



Delhi Public School Guwahati
"Under the aegis of the Delhi Public School Society, Delhi"

**CLASS XII
ECONOMICS**

Academic Update for Cycle 3

CYCLE- 7th June to 11th June 2021

Chapter 2 (Indian economy 1950-1990)

Things to remember:

Introduction:

- The leaders of independent India had to decide, among other things, the type of **economic system** most suitable for our nation, a system which would promote the welfare of all rather than a few.
- There are different types of economic systems and among them, **socialism appealed to Jawaharlal Nehru the most.**
- Basically sympathising with the socialist outlook, they found the answer in an economic system which, in their view, combined the best features of socialism without its drawbacks.

Economic system: The way an economy solves its basic problems of allocation of resources is called economic system.

Types of economic system:

- Capitalism / Capitalist Economy/ Market Economy: The means of production are owned and controlled by private sector.
- Socialism/ Socialist Society: The means of production are owned and controlled by private sector.
- Mixed Economy: The means of production are owned and controlled both by public and private sector.

A Plan spell out how the resources of a nation should be put to use.

- In 1950 the Planning Commission was established with the Prime Minister as its Chairperson. The era of 5 year plan had begun.

Goals of 5 years plan:

- Growth
 - Modernisation
 - Self reliance
 - Equity
- **Period covered under different plans:**
- First Plan 1951-1956
 - Second plan 1956-1961
 - Third plan 1961-1966
 - Annual plans 1966-1969
 - Fourth plan 1969-1974
 - Fifth plan 1974-1978
 - Annual plans 1978-1980
 - Sixth plan 1980-1985s
 - Seventh plan 1985-1990
 - Annual plans 1990-1992
 - Eighth plan 1992-1997
 - Ninth plan 1997-2002
 - Tenth plan 2002-2007
 - Eleventh plan 2007-2012
 - Twelfth 2012-2017
 - Niti Aayog/Thirteenth Plan 2017 onwards

Agriculture:

- Land reforms: Equity in agriculture which is primarily refers to change in ownership of land holding.
- Types of land reforms: (a) Abolition of Intermediaries (b) Land Ceiling
- Green revolution: It means rapid increase in agricultural production as a result of adoption of new technology. The components of new technology are:
- Use of High yielding Seeds
 - ❖ More use of fertiliser
 - ❖ Increased in irrigation facilities
- Achievement of Green revolution:
 - ❖ Increase in Production
 - ❖ Rise in Income
 - ❖ Marketed surplus
 - ❖ Creation of Buffer stock
 - ❖ Prices of food grains declined.
- Failures Of Green revolution:
 - ❖ Income disparities
 - ❖ Benefits to rich farmers
 - ❖ Regional imbalance
 - ❖ Risk from Pest attack

- Debate Over Subsidies to Agriculture:
 - ❖ Economists in favour of Subsidies
 - Government should continue with agriculture subsidies as farming in India continues to be risky business.
 - Majority of the farmers are very poor
 - Eliminating subsidies will increase income disparities.
 - ❖ Economists against the subsidies:
 - Subsidies do not benefits poor farmers and small farmers.
 - As the purpose of subsidy has been served, it should phase out.
 - Huge burden on the government's finance.

Industrial Development:

- ❖ Division of economy into public and private sector.
- ❖ Industrial Policy 1956:
 - Classification of industries into three categories
 - Introduction of licensing system
 - Small Scale Industry.

Trade Policy:

- ❖ Import substitution: It refers to replacing imports with domestic production.
 - Tariff: Tax on imported goods
 - Quotas: It refers to specify the quantity of goods which can be imported.
- ❖ Policy of protection: Protecting domestic industries from the competition arises by developed countries.

Effects of policies on Industrial development:

- ❖ The proportion of GDP contributed by the industrial sector increased.
- ❖ Industrial sector became well diversified.
- ❖ Development of indigenous industry
- ❖ Many public sector industries incurred losses but continued to function in the economy because it was difficult to close a government undertaking.
- ❖ Misuse of licence by big industrial house.
- ❖ Public sector made a remarkable contribution by creating a strong industrial base.
- ❖ Policy of protection proved to be more harm than good to Indian economy.

