

BA (Hon's) (First Semester) Examination, 2013

Indian Economics I

Model Answer

Section - A

Ans. 4.

- (i) The Indian agriculture in the Pre-British period was not commercialised. The people did it to fulfill their own needs. Economy was based on agriculture, yet agriculture was not overburdened. Production of food grains in abundance. It exports cottons and silks, rice, sugar, jute, tea and coffee. Labour intensive techniques, etc.
- (ii) a. The period of merchant capital (Battle of Plassy - end of eighteenth century) b. Beginning of nineteenth century - ~~end of~~ the period of industrial capital c. Late nineteenth century - independence
- (iii) The population increases rapidly in rural sector as compare to urban sector. Annual growth rate during eighties was around 2.22%. Now it reduces to around 1.64%.
- (iv) The movement of people from one place to another in search of livelihood, better standard of living is termed as migration. It is usually from rural to urban areas.

- (v) Green revolution was an initiative taken by the Indian Govt. in 1960's to increase the agriculture productivity. It was very successful in case of wheat. It was first adopted by Punjab and Haryana.
- (vi) Agricultural marketing comprises all operations involved in the movement of farm produce from the producer to the ultimate consumer.
- (vii) Monopoly and Restrictive Trade Practices Act. It regulates and restricts the monopoly practices.
- (viii) The licensing policy is the policy of Govt. in order to ^{give permission to} set ^{or} expand up industries.
- ~~ix~~ (ix) Faulty education system, lack of jobs, lack of entrepreneurship, corruption, use of capital intensive techniques.
- (x) There are many ways of measuring poverty. One way is to determine it by minimum calorie intake that was estimated at 2400 calories for a rural person and 2100 for a person in the urban area.

Section - B

Ans. 2. In the pre-british period Indian villages were self-sufficient. Every village was like an individual democratic unit. The main occupation was farming. People used to consume their produce and distribute it among villagers.

existence of barter system. In a same village there were potters, farmers, blacksmiths, goldsmiths, artisans. The farmers were main to feed the society. Dominance of food crops like wheat, rice, pulses, barley etc. There was no means of transportation & communication, lack of organised markets. Agriculture depends on monsoon. Localized small scale yet developed industries. The market in villages were small and temporary just like a fair from morning till evening.

Indian towns were exporter of finished goods like cotton and silk clothes, marble & stone works, sandal wood cut etc. In return it took gold & silver. India was called the "Golden Bird". Indian handloom was very famous all over the world. The industries, however were small scale industries and were localized. The products were exported to Greece, Rome, Europe and many other places. The muslin of ~~Daka~~ Dhaka was so fine that 1 yard wide and 20 yard long muslin could easily be through a ring. Due to lack of irrigation facility some times there were famines and draughts.

Ans. 3. Write in detail all the aspects of population size and growth rate in India.

Year	Population (in crore)	Absolute increase (in crore)	Decimal growth rate (%)	Average Annual growth rate (%)
1951	36.11	4.24	13.31	1.25
1961	43.92	7.81	21.64	1.96
1971	54.82	10.90	21.80	2.20
1981	68.33	13.51	24.66	2.22
1991	84.64	16.31	23.87	2.16
2001	102.87	18.23	21.54	1.97
2011	121.02	18.15	17.64	1.61

Ans. 4. Causes of low productivity in Agriculture

- a) Small ^{size of} land holdings
- b) Traditional setup
- c) Lack of irrigation facilities
- d) Lack of capital
- e) Lack of scientific technology (outdated farming technique)
- f) Pressure on land
- g) Land tenure system
- h) Fragmentation of land etc.

Ans. 5. Industrial policy is the policy implemented by the Govt. which is concerned with the

whole structure of industries. It not only affects the industrial growth rate, but also influence the whole industrial framework.

2) Write the principal component of Industrial policy of 1948, 1956 and 1991.

Industrial Policy of 1948

Classified industries in 2 types
development of small ^{scale} cottage industries
policy related to foreign capital
policy related to labour interest.

tariff and tax policy

Industrial Policy of 1956

Classified industries in 3 types
emphasis on small scale and cottage industries
effort to remove regional inequality
emphasis on technical and managerial services
Guideline towards industrial relation and labour welfare
policy regarding foreign capital
emphasis on PPP.

Industrial Policy of 1991:

Liberalization of Industrial licensing policy

Protection to small scale and cottage industries

Liberal policy for FDI

Incentives to export-oriented industries

Amendment in MRTP

Emphasis to PPP

Emphasis to remove regional disparity

at the end you have to evaluate all

three Industrial policy of India.

Ans. 6. The Concept of Poverty: Poverty can be defined as a social phenomenon in which a section of the society is unable to fulfil even its basic necessities of life. When a substantial segment of a society is deprived of the minimum level of living and continues at a bare subsistence level, that society is said to be plagued with mass poverty.

Causes of Poverty in India!

1. Economic Cause:

- a) Unutilized resources due to lack of capital
- b) low productivity in agriculture due to use of traditional techniques (small size of holdings)
- c) lack of industrial development.
- d) lack of entrepreneurship skill
- e) Irregular supply of power
- f) labour unrest
- g) High density of population
- h) lack of financial institutions.
- i) lack of technology
- (j) less investment in R & D sector etc.

2. Social Cause like caste system, inheritance law inadequate ~~facilities~~ of education and health facilities, low level of skill, mal nutrition etc.

3. Political Cause: Corruption, inefficiency, bureaucracy, previous colonial exploitation etc.

Measures to solve the poverty:

1. Establishment of small and cottage industries in rural sector.

- 2) Infrastructural development: transportation, irrigation, electricity, education, health facility etc.
- 3) Land reforms
- 4) Effective Public distribution system
- 5) Expansion of social security services.
- 6) Population control
- 7) Incentive to save and invest
- 8) Expansion of market
- 9) Development of cooperative societies in Agriculture Sector
- 10) Micro financing
- 11) Social and Financial inclusion through different Govt. programmes.
12. Effective implementation of monetary & Fiscal policy

Ans. (7) Introduction

Types of Inequality in India

(a) Regional inequality or imbalance

(b) Income Inequality

(c) Wealth Inequality or Inequality of assets

Causes of Inequality of Income:

- (a) Inheritance law
- (b) difference in natural capacity
- (c) difference in opportunity of education and training
- (d) Debt policy of Banks and Industrial Finance Corporations.
- (e) Increasing Inflation
- (f) Taxation Policy
- (g) License Policy

Effects of Inequality of Income

- (a) Poverty
- (b) Class Struggle
- (c) Capitalistic Economic System
- (d) Centralization of Economic Power
- (e) Inequal opportunity

also explain in detail inequality of assets and regional inequality.

Ans. 2. Green Revolution was an initiative taken by the Indian Govt in 1960's to increase the production of food grains.

Elements of - Green Revolution . ,

- a) Use of hybrid quality seeds.
 - b) Increase in consumption of - chemical fertilizers
 - c) Emphasis on small irrigation projects
 - d) Use of insecticides
 - e) Multi crops .
 - f) Use of modern agricultural equipments .
 - g) Introduction of - Agro service Centres .
 - h) Establishment of different Agriculture Corporations related to agriculture input marketing and financial facility.
 - i) Special programme for weak farmers .
 - (j) Rural electrification .
 - (k) Soil testing
 - (l) R & D in Agriculture Sector .
- also write the benefits and shortcomings of Green Revolution and measures for success of Green Revolution.