

**Class XI ECONOMICS**

**CHAPTER - 2**

**INDIAN ECONOMY 1950 - 1990**

**IMPORTANT QUESTIONS**

**MULTIPLE CHOICE AND VERT SHORT ANSWER QUESTIONS (1 Marks)**

**Question 1**

**What is the type of economy adopted by India?**

- a) Communist
- b) Capitalist
- c) Mixed
- d) Socialist

Answer

(c) Mixed economy

---

**Question 2**

**What do you mean by Planning Commission and who is the chairman of this commission?**

Answer

Planning Commission is the agency of the government of India which was established in the year 1950 to oversee the country's economic and social development. Their main work is formulation of five-year plans. Chairman of the committee is Prime Minister of the country.

---

**Question 3**

**Term HYVP stands for?**

- a) High Yielding Varieties Product
- b) High Yielding Various Programme
- c) High Yielding Varieties Programme
- d) High Yielding Various Product

Answer

(c) High Yielding Varieties Programme

---

**Question 4**

**Who is father of high yielding variety seed?**

Answer



The father of HYV is considered to be Norman Borlaug, an American agricultural scientist who in 1970 was awarded the Nobel Peace Prize for breeding higher-yielding varieties. He is also called Father of Green Revolution.

---

#### **Question 5**

**Define Economy.**

Answer

An economy is the large set of inter-related production and consumption activities that aid in determining how scarce resources are allocated. Economy is the thing that allows us to survive and thrive.

---

#### **Question 6**

**Planning commission was set up in which year in India?**

- a) 05<sup>th</sup> March, 1951
- b) 25<sup>th</sup> April, 1951
- c) 20<sup>th</sup> March, 1951
- d) 15<sup>th</sup> March, 1950

Answer

(d) Planning commission was set up on 15<sup>th</sup> March, 1950.

---

#### **Question 7**

**What were the priorities in the 11<sup>th</sup> five year plan?**

Answer

The main focus areas in the 11<sup>th</sup> five year plan was agriculture, infrastructure development, health and education.

---

#### **Question 8**

**What is meant by import substitution in Indian economy?**

Answer

Import substitution industrialization (ISI) is a trade and economic policy which advocates replacing foreign imports with domestic production. ISI is based on the premise that a country should attempt to reduce its foreign dependency through the local production of industrialized products. Now many mechanical,



software, instruments and machines have been started to manufacture in our country to cut short crores of rupees import.

---

#### **Question 9**

**What do you mean by land ceiling?**

Answer

Land ceiling defines the size of land that an individual or family can own. In India, this act was passed during 1961-62 and it was regulated by all the state governments. But the ceiling limits varied from state to state.

---

#### **Question 10**

**What is the year of India's twelfth five year plan?**

- a) 1997 to 2002
- b) 2002 to 2007
- c) 2012 to 2017
- d) 2007 to 2012

Answer

(c) 2012 to 2017 was the year of twelfth five year plan. Currently India is on her 13<sup>th</sup> five year plan which started on 2017 and will be there up to 2022.

---

#### **Question 11**

**How much percent of India's population was dependent on agriculture during independence?**

- a) 75%
- b) 50%
- c) 85%
- d) 65%

Answer

(a) 75% of India's population was dependent on agriculture during independence.

---

#### **Question 12**

**Define small scale industries.**

Answer



Small scale industries are those having fixed investment in plant and machinery, whether held on ownership basis or lease basis or hire purchase basis not exceeding Rs. 1 crore. Examples are paper napkins, facial tissues, candle making units, wooden toothpicks, etc.

---

#### Question 13

The portion of agricultural produce which is sold in the market by the farmers is called \_\_\_\_\_

- a) Trade deficit
- b) Marketed surplus
- c) Subsidy
- d) Import substitution

#### Answer

(b) It is called marketed surplus. It happened first time in India after the successful implementation of green revolution in the country.

---

#### Question 14

Who presented the 1<sup>st</sup> five year plan of the country?

#### Answer

The first five year plan was presented by our first Prime Minister of the country, Pandit Jawaharlal Nehru in the parliament. It was launched in the year 1951.

---

#### Question 15

What was the focus points of first and second five year plan?

#### Answer

Agriculture was the focus point of first five year plan while this focus shifted to industries in the second five year plan.

