

foodgrains. It was important to be self-reliance.

Features of Self reliance are:

- (a) Self-sufficiency in foodgrains.
- (b) Fall in foreign aid and reduced dependence on imports which is possible when there is growth in domestic production.
- (c) Rise in exports.
- (d) Rise in contribution of industries in gross domestic product.

Q11. What is sectoral composition of an economy? Is it necessary that the service sector should contribute maximum to GDP of an economy? Comment. Ans. The contribution made by each of these sectors in the GDP of a country is called sectoral composition of the economy. If the service sector or tertiary sector contributes maximum to GDP of an economy, then the country is economically developed.

Q12. Why was public sector given a leading role in industrial development during the planning period? Ans. Public sector has been playing a very significant role in the development of industries in the following way:

- (a) Creation of a strong industrial base.
- (b) Development of Infrastructure.
- (c) Development of backward areas.
- (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.

Q13. Explain the statement that green revolution enabled the government to procure sufficient food grains 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. It 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. The wheat production increased from 11.1 million tonnes in the Third Plan to 93.9 million tonnes in 2011-12.

Rice production initially increased slowly and later at a fast pace. The production increased from 35.1 million tonnes in the Third Plan to 92.8 million tonnes in 2011-12. The production of coarse cereals (jowar, bajra and maize) fell to 26.1 million tonnes in 1965-66 and then increased to 32.5 million tonnes in 2011-12.

Q14. 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. It helps farmers to buy HYV seeds, fertilizers and other inputs. The burden of granting subsidies falls on the government. The government has to bear the burden of financing subsidies. There is scope for improving the resource use efficiency by reducing subsidies and aiming them better to small farmers and regions lagging behind.

Q15. 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.

Q16. 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 undertakings are required for: 1.

1. Creation of a Strong Industrial Base
2. Development of Infrastructure
3. Development of Backward Areas
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.

Q17. 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 Mahalanobis strategy of development was based on import substitution. The rationale of the import substitution strategy is based on infant industry argument. It helped to save foreign exchange by drastically reducing import of goods. The foreign exchange saved was to be used for the developmental imports such as capital goods, sophisticated technology, etc. It created a protected market and large demand for domestically produced goods.

Q19. 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).