

## CHAPTER-2-INDIAN ECONOMY 1950-1990

### ASSERTION- REASON QUESTIONS

- Sl.No. Question Assertion(A)& Reasons
- 1 Assertion: Capitalist economy has the motive of profit maximization.  
Reason: Capitalist economy has no intervention of Government.  
(A) Both Assertion and reason are true and reason is correct explanation of assertion.  
(B) Assertion and reason both are true but reason is not the correct explanation of assertion.  
(C) Assertion is true, reason is false.  
(D) Assertion is false, reason is true.
- 2 Assertion: Tax incentives are provided to foreign investors which further reduced the scope for raising tax revenues.  
Reason: This has a negative impact on developmental and welfare expenditures of the country.  
(A) Both Assertion and reason are true and reason is correct explanation of assertion.  
(B) Assertion and reason both are true but reason is not the correct explanation of assertion.  
(C) Assertion is true, reason is false.  
(D) Assertion is false, reason is true.
- 3 Assertion: The government borrows only from banks to finance the deficit caused.  
Reason: Deficit is caused when expenditure is more than income.  
(A) Both Assertion and reason are true and reason is correct explanation of assertion.  
(B) Assertion and reason both are true but reason is not the correct explanation of assertion.  
(C) Assertion is true, reason is false.  
(D) Assertion is false, reason is true.
- 4 Assertion: Just a year after independence, efforts towards land reforms were introduced.  
Reason: Ownership of land would give incentives to the tillers to invest in making improvements.  
(A) Both Assertion and reason are true and reason is correct explanation of assertion.  
(B) Assertion and reason both are true but reason is not the correct explanation of assertion.  
(C) Assertion is true, reason is false.  
(D) Assertion is false, reason is true.
- 5 Assertion: Industrial Policy Resolution of 1956 was adopted, in accordance with the goal of the state controlling the commanding heights of the economy  
Reason : System of licences was used for all the industries after the IPR 1956.  
(A) Both Assertion and reason are true and reason is correct explanation of assertion.  
(B) Assertion and reason both are true but reason is not the correct explanation of assertion.  
(C) Assertion is true, reason is false.  
(D) Assertion is false, reason is true.

- 6 Assertion: - India was considered as an agrarian economy on the eve of independence.  
Reason :- Around 30% people were depending on agriculture.  
(A) Both Assertion and reason are true and reason is correct explanation of assertion.  
(B) Assertion and reason both are true but reason is not the correct explanation of assertion.  
(C) Assertion is true, reason is false.  
(D) Assertion is false, reason is true.
- 7 Assertion: - As per Industrial policy-1956, the industries classified into 3 groups.  
Reason: - Directly or indirectly all the industries were under the control of the Government.  
(A) Both Assertion and reason are true and reason is correct explanation of assertion.  
(B) Assertion and reason both are true but reason is not the correct explanation of assertion.  
(C) Assertion is true, reason is false.  
(D) Assertion is false, reason is true.
- 8 Assertion: - In the first seven five year plans of India, the trade was commonly called an 'inward looking' trade strategy.  
Reason :- Imports were protected by the imposition of tariff and quotas which protect the domestic firms from foreign competition.  
(A) Both Assertion and reason are true and reason is correct explanation of assertion.  
(B) Assertion and reason both are true but reason is not the correct explanation of assertion.  
(C) Assertion is true, reason is false.  
(D) Assertion is false, reason is true.
- 9 Assertion:- The economic justification of subsidies in agriculture is, at present, a hotly debated question.  
Reason:-The zamindari system has not been abolished so far.  
(A) Both Assertion and reason are true and reason is correct explanation of assertion.  
(B) Assertion and reason both are true but reason is not the correct explanation of assertion.  
(C) Assertion is true, reason is false.  
(D) Assertion is false, reason is true.