---

#### SHORT ANSWER QUESTIONS (3 OR 4 MARKS)



### Question 16

**What was the aim of five year plans?**

**Or**

**Why India needed five year plans?**

**Or**

**What were the goals of five year plans in our country and how much it has been achieved?**

**Answer**

After India gained independence in 1947 it basically had to rebuild its economy from scratch. The leaders of those times had to pick the type of economy India would be and also outline the economic planning as well. This is where the five year plan was born. In India, these plans are made for five years and hence are known as five year plans. Every five year plan is developed with a specific goal in mind. There are basically five generalized goals of a five year plan, wherein a particular plan one or two are given the most importance. So let us now look at these five types of goals we cover in the five year plans.

### **MAIN AIMS OF FIVE YEAR PLANS**

**GROWTH**

**MODERNISATION**

**SELF RELIANCE**

**EQUITY**

Some of the major achievements witnessed through five year plans are as below:

1. Significant increase in National Income and Per Capita Income.
  2. Good Development in Agriculture
  3. Development of Industry
  4. Development of Transport and Communication
  5. Employment Generation
  6. Power and price stability
  7. Development of Science and Technology
  8. Increased capital formation
- 



**Question 17**

**Why did India take up mixed economy?**

**Or**

**Amidst different types of economies in the world, why India focus on mixed economy model?**

**Or**

**Throw light on mixed economy model of India.**

**Answer**

In the post-independence era, the leaders of the country had some precarious decisions to take. In those times there were two models followed by most countries in the world – capitalist economy and socialist economy. Our first Prime Minister Jawaharlal Nehru preferred the socialist model. But in a democracy like India, a pure socialist economy cannot flourish. Capitalism was also not suited since the government had to build up an economy and look after the common man and his needs. So as a solution our economy combined aspects of both socialism and capitalism. It was then decided India would develop a strong socialist society, where the public sector would take care of its citizens. But the government would also promote and encourage a strong private sector for the future. There would be no prohibition on private property or wealth keeping our democracy in mind. That's why Indian economy is called a mixed economy because it is neither completely socialist nor capitalist. In India private & public sector both operate in the market. Though privatisation in most sectors started only after 1991 it has provided a major much needed boost to the economy.

---

**Question 18**

**What are the advantages and disadvantages of green revolution?**

**Or**

**What are the drawbacks of green revolution?**

**Or**

**Is there any negative side of green revolution?**

**Answer**

**Answer**

The great increase in production of food grains (such as rice and wheat) due to the introduction of high-yielding varieties, to the use of pesticides, and to better management techniques is called green revolution. We shall now see advantages and disadvantages of green revolution.



**Let us begin with advantages of Green Revolution:-**

1. It allows agricultural operations on a large scale
2. It eliminates the need to fallow lands.
3. It has the potential to be able to grow any crop anywhere.
4. Job opportunities are created in the agricultural and industrial sector.

**Below is the list of disadvantages or cons of green revolution:**

1. By constantly replanting crops without restoring soil health means that more fertilizer is required to keep the nutrient in the soil and replenish it.
  2. It has a negative effects on crop production because of soil degradation which leads to the loss in production of fruits, vegetables and pulses.
  3. Small farmers couldn't keep up with the dropping price of grains and production as they were too poor to buy fertilizers, pesticides, machines, HYV seeds etc. leading them to be poorer.
  4. Excessive use of chemical fertilizer as reported from some places causing destruction of useful microorganisms, insects and worms in soil.
- 

**Question 19**

**What is meant by socialist economy? Elaborate with examples.**

Answer

Socialism mainly focus on production to satisfy human needs. Very much unlike capitalism, where the focus is on sale and profit. Socialism means direct control and management of the industries and social services by the workers through a democratic government based on their nationwide economic organization. The idea of socialism is first introduced by Karl Marx and Fredric Engles in their book, '**The Communist Manifesto**'. The former Soviet Union is an example of a socialist system. Denmark, Finland, Norway, Ireland are examples of a socialist nation. Cuba is a very good example. Its economy is state run and it lacks a stock exchange. Healthcare and education are all completely managed and administered by the government.

---

**Question 20**

**What is the policy of 'land to the tiller'?**

**Or**

**Have you heard about land tiller policy? What is it?**

Answer

Land to the tillers is an adage that means the person that works for something should enjoy the benefits and rewards reaped. The Act, which was originally limited to acquiring land for only government projects,

is amended several times to dilute the definition of public purpose so that land can now be acquired for all kinds of projects and for anyone. "Land to the tiller" concept is good because above all it provides incentive to the one who ploughs the land. It motivates the hard working person to put in even more hard work. The new and revised Bill did well to increase the compensation amount and mandate public consultation; but it persisted with ambiguous definitions of public purpose and supported land acquisition for private companies.

