

### INDIAN ECONOMY AND THE EVE

### OF INDEPENDENCE

5. Education :
- a) Graduate/Post-graduate : .....
  - b) Under-graduate and Mairic : .....
  - c) Below Mairic : .....
  - d) Illiterate : .....
- After collecting the information from 100 families data should be analysed with the help of 1) Simple bar diagram 2) Percentage diagram 3) Pie diagram and others.

1. Choose the correct answers.  
(Each question carries one mark)
1. Whose estimate of per capita income of India during colonial period was considered very significant.
- a) Dadabai Naoroji
  - b) V.K.R. V Rao
  - c) William Digby
  - d) R.C. Desai
2. Railway transport introduced in India in the Year \_\_\_\_\_
- a) 1835
  - b) 1776
  - c) 1850
  - d) 1853
3. The present 'Life Expectancy' of India is \_\_\_\_\_
- a) 32.4 Years
  - b) 63.6 Years
  - c) 64.8 Years
  - d) 66.9 Years
4. During British rule more Than half of India's foreign trade was restricted to \_\_\_\_\_
- a) Britain
  - b) Iran
  - c) China
  - d) Srilanka
5. In India census is carried out once in \_\_\_\_\_
- a) 5 years
  - b) 10 years
  - c) 1 years
  - d) 2 years
- Ans : 1) b 2) c 3) d 4) a 5) b



**II Fill in the blank (Each question carries one mark)**

1. The share of workforce remained in agriculture during British rule was \_\_\_\_\_
2. Before Independence the India's Jute industries concentrated in \_\_\_\_\_ part of the country.
3. Under colonial rule the cotton textile industries dominated by \_\_\_\_\_
4. \_\_\_\_\_ is the year of second stage of demographic transition of India.
5. \_\_\_\_\_ Transport is considered as the most important contribution of British rule.

Ans : 1) 85%    2) East part (Bengal)    3) Indian's

4) After 1921    5) Railway

**III Answer the following question in a word/sentence :**

(Each question carries one mark)

1. Name the important 'Revenue Settlement System' during British rule.  
Zamindari system.
2. TISCO - Expand. Tata Iron & Steel Company
3. What is 'Capital Goods Industries'?  
Those industries which produce mechanaries, equipments, for further production is called capital Goods industries.
4. When was the official census carried out in India? 1881
5. Why did the colonial Government banned canal transport?  
Because canal transport failed to complete with the railway which soon travelled the region running parallel to the canal and has to be ultimately abandoned.

**IV. Answer the following question in four sentences each :**  
(Each question carries two marks)

1. What was the objective of the economic policies pursued by the colonial Govt. in India?

The economic policies adopted by the colonial government in India were concerned more with the protection and promotion of the economic interests of their home country than with the development of Indian economy. Its sole purpose was:

- 1) To convert India into an exporter of raw material and
- 2) An importer of finished goods produced in the factories of Britain.

2. List out the important export goods of India before Independence.

Before Independence India export 1) Raw silk 2) Cotton 3) Jute 4) Indigo 5) Shugar etc.

3. What were the Main causes of India's agricultural stagnation during the colonial period?

- 1) Land tenure system
- 2) Forced Commercialisation of Agriculture.
- 3) Lack of infrastructure Facilities.    4) Partition of India.

4. Name the modern industries which were in operation in our country at the time of Independence.

- 1) Cotton textiles industries 2) Jute industries
- 3) Iron and steel industries 4) Paper, Sugar, Cement, industries etc.

5. State the features of India's Pre - Independence occupational structure.

- 1) Predominance of Agriculture Sector
- 2) Growing regional Variation.



