

CBSE Test Paper-05
Chapter 07 Indian Economy 1950-90

1. First five year plan focused on ____ production while in second plan shifted the focus to ____ **(1)**
 - a. Agriculture, Industry
 - b. Agriculture, Tertiary
 - c. Tertiary, Industry
 - d. Industry, Agriculture

2. The starting of land reforms programmes was set up in the right direction but it could not be successful because of **(1)**
 - a. inadequate proof of tenancy
 - b. malafide transfers
 - c. lack of political will
 - d. All of the these

3. The Indian Policy Resolution, 1956 classified industries into _____ categories. **(1)**
 - a. three
 - b. two
 - c. one
 - d. four

4. HYVP stands for **(1)**
 - a. High Yielding Varieties Programme
 - b. High Yielding Various Programme
 - c. High Yielding Varieties Product
 - d. High Yielding Various Product

5. Why is India a leading exporter of handicrafts? **(1)**

6. How do the PSUs help in the development of backward regions? **(1)**

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7. What are High Yielding Variety (HYV) seeds? **(1)**
 8. Should we keep using labour intensive methods for generating employment? Give reasons to justify your answer. **(1)**
 9. Give the merits and demerits of mixed economic system. **(3)**
 10. Why should plans have goals? **(3)**
 11. Give a chronology of different Five Year Plans of India. **(4)**
 12. Why was public sector given a leading role in industrial development during the planning period? **(4)**
 13. Enumerate the various objectives of a Public Sector Undertaking. **(4)**
 14. Explain the various technical reforms initiated by the government to upgrade the technology in Indian agriculture. **(6)**
 15. Explain the progress made in international trade after Independence. **(6)**

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Answers

1. a. Agriculture, Industry

Explanation: The first five year plan focussed to increase in agricultural production however, the second five year plan focussed on development of heavy industries.

2. d. All of the these

Explanation: On account of low productivity, dependence on imported food grains, and the intense poverty of a large section of the land reforms programmes were introduced.

The starting of land reforms programmes was set up in the right direction but it could not be successful because of:

- Lack of political will.
- Malafide transfers.
- Inadequate proof of tenancy.

3. a. three

Explanation: The Indian Policy Resolution, 1956 classified industries into three categories. These categories were:

- i. **Schedule A:** Those industries which were to be an exclusive responsibility of the state.
- ii. **Schedule B:** Those which were to be progressively state-owned and in which the state would generally set up new enterprises, but in which private enterprise would be expected only to supplement the effort of the state; and
- iii. **Schedule C:** All the remaining industries and their future development would, in general, be left to the initiative and enterprise of the private sector.

4. a. High Yielding Varieties Programme

Explanation: It was introduced in 1964-65 with a new dimension of agricultural production created in the community development project. HYV of Wheat, Paddy and introduced in selected 100 districts but later on it spread in

other area also. The objective of this programme is to adopt HYV for maximum production.

5. India is a leading exporter of handicrafts because :
 - i. Handicraft is a traditional industry of India.
 - ii. Easy availability of Skilled workers.
6. PSUs help in the development of backward regions as mentioned below:
 - i. PSUs are generally opened in backward areas so that more employment opportunities are generated in these areas.
 - ii. It is also able to progress economically.
7. HYV seeds also called as "Miracle seeds" are better quality seeds which have a low maturity period, are highly productive and are disease resistant. These seeds were developed by scientists to improve food supplies and reduce famine in developing countries. The yield from these seeds exceeded 25% to 100% as compared to yields from normal seeds.
8. It is not necessary to keep using labour intensive methods for generating employment. There is a contradiction between modernisation and employment generation only for the short term. In the long run as we employ capital intensive methods, new jobs get created in capital goods industry. Therefore, we need proper planning and effective implementation to attain these two goals simultaneously.
9. **The merits of mixed economic system are:**
 - i. In mixed economy, there is competition between the private sector and public sector industries leading to enhanced productivity.
 - ii. Mixed economy gives adequate scope to private individuals to co-exist and contribute towards economic development.
 - iii. Planned economic development ensures stability and balanced development in a mixed economy.

The demerits of mixed economic system are:

- i. Mixed economy is characterised by red-tapism and a high degree of corruption.

- ii. Mixed economy cannot effectively control the private sector industries which are outside the government purview.
- iii. In mixed economy, there is a concentration of economic power in the hands of private entrepreneurs politicians and bureaucrats.