---

### LONG ANSWER QUESTIONS (5 OR 6 MARKS)

#### Question 21

**Explain the Green Revolution in brief.**

**Or**

**Why is the term Green Revolution so famous?**

**Or**

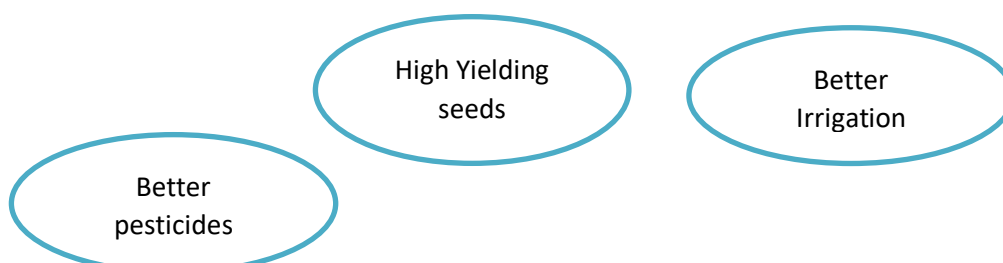
**Write a short note on Green Revolution.**

#### Answer

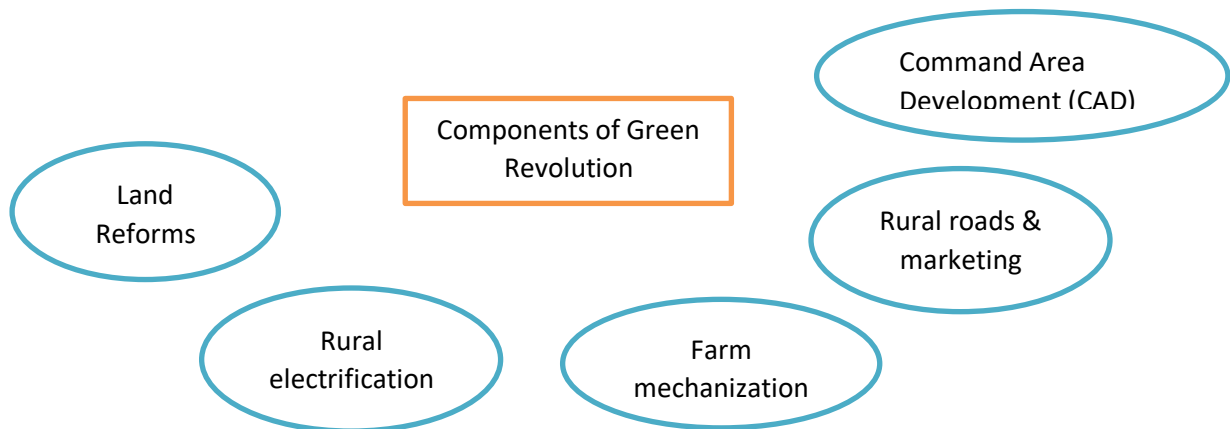
Food is the most basic requirement for sustaining every kind of living creatures on this earth. It is the source of energy which is utilized by living organism for their growth, development and doing work.

The Green Revolution was a scientific revolution in growing grains. It implemented the use of genetic engineering, chemical fertilizers, and pesticides. It introduced fantastic technology into farming. The Green Revolution in India refers to a period of time when agriculture in India changed to an industrial system due to the adoption of modern methods and technology such as high yielding variety (HYV) seeds, tractors, irrigation facilities, pesticides, fertilizers etc. Green revolution was started by Norman Borlaug. India is self-sufficient in food production this is only because of modern pattern of agriculture. Then Green revolution in 1960's is one of the important era in India history. The necessity for new agricultural strategy arose out of the need to increase agricultural production in the face of stagnation of production and rapidly increasing demand. Initially it was implemented in a total area of 1.89 million hectares. On the eve of the Fourth Plan, the coverage had expanded to be 9.2 million hectares. In 1989- 90 total area was 63.8 million hectares, almost 35 per cent of gross cropped area.