6. Mention the economic activities confined to public sector in pre-independence India.

- 1) Railway Transport
- 2) Production of energy
- 3) Communication
- 4) Ports

7. What is the infrastructure facilities developed during colonial rule?

- 1) Railway Transport
- 2) Water transport
- 3) Post and Telegraph facilities
- 4) Development of ports

V Answer the following question in twelve sentences each. (Each question carries four marks)

1. The traditional handicraft industries were ruined under British rule' justifies this statement.

Yes, I completely agree to this view. Because

- 1) The British were always guided by their own interests. They never bothered to consider the effects of their policies on the people of India in terms of unemployment, human sufferings, burden on agriculture etc.
- 2) They imposed heavy duties on Indian handicrafts so that they became more expensive than British woolen and silk Manufactures.
- 3) They followed a policy of duty free export of raw material and import of finished goods from Britain but imposed heavy duties on exports of Indian handicrafts.
- 4) Moreover, Indian handicrafts had to face competition from machine made goods from Britain. All this added fuel in the ruin of handicraft industry.
2. Indicate the volume and direction of trade at the time of Independence.

During the colonial rule, the British followed a discriminatory tariff policy under which they imposed heavy tariffs (export duties) on

India's export of handicraft products, while allowing free export of India's raw material to Britain and free import of British products to India.

1) This made Indian exports costlier and its international demand fell drastically. India's export basket during the colonial rule comprised mainly of primary products like sugar, jute, silk, etc. and the imports comprised of finished consumer goods like cotton, woolen clothes, etc. from Britain.

2) As the monopoly power of India's export and import rested with Britain, so, more than half of India's trade was restricted to Britain and the remaining imports were directed towards China, Persia, and Sri Lanka.

3) The opening up of Suez Canal further intensified the monopoly power of the British over India's foreign trade. It led to the fast movement of goods from India to Britain and vice-versa.

4) The surplus generated from India's foreign trade was not invested in Indian economy; rather it was used for administrative and war purposes. This led to the drain of Indian wealth to Britain.

3. Explain the demographic profile of India during the colonial period.

One can judge demographic conditions of the country on the eve of independence from the following facts.

1) **High birth rates and Death rates** : India was in the second stage of demographic transition with high birth rates and falling death rates and hence facing population explosion.

2) **Poor Qualitative Aspects** : Even qualitative aspect of the population was also not so encouraging.

a) **High Infant Mortality rate** : Infant mortality rate during independence was as high as 218 per thousand.

b) **Mass Illiteracy** : Average literacy rate was less than 16.5. Only 7% of the women were literate.



- c) **Low Life Expectancy** : Life expectancy was as low as 32 years indicating poor health facilities.
  - d) **Mass Poverty and Low standard of living** : 80-90% of people spent their earnings on basic needs. 52% of the population was living below poverty line. Some parts of India were facing famine life conditions.
4. **What do you understand by the 'drain of Indian wealth' during colonial period?**
- During British rule, a large export surplus was generated because country's exports were much larger than country's imports. It was rather disadvantageous to the country's economy on following grounds:
- 1) Commodities were not available to Indians, but were being exported. Ignoring the domestic needs goods were being exported for an advantage of Britain.
  - 2) This export surplus was used to fulfill administrative and war expenses of Britain. This was called drain of Indian wealth. This export surplus did not lead to any flow of gold and silver into the country. This led to the drain of Indian Wealth to Britain.
- VI **Answer the following question in twenty sentences each. (Each question carries six marks)**
1. **Explain the Status of India's agriculture during British rule.**
- Indian agriculture was primitive and stagnant during British rule. The main causes of stagnation of agriculture sector were as follows:
- 1) **Land Tenure System** : The British government in India invented a new land tenure system. They introduced Zamindari System in India. Under this system, the Zamindars were considered as permanent owners of the soil. It reduced the status of tillers to landless labourers. Still they continued to work in this sector due to lack of alternative employment opportunities.

