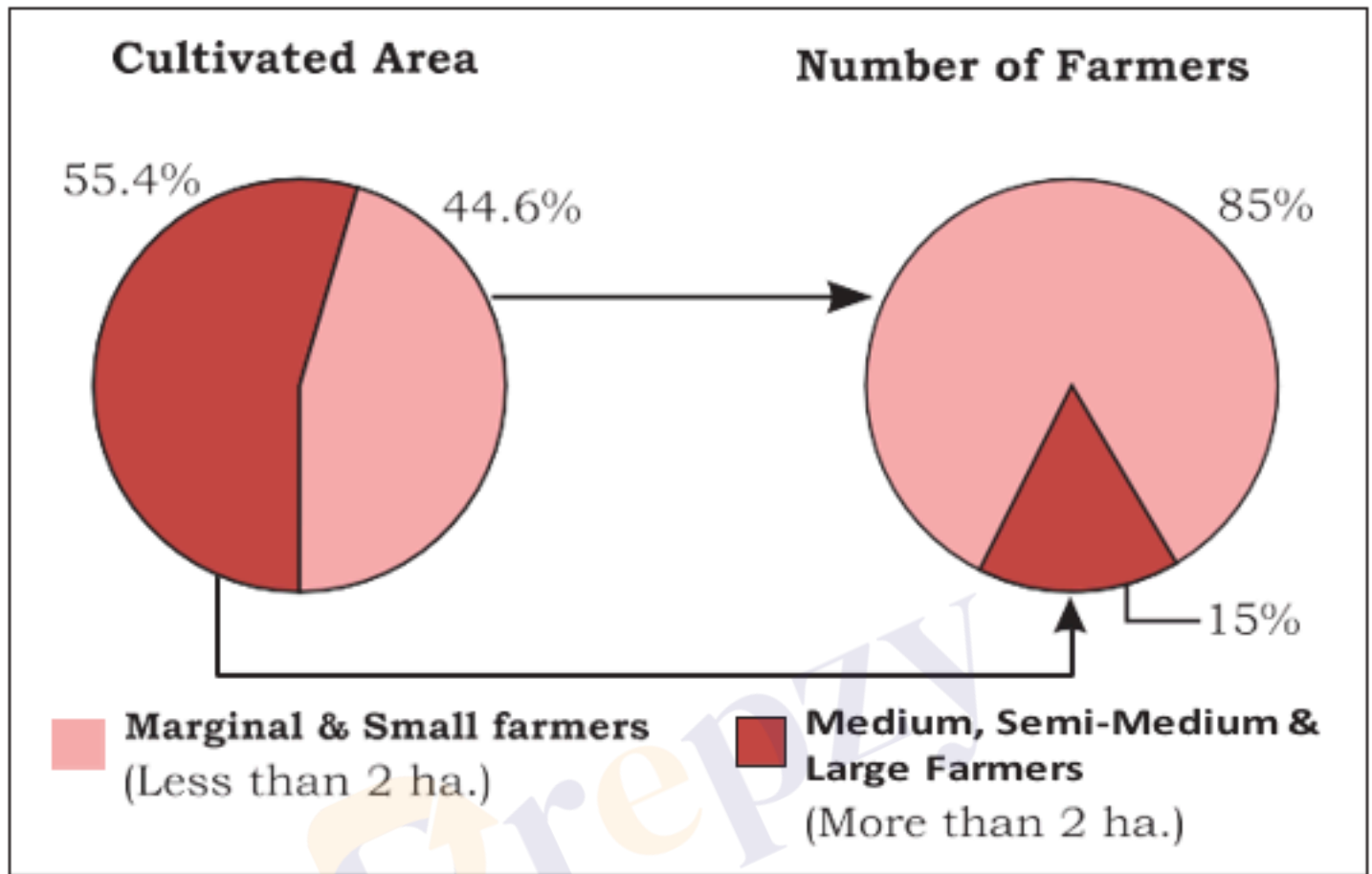
About one-third of families are landless, mostly dalits. Small farmers cultivate less than 2 hectares, often insufficient for a good income. Medium and large farmers cultivate more than 2 hectares, with some owning over 10 hectares.



**Picture 1.6** *Work on the fields: Wheat crop—ploughing by bullocks, sowing, spraying of insecticides, cultivation by traditional method, cultivation by modern method, and cutting of crops.*

The image contrasts traditional and modern wheat farming methods, including ploughing, sowing, spraying insecticides, and harvesting.

## Graph 1.1: *Distribution of Cultivated Area and Farmers*



Pie charts show that 85% of farmers are small/marginal but cultivate only 44.6% of land, while 15% are medium/large farmers cultivating 55.4% of land, indicating unequal land distribution.