**The main components of Green Revolution are:**







The agricultural production is slow and investment is also inadequate. When compared to international structure India's production is far below even after so called success of Green Revolution. An actual yield of groundnut is 9.1 quintal per hectare and that is 1/3rd of world's largest yield rate. Thus even after Green Revolution India's acre wise productivity is much lower than international standard. But India has emerged as fourth-largest wheat producing country. The reality is that after the rural works programmes and the course of actions middle strata can benefit if not lower strata of rural society. The middle strata with their size of holdings were highly benefited. They became viable with a spirit of enterprise. This emerging middle income group of people got more inspiration to launch further economic activities. They imbibed zeal and a sense of confidence and could be a source of inspiration for others, emerged as a new leader which was dominated by hitherto affluent classes. This new leadership can take necessary steps to usher fresh developmental activities in the rural society for the grass root level, if development process has a democratic bias. The new initiatives are capable of generating new wave of economic development in the rural life.

---

#### Question 22

**What are the general problems of an economy?**

**Or**

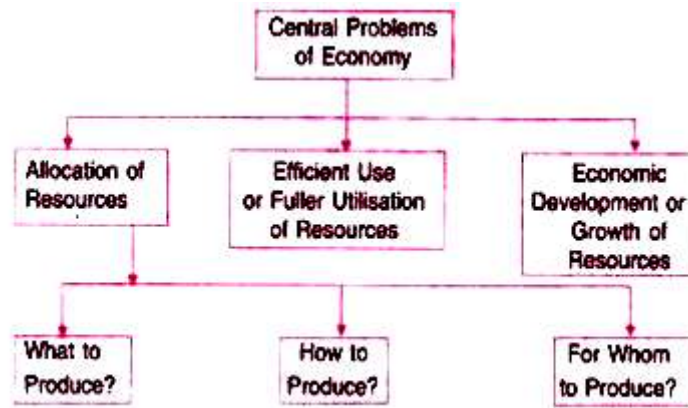
**Throw some light on the central problems of economy.**

**Or**

**"Whenever the problems of choice and scarcity arise, economics is said to be emerged". Discuss some of the problems of economy.**

**Answer**

We can easily understand the problems of the economy from the below designed module.



Now we will focus to understand the problems in better way:-

- Basic economic problem is the problem of choice which is created by the scarcity of resources. It is also called problem of economising the resources, i.e., the problem of fuller and efficient utilisation of the limited resources to satisfy maximum number of wants.
- Main causes of central problems are unlimited human wants, limited economic resources and alternative uses of resources.
- Central problems facing every economy are like allocation of resources:-
  - (i) What to produce and how much to produce?
  - (ii) How to produce?
  - (iii) For whom to produce?
- What to produce: - An economy have unlimited wants and limited means having alternative use. Economy can't produce all type of goods like consumer goods, producer goods etc. So, Economy has to make a choice what type of goods and services are to be produced and in what quantities.
- How to produce: - It is the problem of choice of technique of production. There are two techniques of production.
  - (a) Labour Intensive Technique: - It is the technique of production when labour is used more than capital.
  - (b) Capital Intensive Technique: - In this technique capital is used more than Labour.
- For whom to produce: - It is the problem related to distribution of produced goods among the different group of the society. It has two aspects:-
  1. Personal distribution
  2. Functional distribution

Personal distribution: - When the National Income is distributed according to the ownership of the factors of production.

Functional distribution: - When the national Income/Production is distributed among different factors of production like Land, Labour, capital and Entrepreneurship for providing their service in term of rent, wages, interest and profit respectively.

- Problem related to the efficient use and fuller utilization of resources: - Efficiency of production means the maximum possible amounts of goods and services are being produced with available resources. The resources are already scarce in relation to the need for them and therefore an economy has to ensure that its resources do not remain underutilized their under employment is nothing but wastage of resources.
  - Problem related to Growth of Resources: - It is related to increase in the production capacity of the economy so that the quantity of production will rise.
- 

### Question 23

**Though public sector is very essential for industries, many public sector undertakings incur huge losses and are a drain on the economy's resources. Discuss the usefulness of public sector undertakings in this light of the fact.**