- 2) **Forced Commercialisation of Agriculture** : Farmers were forced to shift to commercial crops from the conventional subsistence crops. They needed indigo for their textile industries in Britain. It exposed Indian agriculture to the risks of uncertainties of the market. It forced them to stick to agriculture and always be at the mercy of landlords or moneylenders.
- 3) **Lack of Infrastructure Facilities** : The British rulers did not give much of attention to increase irrigation facilities and technological upgradation in India.
- 4) **Partition of India** : The partition of the country had also adversely affected the India's agricultural production. It created a serious problem of shortage of raw material for jute mills of Calcutta and textile mills of Bombay and Ahmadabad.
2. **India could not develop a sound Industrial sector under colonial rule? Justify the Statement.**
- As a result of British policies India lagged behind in industrial sector also. Britishers systematically destroyed Indian handicraft industries and no modern industrial base was allowed to come up. Thus British rulers de-industrialised the Indian economy. The primary motive behind the de-industrialisation by the colonial government in India was two-fold
- 1) To get raw materials from India at cheap rate and thus to reduce India in to a mere exporter of raw materials to the British industries.
  - 2) To sell British manufactured goods in Indian at higher prices to get maximum profit.
  - 3) Modern industries began to develop during second half of the nineteenth century, but its progress was exceedingly slow.
  - 4) There was hardly any capital goods industry to help promote further industrialization in India.
  - 5) Decline of Handicraft Industry without any alternate of similar quality. All these causes responsible for not develop a sound industrial sector under colonial rule.
3. **Write a note on development of infrastructure in India during the colonial period.**



## CHAPTER - 2 INDIAN ECONOMY 1950-1990

During pre-independence period the growth of infrastructure was negligible. The state of infrastructure during colonial period may be summarised as under:

- 1) The development of roads, railways, ports, water transport, post and telegraph started, though with a motive to serve colonial interest, for mobilising army and drawing out raw material from villages. There was acute shortage of all weather roads, so people suffered in natural disasters.
- 2) Britishers introduced Railways in 1850 which started operating in 1853. Introduction of railways has been considered the most important contribution by the Britishers. Railways helped in removing the geographical and cultural barriers.
- 3) Moreover it aimed at commercialisation of Indian agriculture. Britishers also took measures to develop water transport and air transport. The main motive behind such development was the British colonial interest in the country.
4. **Were there any positive contributions made by the British in India? Discuss.**  
Though the basic intention of the British Policy was not the development of Indian economy but incidentally it left some beneficial effects also. Some of them are as under:
  - 1) Political and economic unification of the country.
  - 2) Development of the means of transport (specially railways) and communication.
  - 3) Evolution of banking and monetary system.
  - 4) Introduction of the modern techniques of production and management.
  - 5) Evolution of new social order based on reasoning and progressive ideas.
  - 6) Establishment of civil laws and courts.
  - 7) Introduction of new system of education.
  - 8) Emergence of the market economy and capitalist enterprises.
  - 9) Stability, peace and order.

I Choose the correct answer :

(Each question carries one mark)

1. Which is not the goal of five year plans

- a) Growth
- b) Modernization
- c) Self-efficiency
- d) Self-reliance

2. First phase of Green Revolution achieved approximately

- a) Mid 1960 – Mid 1970
- b) 1950–1960
- c) Mid 1970 – Mid 1980
- d) 1970–1980

Ans : 1) c 2) a

II Fill in the blanks (Each question carries one mark)

1. Chairperson of planning commission \_\_\_\_\_
2. Small Scale Industries use more of \_\_\_\_\_ than large scale industries.
3. Regional equality was the main purpose of \_\_\_\_\_

Ans : 1) Prime Minister 2) Labour Force 3) Plan

III Match the Following (Each question carries one mark)

| A                 | B  |
|-------------------|--|
| 1. Prime Minister | 1. Seeds that give large proportion of Output                            |
| 2. Quota          | 2. Chairperson of the Planning Commission                                |
| 3. Land Reforms   | 3. Quantity of goods that can be imported                                |
| 4. HYV Seeds      | 4. The monetary assistance given by government for production activities |



|            |  |
|------------|--|
| 5. Subsidy | 5. Improvements in the field of agriculture to increase its productivity |
|------------|--|

**Solutions :**

|                   |  |
|-------------------|--|
| 1. Prime Minister | 1. Chairperson of the Planning Commission                                |
| 2. Quota          | 2. Quantity of goods that can be imported                                |
| 3. Land Reforms   | 3. Improvements in the field of agriculture to increase its productivity |
| 4. HYV Seeds      | 4. Seeds that give large proportion of Output                            |
| 5. Subsidy        | 5. The monetary assistance given by government for production activities |

