

1. Define a plan.

Ans. A plan spells out how the resources of a nation should be put to use. It should have Some general as well as specific objectives which are to be achieved within the specified Period of time.

2. Why did India opt for planning?

Ans. (a) India achieved independence in 1947. The leaders of independent leaders had to decide, among other things, a system which would promote the welfare of all rather than few.

(b) Planning is defined as a strategy that defines how to allocate the country's scarce resources to different uses with a view to achieve a given set of goals.

(c) Nehru and many other leaders decided that india would be a socialist soceity with a Strong public sector but with private property and democracy.

(d) The government would plan for the economy with the private sector being encouraged to be part of the plan effort. The planning commission was set up with the prime minister as its chairperson.

3. Why should plans have goals?

Ans. (a) Planning is defined as a strategy that defines how to allocate the country's scarce resources to different uses with a view to achieving a given set of goals.

(b) When we define goals, we are able to efficiently able to utilise our resources to accomplish the goals which mainly relate to growth and development of the economy.

(c) Without goals, there can't be planning as without planning goals can't be achieved.

4. What are miracle seeds?

Ans. Miracle seeds are the high yielding variety of seeds which combined with assured water supply, fertilizer, insecticides, etc. would result in high production levels.

5. What is marketable surplus?

Ans. It is that part of the agricultural produce which is sold in the market by the farmer.

6. Explain the need and type of land reforms implemented in the agriculture sector.

Ans. The land reforms refer to change in the ownership of landholdings. The objective of land reforms were :

- (a) to bring about equity in the ownership of landholding through ceiling on landholdings
- (b) to increase the average size of landholding through consolidation of land holdings
- (c) to ensure that the "land belongs to the tiller" so that he has the incentive to bring about improvements on land. This was done through abolition of intermediaries.

Types of land reforms brought about were:

- (a) Abolition of intermediaries.
 - (b) Consolidation of land holdings.
 - (c) Ceilings on landholdings.
7. What is Green Revolution? Why was it implemented and how did it benefit the farmers? Explain in brief.

Ans. Green revolution refers to the large increase in production of food grains resulting from the use of high yielding variety (HYV) seeds especially for wheat and rice. It also refers to the introduction of new technology to step up output per acre by using scientific techniques and methods of production. Before adopting the New Agricultural Strategy (NAS), the state of Indian agriculture was as follows:

- (a) there was low and erratic growth in agriculture sector
- (b) there was extreme regional unevenness
- (c) there were serious droughts for- two consecutive years
- (d) India was dependent on foreign countries to import food.

Benefits of Green Revolution.

- (i) **Increase In Income.** Since the Green Revolution was limited to wheat and rice- for a number of years, its benefits were enjoyed by wheat and rice growing areas of Punjab, Haryana, Western Uttar Pradesh and Andhra Pradesh. The Income of farmers in these States grew sharply. Green Revolution, succeeded in removing rural poverty in these States.
- (ii) **Impact on Social Revolution.** Along with economic revolution there was a social revolution. The old social beliefs and customs were destroyed and people were willing to accept changes in technology, seeds and fertilizers. The traditional methods of farming were transformed into modern methods of farming.
- (iii) **Increase In Employment.** Green Revolution solved the problem of

seasonal unemployment to a great extent because with the possibility of growing more than one crop on a piece of land, more working hands were needed throughout the year. Also, package inputs required better irrigation facilities which raised the employment rate.

8. Explain 'growth with equity' as a planning objective.

- Ans.**
- (a) Economic Growth is an increase in the aggregate output of goods and services in a country in a given period of time.
 - (b) Equity refers to reduction in inequality of income or wealth, uplifting weaker sections of the society and equal distribution of economic power.
 - (c) A country may have high growth which is not equally distributed. Therefore it is important to ensure that the benefits of economic prosperity reach the poor sections as well instead of being enjoyed only by the rich.

9. Does modernisation as a planning objective create contradiction in the light of employment generation? Explain.

- Ans.**
- (a) Modernisation and employment generation are not contradictory goals of planning.
 - (b) Modernisation means adoption of new technology to increase productivity. Since new technology is capital intensive it is assumed that it would result in unemployment.
 - (c) However, new technology improve efficiency leads to increase in output and income. With increase in income, demand rises which motivate producers to increase production and generate employment.
 - (d) Thus, in long run, modernisation leads to employment generation.

10. Why was it necessary for a developing country like India to follow self-reliance as a planning objective?

- Ans.** On the eve of independence, India was poor, stagnant and backward. There were heavy imports of foodgrains. It was important to be-self-reliant –
- (a) To achieve self sufficiency in food grains.
 - (b) To reduce dependence on imports which is possible when there is growth in domestic production.
 - (c) To save foreign exchange to pay for essential imports.
 - (d) To avoid interference of other countries in our domestic policies.

11. Why was public sector given a leading role in industrial development during the planning period?

Ans. Public sector was given a very significant role in the development of industries due to the following reasons:

- (a) To create a strong Industrial base.
- (b) To develop Infrastructure.
- (c) to achieve balanced regional growth.
- (d) To mobilise savings and earn foreign exchange.
- (e) To prevent concentration of-economic power.
- (f) To promote equality of Income and wealth distribution.
- (g) To provide employment.
- (h) to promote import substitution.

12. Explain the statement that green revolution enabled the government to procure sufficient foodgrains to build its stocks that could be used during times of shortage.