**Or**

**Explain the rationale of public sector enterprises.**

**Or**

**What is the role of public sector enterprises in India?**

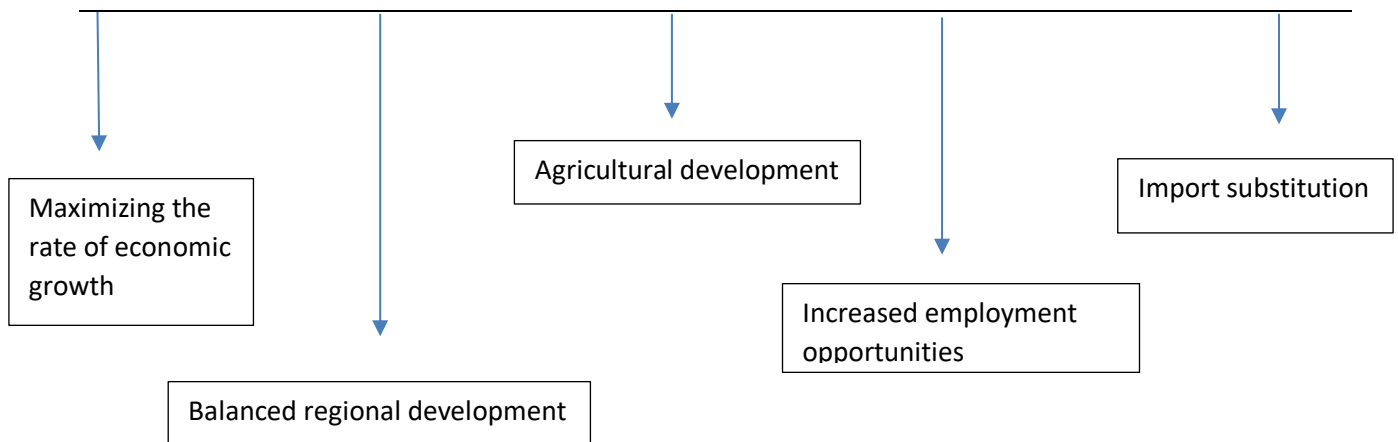
Answer

In India, a public sector company is that company in which the Union Government or State Government or any Territorial Government owns a share of 51 % or more. Currently there are just three sectors left reserved only for the government i.e. Railways, Atomic energy and explosive material. Private sectors are not allowed to operate in these sectors. Till 1990s major sectors of the economy were reserved only for the government, this caused the great loss of our precious natural resources and the whole country trapped into the great economic problem. From the very first five year plan till 1980s our country grows with the average rate of 3.5% per year.

Profit-making public sector undertakings are the main source of revenue of the government to be used in special welfare programmes. This enables to promote equality of income and wealth distribution among the public. The PSUs which operate with social motive such as railways, water supply and postal services should be retained in the public sector. Profit-making industries should remain in the public sector only because the resources of these units can be used for developmental activities. The government should retain strategic industries to prevent emergence of any monopoly in the private sector.



## ROLE OF PUBLIC SECTOR ENTERPRISES IN INDIA



### GOVERNANCE OF PUBLIC SECTOR UNDERTAKINGS:-

The important roles and responsibilities undertaken by Public Sector Department are:

- General policy relating to Public Sector.
- Matters relating to issue of Presidential Directives and guidelines to Public Sector Enterprises.
- Formulation of policy guidelines pertaining to Public Sector Enterprises in areas like performance improvement and evaluation, financial management, personnel management, board structures, wage settlement, training, industrial relation, vigilance, performance appraisal, etc.
- Matters relating to reservation of posts in the public sector enterprises for certain classes of citizens.
- All matters relating to Memorandum of Understanding between the Public Sector Enterprises and the administrative Ministries/Departments.
- Matters relating to delegation of powers to Board of Directors.
- To undertake in depth studies in respect of significant areas of functioning of Central PSEs
- Matters relating to International Centre for Public Enterprises (ICPE) - External website that opens in a new window
- Matters relating to Standing Conference of Public Enterprises (SCOPE) - External website that opens in a new window
- To monitor and evaluate the performance of PSEs and to act as a repository of data and to bring out an Annual Survey for the Parliament.
- Permanent Machinery of Arbitrators for settlement of disputes among public sector enterprises and Government Departments except disputes relating to tax matters.
- Appraisal of proposal from different administrative Ministries pertaining to restructuring, revival, joint venture etc.



- DPE Guidelines - External website that opens in a new window
  - Department of Economic Affairs - External website that opens in a new window
  - Department of Expenditure - External website that opens in a new window
  - Standing Conference Of Public Enterprises (SCOPE) - External website that opens in a new window
- 