**IV Answer the following question in a word / sentence each. (Each question carries one mark)**

- 1. Define planning.**  
A plan spells out how the resources of a nation should be put to use.
- 2. What do you mean by Land Reforms?**  
To bring a change in ownership pattern of land were called land reforms.
- 3. What is Marketed Surplus?**  
The portion of agriculture produce which is sold in the market is called marketed surplus.
- 4. Give the meaning of Land Ceiling.**  
Fixing the maximum size of land which could be owned by an individual is called land ceiling.
- 5. Mention any one Public Sector Industry.**  
1) Hindustan Aeronatic Limited. 2) Bharath Electronic Limited.

- 6. Give the meaning of Gross Domestic Product.**  
The market value of all goods and services produced in the country in a year is called Gross domestic product.

**V Answer the following question in four sentences each. (Each question carries two marks)**

- 1. What are the goals of five year plans?**  
1) Economic Growth 2) Modernisation  
3) Equity 4) Self Reliance
- 2. What is the meaning of Modernisation?**  
Adoption of new technology and changes in social outlook like gender empowerment is called modernisation.
- 3. Why do the farmers need subsidies and what are its purposes?**  
Providing some important inputs to farmers at a concessional rate that is much lower than its market rate is the need of subsidies.  
The purposes of subsidies are :  
1) It is helpful in adoption of new technology.  
2) It helps in covering the risk.
- 4. Write the meaning of Land ceiling and mention its purpose.**  
Fixing the maximum size of land which could be owned by an individual is called land ceiling.  
The purpose of imposing land ceiling was  
1) Reduce the concentration of land ownership  
2) Equitable distribution of surplus land to poor farmers.
- 5. Write the two advantages of Small Scale Industries.**  
1) Creating more employment opportunities.  
2) Formation with small capital and simple machines.
- 6. What do you mean by Green Revolution? How was it possible?**  
Increase in agricultural production due to adoption of new agricultural strategy which implied simultaneous use of better quality inputs like high yielding varieties of seeds, machines and tools.



chemical fertilizers and pesticides, etc. is called green revolution. It is possible with the help of following measures :

- 1) Use of modern machineries
- 2) Use of HYV Seeds
- 3) Use of fertilisers
- 4) Use of pesticides

**7. Why the State had to play an extensive role in promoting industrial sector.**

Public sector was given a leading role due to its significant role in the development of industries in the following ways:

- 1) Promotion of import substitution.
- 2) Providing employment.
- 3) Development of backward areas and infrastructure.
- 4) Promotion of equality of income and wealth distribution.

**8. Give the meaning of tariffs and quotas.**

Taxes imposed on imported goods is called taxes or tariffs.

Specify the quantity of goods which can be imported is called quotas.

**VI Answer the following question in twelve sentences each. (Each question carries four marks)**

**1. Growth with Equity is one of the objectives of planning. Justify.**

The benefits of growth should reach all sections of the society including the weaker ones is called Equality.

The directive principles of the constitution have declared justice as a basic national commitment. Hence one of the objective of economic planning in India is to ensure economic and social justice.

The gap between the rich and poor should be decrease, planning

aims at reducing inequalities of income by more production and fair distribution of income. This is called "growth with social justice". So, in addition to growth, modernisation and self-reliance equity is also important. Every Indian should be able to meet his of her basic needs such as food, house, education and health care and in equality in the distribution of wealth should be reduced.

In order to being equality there are three main dimensions they are

- 1) Reduction in economic in-equalities
- 2) Avoiding the concentration of economic power
- 3) Uplifting the weaker sections of the society.

**2. Write a short note on land reforms in India.**

Reforms which were initiated to bring a change to ownership pattern of the land were called land reforms.

**Needs of the land reforms (objectives)**

- 1) At the time of independence, the land tenure system was characterised by intermediaries like zamindars, Mahalwars, who merely collected more rent from the actual tillers of the soil, without contributing towards improvements on the farm. In order to remove the intermediaries land reforms were introduced.
- 2) The low productivity of the agricultural sector forced India to import food from the united states of America, in order to remove the dependence, land reforms were introduced.
- 3) To make tillers owners of land.
- 4) To bring equality in land distribution.