Glossary:

- Capitalism: The means of production are owned and controlled by private sector.
- Socialism: The means of production are owned and controlled by public sector.
- Mixed Economy: The means of production are owned and controlled both by public and private sector.

- Plan: It is a document showing detailed scheme, program and strategy, worked out in advance for fulfilling an objective.
- Growth: It refers to increase in the production of the economy and increase in real per capita income.
- Modernisation: It is the adoption of new technology and change in mental attitudes of the society.
- Marketed surplus: the portion of agriculture produces which is sold in the market.
- Modernization - It refers to adoption of new technology, new methods of production and changes in social outlook. Adoption of high yielding variety seeds, use of advance technology, etc
- Self-reliance – It means reducing dependence on import of those goods which can be produced within the country itself. Self-sufficiency in food grains, reduction in foreign aid, rise in export, rise in contribution of industries in GDP.
- Economic growth – It means increase in aggregate output of goods and services in a country during a given period of time. Economic growth also means sustained expansion in economic activities like trade agriculture, industry, etc.
- Equity – Refers to reduction in inequality in income or wealth, uplifting weaker sections of the society and a more even distribution of economic power.

Important Questions :(1 Mark Questions)

1. The planning commission of India was based on which type of Economic system.
Democratic b) Socialist c) Capitalist d) None of the above
2. Which among the following States benefited most from Green Revolution?
Madhya Pradesh b) Odisha c) Punjab d) West Bengal
3. Under Industrial Policy Resolution 1956 the first category of industries (Schedule A) were classified as
a) Exclusively owned by Private sector c) Exclusively owned by the State
b) Joint Sector d) None of the above
4. When was the first Five year plan implemented in India
1949 b) 1950 c) 1951 d) 1952
5. Self –reliance means avoiding:

(a) Exports (b) imports (c) Both (a) and (b) (d) None of the above.
6. A good indicator of growth is steady increase in the:

(a) Gross Domestic Product (b) Net Domestic Product (c) Population (d) National income.
7. Which factor led to the breaking up of the stagnation of agriculture?

(a) Land reforms (b) Green Revolution (c) Buffer stocks (d) Land ceiling.
8. The planning commission was set up in:

(a) 1948 (b) 1950 (c) 1951 (d) 1956

9. Who is known as the architect of “Indian Planning”?

(a) Jawaharlal Nehru (b) Dr. BR Ambedkar (c) P C Mahalanobis (d) Sardar Vallabhbhai Patel

10. Under which system the goods are distributed among people not on the basis of what people need but on the basis of what people need but on the basis of purchasing power?

(a) Capitalistic system (b) Socialistic system (c) Mixed system (d) Dual system

11. Green Revolution introduced during the planning process was restricted mainly to

(a) Wheat and rice (b) Cereals and pulses (c) Cotton and jute (d) Jowar and bajra.

12. Why should plans have goals?

13. In which year Niti Aayog initiated?

14. What was the role of the planning commission?

15. Who was the first chairman of the Indian Planning Commission?

16. What is export promotion?

SHORT QUESTIONS (3 marks and 4 marks):

17. Discuss briefly the rationale behind ‘equity with growth’ as a planning objective for the Indian economy.

18. Discuss briefly the rationale behind ‘self reliance’ as a planning objective for the Indian economy.

19. Discuss briefly the rationale behind ‘modernisation’ as a planning objective for the Indian economy.

20. Why are HYV seeds called “miracle seeds”?

21. What is import substitution policy? Why it was introduced in India?

22. Explain how tariffs and quotas protect the domestic industry?

23. How did the abolition of intermediaries benefit the Indian farmers?

LONG QUESTIONS (6 MARKS):

24. What is Green Revolution? Why was it implemented and how did it benefit the farmers? Explain.

25. Explain the various land reforms introduced post-independence in India in the agricultural sector.

26. 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.

27. How were the industries classified according to the industrial policy Resolution, 1956? Explain.

NOTE: Questions of Back Exercises and Board Questions:

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