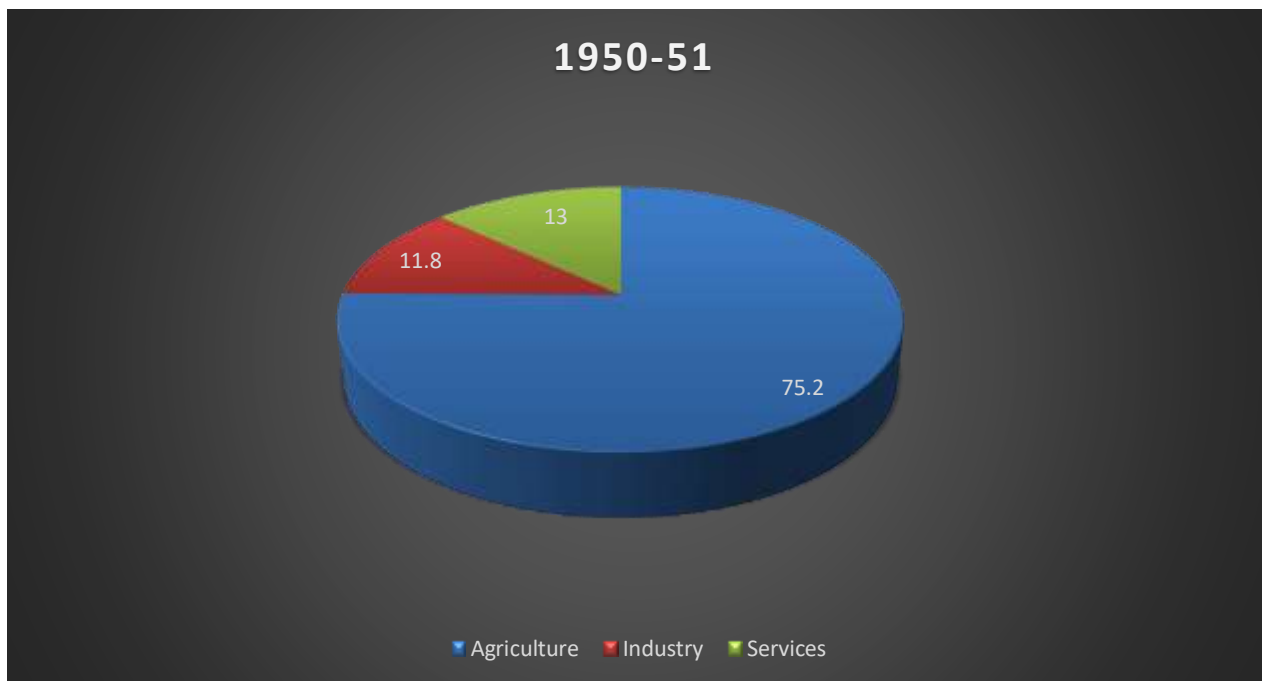
#### Question 24

Construct a pie chart on the occasional structure of the Indian economy available in the following table:

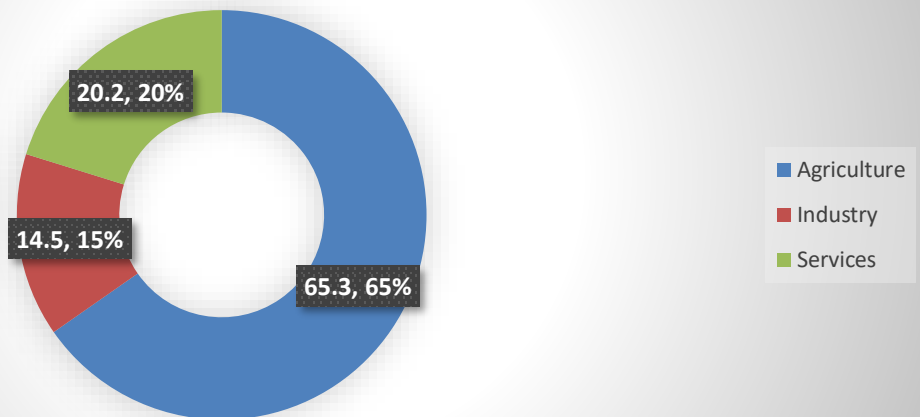
SECTOR	1950-51	1990-91	2017-2018
AGRICUTLURE	75.2	65.3	45
INDUSTRY	11.8	14.5	25
SERVICES	13	20.2	30

Answer

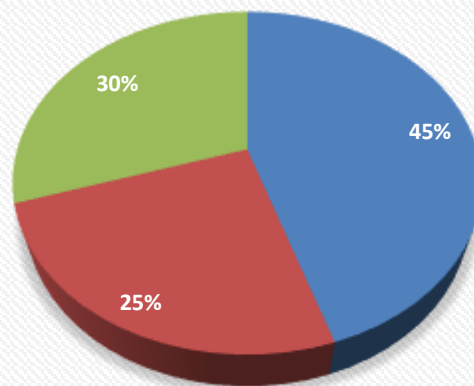
For this, we will prepare different pie charts year wise.



1990-91



2017-2018



Agriculture Industry Service