### Exam Question

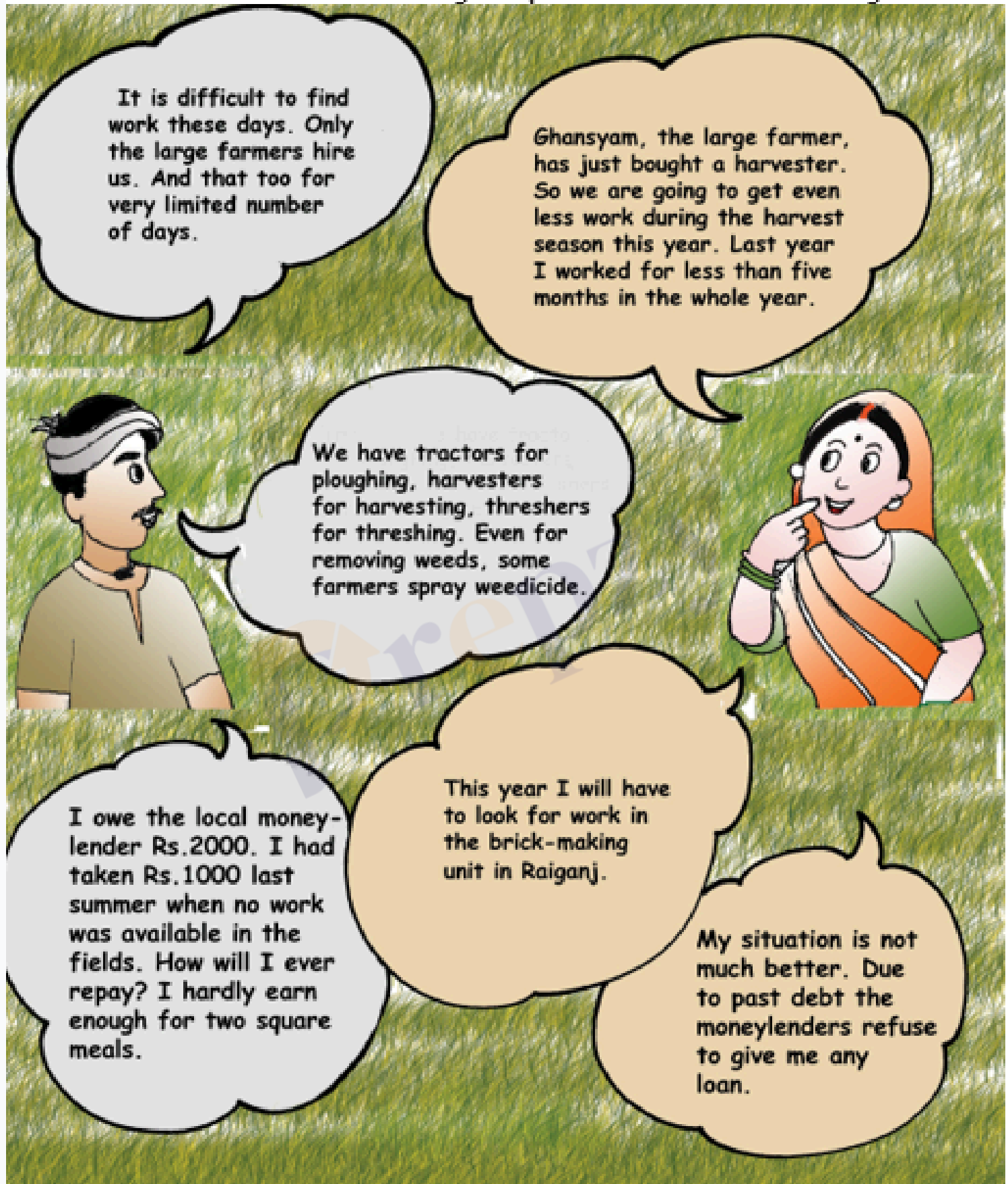
**Q:** Describe the land distribution among farmers in Palampur.

**A:** Most farmers are small/marginal with less land, while a few medium/large farmers own more land, leading to unequal distribution.

### Labour in Palampur

Small farmers and their families provide labour on their own fields. Medium and large farmers hire farm labourers, who are mostly landless or small farmers. Labourers are paid wages in cash or kind, with wages varying by region and activity. Mechanization has reduced demand for manual labour, causing unemployment and migration.