- 10 Assertion:- The proportion of people depending on agriculture declined as expected  
Reason:- The 2nd Industrial Policy Resolution was adopted in the year 1956.
- (A) Both Assertion and reason are true and reason is correct explanation of assertion.  
(B) Assertion and reason both are true but reason is not the correct explanation of assertion.  
(C) Assertion is true, reason is false.  
(D) Assertion is false, reason is true.
- 11 1. Assertion (A): Socialism appeal to Jawaharlal Nehru for India.  
Reason (R): Jawaharlal Nehru was in favour of kind of socialism in Soviet Union.  
(A) Both Assertion and reason are true and reason is correct explanation of assertion.  
(B) Assertion and reason both are true but reason is not the correct explanation of assertion.  
(C) Assertion is true, reason is false.  
(D) Assertion is false, reason is true
- 12 Assertion (A): The main aim of capitalisin is to earn maximum profit.  
Reason (R): Central problem in capitalism is solved through market forces of demand and supply.  
(A) Both Assertion and reason are true and reason is correct explanation of assertion.  
(B) Assertion and reason both are true but reason is not the correct explanation of assertion.  
(C) Assertion is true, reason is false.  
(D) Assertion is false, reason is true
- 13 Assertion (A): PC Mahalanobis is known as architect of Indian planning. Reason (R): In real sense, planning began with second five year plan based on ideas Mahalanobis.  
(A) Both Assertion and reason are true and reason is correct explanation of assertion.  
(B) Assertion and reason both are true but reason is not the correct explanation of assertion.  
(C) Assertion is true, reason is false.  
(D) Assertion is false, reason is true
- 14 Assertion (A): GDP is the indicator of economic growth of a country.  
ToReason (R): GDP is like a piza, if size of piza increase it will distribute between more people.  
(A) Both Assertion and reason are true and reason is correct explanation of assertion.  
(B) Assertion and reason both are true but reason is not the correct explanation of assertion.  
(C) Assertion is true, reason is false.  
(D) Assertion is false, reason is true

- 15 Assertion (A): Equity is a very important goal for planning Reason (R): Equity means benefit of economic prosperity must reach to poor section also.  
 (A) Both Assertion and reason are true and reason is correct explanation of assertion.  
 (B) Assertion and reason both are true but reason is not the correct explanation of assertion.  
 (C) Assertion is true, reason is false.  
 (D) Assertion is false, reason is true
- 16 Assertion (A): Five-year plans give a big push to the basic and capital goods industries. Reason (R): Indian economy is now ranked as the eleventh largest industrial economy in the world.  
 Select the correct alternative from the following:-  
 a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)  
 b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)  
 c) Assertion (A) is true but Reason (R) is false.  
 d) Assertion (A) is false but Reason (R) is true.
- 17 Assertion : A good indicator of economic growth is steady increase in Gross domestic product (GDP).  
 Reason : GDP is the market value of all goods and services produced in a country during a year
- a. Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A)  
 b. Both Assertion (A) and Reason (R) are true, and Reason (R) is not the correct explanation of Assertion (A)  
 c. Assertion (A) is true, but Reason (R) is false.  
 d. Assertion (A) is false, but Reason (R) is true.
- 18 Assertion (A): The major policy initiatives i.e. land reforms and Green revolution helped India to become self-sufficient in food grains production.  
 Reason (R): The proportion of people depending on agriculture did not decline as expected.  
 Select the correct alternative from the following :-  
 a) Both A and R are true and R is correct explanation of A.  
 b) Both A and R are true and R is not correct explanation of A .  
 c) A is true R is false.  
 d) A is false and R is true.
- 19 Assertion(A) It was necessary to bring balanced regional development in context of Industrial development  
 Reason® Government provided tax sops and introduced licensing policy in Industrial policy Resolution (IPR) 1956  
 a) Both A and R are true and R is correct explanation of A.  
 b) Both A and R are true and R is not correct explanation of A.  
 c) A is true R is false.  
 d) A is false and R is true.

- 20 Assertion (A): Development of small scale industries requires protection from large scale industries.  
Reason (R): Government reserves small scale industries by providing tax concession & low interest rate.
- a) Both A and R are true and R is correct explanation of A.  
b) Both A and R are true and R is not correct explanation of A.  
c) A is true R is false.  
d) A is false and R is true.  
a) Both A and R are true and R is correct explanation of A.
- 21 Assertion: India became exporter of primary product and importer of finished consumer and capital goods produced in Britain  
Reason: Restrictive policies of commodity production, trade and tariff pursued by the colonial government adversely affect the structure composition and volume of Indian foreign trade.
- ( A) Both assertion and reason are true and reason is the correct explanation of assertion.  
(B) both assertion and reason are true but reason is not the correct explanation of assertion.  
© Assertion is true but reason is false.  
(D) The assertion is false but reason is true.
- 22 Assertion: The majority of the major policy initiative for example land Reform and green revolution helped India to become self sufficient in food grain production  
Reason :The proportion of people depending on agriculture did not decline as expected
- ( A) Both assertion and reason are true and reason is the correct explanation of assertion.  
(B) both assertion and reason are true but reason is not the correct explanation of assertion.  
© Assertion is true but reason is false.  
(D) The assertion is false but reason is true.
- 23 Assertion: Every year government fixes a target for disinvestment of public sector enterprises .  
Reason? Dis investment is an excellent tool for discarding the loss incurring in public sector enterprises PSEs.
- ( A) Both assertion and reason are true and reason is the correct explanation of assertion.  
(B) both assertion and reason are true but reason is not the correct explanation of assertion.  
© Assertion is true but reason is false.  
(D) The assertion is false but reason is true.
- 24 Assertion :Five year plans give a big post to the basic and capital goods industries  
Reason: Indian economy is now and as the eleventh largest industrial economy in the world
- ( A) Both assertion and reason are true and reason is the correct explanation of assertion.  
(B) both assertion and reason are true but reason is not the correct explanation of assertion.  
© Assertion is true but reason is false.  
(D) The assertion is false but reason is true.