10. Since the resources are limited so one can't achieve each and every objective in one go. One needs to fix some goals and plan to achieve its priority wise in a specific period of time. Every plan should have specified goals which it seeks to pursue. Goals are the ultimate targets; the achievement of which ensures the success of plans. A plan specifies the means and ways to allocate scarce resources in an optimum manner to achieve these desired goals. Without specific goals, a plan would be directionless and resources would not be utilised in a proper manner without wastage. Therefore, every plan should have specific goals which it strives to achieve. Following goals are focused in every plan:

- i. Modernisation
- ii. Equity
- iii. Growth
- iv. Self-reliance

11. Chronology of different Five Year Plans announced so far is given below:

	Plan	Time Period
1st	Plan	1951-1956
2nd	Plan	1956-1961
3rd	Plan	1961-1966
Three one year Plan		1966-1969 (It is also known as plan holiday)
4th	Plan	1969-1974
5th	Plan	1974-1979
One year Plan		1979-1980
6th	Plan	1980-1985
7th	Plan	1985-1990

One year Plan		1990-1992
8th	Plan	1992-1997
9th	Plan	1997-2002
10th	Plan	2002-2007
11th	Plan	2007-2012
12th	Plan	2012-2017

12. At the time of independence, Indian economic conditions were very poor and weak. There was neither much private capital nor did India have international investment credibility so as to attract foreign investment. Moreover, Indian planners did not want to be dependent on foreign capital for economic development. In such a situation, it was only logical that the public sector should take the initiative.

During the planning period, the public sector was given a leading role in industrial development because of the following reasons:

- i. **Lack of Capital with the Private Entrepreneurs:** At the time of Independence, the requirement of capital for diversified industrial growth far exceeded its availability with private entrepreneurs. Accordingly, it became essential for the state to foster industrial growth through public sector undertakings.
- ii. **Lack of Incentive among the Private Entrepreneurs:** The Indian market was comparatively small which discouraged Indian industrialists to invest in major projects (even though they had sufficient capital to invest). Thus, the government promoted the industrial sector.
- iii. **Socialistic Pattern of Society:** Indian planners wanted to develop the Indian economy on a socialist base, so they focused on government-funded major projects.
- iv. **Social welfare:** In India, there were certain projects in which the profit margin was negligible. Thus, the private sector was not interested in such projects, and it was only the public sector which could bring the balanced regional growth with the establishment of government units in the backward areas. This move could increase the employment and income of the people.

13. **The main objectives of the Public Sector Undertaking are as follows:**

- i. To ensure long-term economic progress of the country.
- ii. To help in the earnings of foreign exchange.
- iii. To provide employment opportunities to a large proportion of the population.
- iv. To help the country to progress economically by providing basic infrastructural facilities.
- v. To facilitate the balanced economic development of the country.
- vi. To achieve social justice by ensuring equitable distribution of income.
- vii. To ensure that the country is self-reliant in key areas.
- viii. To gainfully use the profits from entrepreneurial ventures for the development of the country.

14. The following steps have been taken by the government to upgrade the state of technology in Indian agriculture:

- i. **Promoting the Use of High Yielding Variety (HYV) Seeds:** The government is promoting the use of HYV seeds in place of conventional seeds. This has resulted in an increase in crop productivity leading to the Green Revolution.
- ii. **Scientific Farm Management Practices:** Scientific methods of farming related to the selection of crops, preparation of soil, crop rotation, use of fertilisers and pesticides, dry farming practices, multi-cropping system, etc are encouraged.
- iii. **Use of Insecticides and Pesticides for Crop Protection:** Government is advocating the use of insecticides and pesticides judiciously for protecting the crops from diseases and insects. 14 central plant protection centres have been set up. An integrated pest management programme has been initiated to fight the problem of pests attacking the standing crops.
- iv. **Use of Chemical Fertilisers:** Use of chemical fertilisers is being promoted by the government, and the farmers are encouraged to use them in the course of farming to increase productivity. Use of organic manure is also encouraged.
- v. **Mechanised Means of Cultivation:** Government is taking steps to popularise the use of agricultural machines like tractors, harvesters and threshers. Cheap credit is also provided to farmers through cooperative societies, regional rural banks and commercial banks, to help them to buy farm equipment.

15. The progress of India's foreign trade is mentioned below:

- i. **Volume of Foreign Trade:** During the planning period, India's foreign trade witnessed tremendous increase.
- ii. **Composition of Foreign Trade:** The following points bring about the changes in the composition of foreign trade:
 - a. The share of agricultural sector has fallen.
 - b. The percentage share of manufactured goods in the volume of trade increased due to the growth in the industrial sector.
 - c. Share of conventional items of India's exports such as jute, tea, foodgrains and minerals has fallen.
- iii. **Direction of Foreign Trade:** Presently, our major trading partners are UAE, China, Switzerland, Singapore, Australia, Iran, Hong Kong, Korea, Indonesia, UK, Japan and Belgium. This is in sharp contrast to the scenario at the time of Independence, when our international trade was confined largely to UK, USA and Commonwealth countries.