## Dala and Ramkali are among the poorest native of the village



**Picture 1.7** *The conversation between Dala and Ramkali*

The image shows a conversation highlighting challenges faced by farm labourers due to mechanization, low wages, debt, and migration.

## Exam Question

**Q:** Why do many farm labourers in Palampur face poverty?

**A:** Due to low wages, irregular work, mechanization reducing jobs, and debt from borrowing money.

## Capital in Farming

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Modern farming requires significant capital for seeds, fertilizers, pesticides, irrigation, and machinery. Small farmers often borrow at high interest rates, causing financial distress. Medium and large farmers use savings from previous production to finance farming.

## Exam Question

**Q:** How do small and large farmers in Palampur differ in arranging capital?

**A:** Small farmers borrow money at high interest, while large farmers use their savings for capital.

## Sale of Surplus Farm Products

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Farmers keep some produce for family consumption and sell surplus in markets. Medium and large farmers supply most surplus, using earnings to save, lend, or invest in capital like tractors.

## Exam Question

**Q:** What do farmers do with surplus farm products?

**A:** They sell surplus in markets, save earnings, and invest in capital for future production.

## Non-Farm Activities in Palampur

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### Dairy

Dairy farming is common, with milk sold to traders who transport it to cities. Collection and chilling centres support this activity.

## Small-Scale Manufacturing

Less than fifty people engage in small-scale manufacturing, often family-run, such as sugarcane jaggery production using mechanical crushers.

## Shopkeeping

Shopkeepers buy goods from wholesale markets and sell in the village. Some have started new services like computer classes employing educated locals.

## Transport

Transport services include rickshaws, tongas, tractors, and carts. Improved roads have increased transport jobs, helping people like Kishora earn more.

## Exam Question

**Q:** Name some non-farm activities in Palampur and their importance.

**A:** Dairy, small-scale manufacturing, shopkeeping, and transport provide additional income and employment beyond farming.

## Summary

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Farming is the main production activity in Palampur, with important changes increasing production from fixed land. Modern farming requires more capital, which small farmers struggle to obtain, often borrowing at high interest. Labour is abundant but mechanization limits employment, causing migration. Non-farm activities are limited but essential for diversification and income. Sustainable use of land and resources is vital for future agriculture.

## Solved Examples

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### Example 1: Calculating Surplus and Capital

Given a farmer produces 100 units and consumes 40 units, surplus =  $100 - 40 = 60$  units. This surplus becomes capital for the next year.

## Example 2: Understanding Land Distribution

If 85% of farmers cultivate 44.6% of land, the average landholding for small farmers is less than that of medium/large farmers who cultivate 55.4% of land.

## Practice Set

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### Easy

- Define the four factors of production.
- What is multiple cropping?

### Moderate

- Explain the impact of the Green Revolution on farming in Palampur.
- Describe the distribution of land among farmers in Palampur.

### Challenging

- Discuss the challenges faced by small farmers in arranging capital.
- Analyze the effects of mechanization on farm labourers in Palampur.

## Answer Key

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- Four factors of production: land, labour, physical capital, human capital.
- Multiple cropping is growing more than one crop on the same land in a year.
- The Green Revolution introduced HYV seeds, fertilizers, pesticides, and machinery, increasing yields but requiring more capital and water.
- Most farmers are small/marginal with less land; medium/large farmers own more land, leading to unequal distribution.

- Small farmers often borrow money at high interest due to lack of savings, causing financial distress.
- Mechanization reduces demand for manual labour, causing unemployment and migration among farm labourers.

## Quick Reference

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- **Land:** Fixed natural resource used in farming.
- **Labour:** Human effort in production.
- **Physical Capital:** Tools, machines, buildings, raw materials, money.
- **Human Capital:** Knowledge and enterprise.
- **Multiple Cropping:** Growing multiple crops on the same land annually.
- **Green Revolution:** Introduction of HYV seeds and modern farming methods.
- **Surplus:** Production minus consumption.
- **Non-Farm Activities:** Economic activities other than farming.

## Glossary

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### Capital

Man-made resources used in production, including tools, machines, and money.

### Fixed Capital

Long-term physical assets like buildings and machinery.

### Working Capital

Short-term inputs like raw materials and money used in production.

### High-Yielding Variety (HYV) Seeds

Seeds bred to produce more crops per plant.

### Irrigation

Artificial application of water to land for agriculture.

### Labour

Human effort used in production.

### Multiple Cropping

Growing more than one crop on the same land in a year.

### Natural Resources

Resources like land, water, and minerals provided by nature.

### Non-Farm Activities

Economic activities other than farming, such as manufacturing and services.

### Surplus

Excess production after consumption needs are met.