**The following are the important types of land reforms**

- 1) Abolition of Intermediaries.
- 2) Consolidation of land holdings.
- 3) Land ceiling (The maximum amount of land which an individual may hold is called land ceiling)



The following are the effects of land reforms, they are :

- 1) The abolition of intermediaries meant that some 200 lakh tenants came into direct contact with the govt.
  - 2) Tenants were freed from being explained by the zamindars.
  - 3) The ownership confessed on tenants gave them the incentive to increase output and this contributed to growth in agriculture.
3. Give the meaning and the importance of Small -Scale Industries.

Industry was one which invested less than 1 crore rupees in plant and machinery is called small scale industry.

The following points explains the Importance of small scale industries.

- 1) **Creating more employment :** Small scale industries are labour intensive. They require more workers and lesser machines and equipments.
- 2) **Formation with small capital and simple machines :** Cottage and small scale industries can be started with small capital and simple machines, tools and equipments.
- 3) **Lower degree of skill required :** These industries have simple technology. They do not require higher degree of technical skill.
- 4) **Quick yielding :** The formation of industries is simple and does not take long period for establishment.
- 5) **Balanced regional development :** Cottage and small-scale industries can be started in every region. Even remote villages can have these industries.

VII Answer the following question in twenty sentences each:  
(Each question carries six marks)

1. Write a short note on Green Revolution.  
The large increase in production of food grains resulting from the use of high yielding variety seeds especially for wheat and rice is called green revolution.  
Green revolution was prominently implemented on crops like wheat

and paddy. The use of these seeds required, the use of fertilizer and pesticides in the correct quantities as well as regular supply of water the farmers who could benefit from HYV seeds required reliable irrigation facilities as well as the financial resources to purchase fertilizer and pesticide.

As a result Green revolution was implemented in two phases.

- 1) In the first phase of green revolution (mid 1960's up to mid 1970's)
- 2) In the second phase of Green Revolution (Mid 1970's to mid 1980's)

**Effects of Green revolution :**

As a result of green revolution a positive impact was on Indian agriculture.

- 1) The spread of green revolution technology enabled India to achieve self sufficiency in food grains.
- 2) There is no need for us to be at the mercy of America or any other nation for meeting one nations food requirements.
- 3) Green revolution helps in improving the condition of farmers and increasing marketable surplus.
- 4) Green revolution creates more employment opportunities.
- 4) India attain self sufficiency in food grains and reduced our dependence on imports.

2. Write the economic justification of the policy of Subsidies.  
A form of financial assistance offered to farmers by the govt. to purchasing agricultural inputs is called subsidies

The govt in India has provided massive subsidies to farmers on agricultural inputs like irrigation, fertilizers and power. The objective is to increase agricultural production and productivity. The issue of subsidy is a highly sensitive and hotly debated issue. Different economists have different opinions about subsidies. The arguments for subsidies discussed below.

**Argument for subsidies :**

- 1) Subsidies are needed to encourage farmers to adopt new technology.



- 2) Most farmers are poor and they would not be able to afford new technology without govt. help.
- 3) Farming is risky business, so govt. support is necessary for poor farmers who cannot bear risks.
- 4) Eliminating subsidies would increase inequality as only rich farmers will benefit from the new technology.

### 3. Briefly explain the goals of Five Year Plans.

Situations and circumstances have been different during different plans. Hence development goals have varied from plan to plan, depending upon the immediate problems and situations faced during each plan.

Nevertheless, the planners have to ensure that as far as possible the policies of the plans do not contradict these four goals. Let us now learn about the goals of planning in some detail.

- 1) **Growth : Increase in the production capacity of the economy and increase in real per capital income is called growth :**  
A good indicator of economic growth, in the language of economics, is steady increase in the Gross Domestic Product (GDP). The main objective of planning is rapid increase in production of goods and services. It should lead to not only growth of national income but also per capital income.

The market value of all the goods and services produced in the country during a year is called "**Gross Domestic Product**".