Ans. Green revolution refers to the tremendous increase in agricultural production and productivity that has come about with the introduction of new agricultural technology. It transformed the economy of scarcity into an economy of plenty.

Rise in Production and Productivity. Green Revolution helped in removing continuing food shortages. HYVP was restricted to only five crops namely, wheat, rice, jowar, bajra and maize. Commercial crops were excluded from the ambit of the new strategy. Substantial increase in wheat production was noticed.

Rise In Production and Productivity

Production*	1965-66	2006-07
1. Wheat	11.1	75.8
2. Rice	35.1	93.4
3. Coarse Cereals	26.1	33.9

(* in million tonnes)

The wheat production increased from 11.1 million tonnes in the Third Plan to 75.8 million tonnes in 2006-07 (Source: *Economic Survey 2007-08*).

Rice production initially increased slowly and later at a fast pace. The production increased from 35.1 million tonnes in the Third Plan to 93.4 million tonnes in 2006-07 (Source: *Economic Survey 2007-08*)

The production of coarse cereals (jowar, bajra and maize) fell to 26.1 million tonnes in 2002-03 and then increased to 33.9 million tonnes in 2006-07.

(Source: *Economic Survey 2007-08*)

- 13.** While subsidies encourage farmers to use new technology, they are a huge burden on government finances. Discuss the usefulness of subsidies in the light of this fact.

Ans. Subsidy is an economic benefit, direct or indirect, granted by a government to domestic producers of goods or services, often to strengthen their competitive position against foreign companies.

= Arguments in favour of subsidies

- (i) It was necessary to use subsidies to provide an incentive for adoption of the new HYV technology by farmers in general and small farmers in particular. Subsidies were needed to encourage farmers to test the new technology.
- (ii) Eliminating subsidies will increase the inequality between rich and poor farmers and violate the goal of equity.

Arguments against the subsidies

- (i) Subsidies are meant to benefit the farmers but a substantial amount of fertiliser subsidy also benefits the fertiliser industry and among farmers, the subsidy largely benefits the farmers in the more prosperous regions. Therefore some believe that most farmers afford the required inputs without subsidies.
- (ii) Many a times fertiliser subsidies do not benefit the target group and are a huge burden on the government's finances.
- (iii) Experts argue that subsidies are largely benefiting the fertiliser industry and big farmers. The correct policy is not to abolish but to ensure that only poor farmers enjoy the benefits.

- 14.** Why, despite the implementation of green revolution, 65 per cent of our population continued to be engaged in the agriculture sector till 1990?

Ans. The structural change in composition of GDP shows that India is on the path of sustained % development. But the occupational structure pattern shows that India is still underdeveloped. When nearly 60.8 per cent of the working force is engaged in agriculture where productivity is low and employment uncertain this would surely lead to low per capita income and widespread poverty for the rural masses which form about 72.2 per cent of India's population. It also means that excessive pressure of population on land would be a hindrance in the way of productivity improvement in agriculture sector.

15. 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 the light of this fact.

Ans. Though many public sector undertakings are incurring huge losses, they are still very useful in the areas of strategic concerns and hazardous chemicals. Public sector undertaking are required for:

1. To creation of a Strong Industrial Base
2. To develop of Infrastructure
3. To achieve balanced regional growth
4. To mobilise Savings and Earn Foreign Exchange
5. To prevent Concentration of Economic Power
6. To promote Equality of Income and Wealth Distribution
7. To provide Employment
8. To promote Import Substitution.

16. Explain how import substitution can protect domestic industry.

Ans. The import substituting industrialisation was the objective of second FYP (1956-61) till the Seventh FYP (till 1990).

The government protected the domestic industries from foreign competition. Protection from imports took two forms: tariffs and quotas.

Tariffs are a tax on imported goods; they make imported goods more expensive and discourage their use. Quotas specify the quantity of goods which can be imported.

The effect of tariff and quotas is that they restrict imports and, therefore, protect the domestic firms from foreign competition.

Reasons that led to the adoption of this policy were –

- (a) It was believed that industries of developing countries are not in a position to compete against the goods produced by more developed economies.
- (b) Our planners also feared the possibility of foreign exchange being spent on import of luxury goods if no restrictions were placed on imports.

17. Why and how was private sector regulated under the IPR 1956?

Ans. Private sector was regulated under the IPR 1956 through industrial licensing.

Industrial licensing:

- (a) Although there was a category of industries left to the private sector, the sector was kept under state control through a system of licenses.

No new industry was allowed unless a license was obtained from the government. It was easier to obtain a license if the industrial unit was established in an economically backward area. Such units were given certain concessions such as tax benefits and electricity at a lower tariff. The purpose of this policy was to promote regional equality.

- (b) Even an existing industry had to obtain a license for expanding output or for diversifying production (producing a new variety of goods). This was meant to ensure that the quantity of goods produced was not more than what the economy required.

18. Match the following:

- | | |
|---------------------------|--|
| 1. Prime Minister | A. Seeds that give large proportion of output |
| 2. Gross Domestic Product | B. Quantity of goods that can be Imported |
| 3. Quota | C. Chairperson of the Planning Commission |
| 4. Land Reforms | D. The money value of all the final goods and services produced within the economy in one year |
| 5. HYV Seeds | E. Improvements in the field of agriculture to increase its productivity |
| 6. Subsidy | F. The monetary, assistance given by government for production activities. |

Ans. 1. (C), 2. (D), 3. (B), 4. (E), 5. (A), 6. (F).