- 25 Assertion: Economic and social equality was considered as the principal goal of planning  
Reason: Real income of the people decrease due to high rate of inflation  
( A ) Both assertion and reason are true and reason is the correct explanation of assertion.  
( B ) both assertion and reason are true but reason is not the correct explanation of assertion.  
© Assertion is true but reason is false.  
( D ) The assertion is false but reason is true.
- 26 Assertion (A): In mixed economic system, equality is promoted.  
Reason (R): In mixed economy, the government sector places high priority on the maximization of social welfare.  
(A) Both assertion and reason are true and reason is the correct explanation of assertion.  
(B) Assertion and reason are true but reason is not the correct explanation of assertion  
(C) Assertion is true, reason is false  
(D) Assertion is false, reason is true
- 27 Assertion (A): Discovery of more and more resources along with development of innovative technology leads to increase in GDP.  
Reason (R): A consistent increase in GDP leads to a consistent in the flow of goods and services in the economy over a long period of time.  
(A) Both assertion and reason are true and reason is the correct explanation of assertion.  
(B) Assertion and reason are true but reason is not the correct explanation of assertion  
(C) Assertion is true, reason is false  
(D) Assertion is false, reason is true
- 28 Assertion (A): The gains of Green Revolution is eluded small and marginal farmers.  
Reason (R): HYV technology required expensive inputs which were beyond the reach of the marginal farmers.  
(A) Both assertion and reason are true and reason is the correct explanation of assertion.  
(B) Assertion and reason are true but reason is not the correct explanation of assertion  
(C) Assertion is true, reason is false  
(D) Assertion is false, reason is true
- 29 Assertion (A): Government of India maintains buffer stock of food grains to release food grains through PDS and to meet emergency situations.  
Reason (R): The concept of buffer stock in India was introduced in Fifth Five Year Plan.  
(A) Both assertion and reason are true and reason is the correct explanation of assertion.  
(B) Assertion and reason are true but reason is not the correct explanation of assertion  
(C) Assertion is true, reason is false  
(D) Assertion is false, reason is true

- 30 Assertion (A): The proponents of agricultural subsidy are against its elimination.  
Reason (R): The gulf between the rich and poor farmers will expand if subsidies are eliminated.
- (A) Both assertion and reason are true and reason is the correct explanation of assertion.  
(B) Assertion and reason are true but reason is not the correct explanation of assertion  
(C) Assertion is true, reason is false  
(D) Assertion is false, reason is true

ANSWER

Q.No.	Answer
1	B
2	B
3	D
4	<b>A Both A and R are true and R is correct explanation of A</b>
5	C
6	(C) Assertion is true, reason is false.
7	(A) Both Assertion and reason are true and reason is correct explanation of assertion.
8	(A) Both Assertion and reason are true and reason is correct explanation of assertion.
9	(C) Assertion is true, reason is false.
10	(B) Assertion and reason both are true but reason is not the correct explanation of assertion.
11	C
12	A
13	A
14	A
15	A
16	C
17	B
18	D
19	A
20	A
21	A
22	B
23	B
24	B
25	C
26	(a) Both Assertion and reason are true and reason is the correct explanation of assertion

27	(b) Both assertion and reason are true and reason is not the correct explanation of assertion
28	(a) Both assertion and reason are true and reason is the correct explanation of assertion
29	(c) Assertion is true but reason is false
30	(a) Both assertion and reason are true and reason is the correct explanation of assertion

PREPARED BY : PGT ECONOMICS OF BHUBANESWAR, GUWAHATI,  
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