- 2) **Modernisation : Adoption of new technology is called modernisation.** To increase the production of goods and services the producers have to adopt new technology.

Modernisation does not refer only to the use of new technology but also the changes in social outlook, such as

- 1) The recognition that women should have the same rights as men.
- 2) In a traditional society, women are supposed to remain at home

while men work. A modern society makes use of the talents of women in the work place in banks, factories, schools etc.

- 3) **Self reliance : According to imports of those goods which could be domestically produced self reliance in India it self is called self reliance.**

A nation can promote economic growth and modernisation by using its own resources of by using resources imported from other nations.

The following are the necessary objective for self reliance they are

- 1) The goal of self reliance was emphasized in order to reduce our dependence on foreign countries especially for food.
- 2) If we can not reduce our dependence on imported food grains, foreign capital, and foreign technology if may pose a threat to one sovereignty. That is why Indian economy gave importance to self reliance.

- 4) **Equality : The benefits of growth should reach all sections of the society including the weaker ones is called Equality.**

The directive principles of the constitution have declared justice as a basic national commitment. Hence one of the objective of economic planning in India is to ensure economic and social justice.

In order to being equality there are three main dimensions they are

- 1) Reduction in economic inequalities
- 2) Removing concentration of economic power
- 3) Uplifting the weaker sections of the society.
4. **Briefly explain the Five Year Policy of the Government during 1950-1990.**

Following were the main components of the developmental strategy:

- 1) **More importance to Public Sector :** Most important industries



such as coal, mining, steel, power, atomic energy, defence and railways were reserved for the public sector.

- 2) **Control over Private Sector :** The private sector was subject to controls and regulations by the government. Licence or government permission was necessary for establishing any industry. It was considered necessary to avoid concentration of resources and wealth in few hands.
- 3) **Import Substitution and Export Promotion :** In foreign trade the govt. followed the policy of import substitution and export promotion. Imports were restricted as the emphasis was on self-reliance.
5. **Explain the effects of economic policies on industrial development.**

It would be desirable to analyse the effects of industrial policies and trade policy on the industrial development of the country. Following are the main effects of these policies.

  - 1) The share industrial sector in GDP rose from 11.8 percent in 1950-51 to 24.6 percent in 1990-91. We know that the rise in the share of industry to GDP indicates the movement of economy towards development. During the period of 1950-1990 the annual growth rate of industrial sector remained 6 percent, which is commendable.
  - 2) No longer was Indian industry restricted largely to cotton textiles and Jute. Infact, the industrial sector became well diversified by 1990. Largely the public sector.
  - 3) People having less capital could start business, because of the policy of government to promote small scale sector in the economy. This policy created employment opportunities also in the economy.
  - 4) Protection of foreign competition enabled the development of indigenous industries in the areas of electronics and automobile sectors which otherwise could not have developed.

### CHAPTER - 3 LIBERALISATION, PRIVATISATION AND GLOBALISATION

- I **Fill in the blanks.** (Each question carries one mark)
    - 1) Reforms were introduced during \_\_\_\_\_
    - 2) RBI regulates \_\_\_\_\_ Sector
    - 3) WTO was founded in \_\_\_\_\_
    - 4) Taxes on incomes of individuals is called \_\_\_\_\_
- Ans : 1) 1991 2) Financial 3) January 1<sup>st</sup> 1995  
4) Direct Taxes

- II **Answer the following question in a word/sentence each.** (Each question carries one mark)
  1. **What is Liberalisation?**

Giving greater freedom to economic agents (activities) to take their own decisions and a reduced role for the government is called liberalisation.
  2. **Give the meaning of Privatisation?**

A greater role for private enterprise and capital in the functioning of the economy is called privatisation.
  3. **What is Globalisation?**

Opening up of the economy for world market by attaining international competitiveness is called Globalisation.
  4. **Expand I.B.R.D.**

International Bank for Reconstruction and Development
  5. **Expand GATT.**

General Agreements on Tariffs and Trade.
  6. **Give the meaning of Direct Tax**

Taxes levied on the income and wealth of the people are called direct taxes.