Chapter 2: Indian Economy 1950–1990

Exercises — Indian Economy 1950–1990

Q1 Define a plan.

SOLUTION

A plan spells out how the resources of a nation should be put to use. It has some general goals as well as specific objectives to be achieved within a specified period of time.

In India, plans were of five years duration and were called five year plans. Our plan documents up to 2017 not only specified the objectives for the five-year period but also what was to be achieved over twenty years — this long-term plan is called a perspective plan.

India's plans did not spell out how much of each and every good and service was to be produced, but were specific about the sectors where the government would play a commanding role, such as power generation and irrigation, while leaving the rest to the market.

Answer: A plan spells out how a nation's resources should be used, stating general goals and specific objectives to be achieved within a set period (five years in India's case).

Q2 Why did India opt for planning?

SOLUTION

India opted for planning because the leaders of independent India had to decide the type of economic system most suitable for the nation — a system that would promote the welfare of all rather than a few.

Jawaharlal Nehru and other leaders sympathised with the socialist outlook but were not in favour of the Soviet-style socialism where all means of production were government-owned and there was no private property. They sought an alternative that combined the best features of socialism without its drawbacks.

The answer was a mixed economy model where India would be a socialist society with a strong public sector but also with private property and democracy. The government would plan for the economy with the private sector being encouraged to participate in the plan effort.

The Planning Commission was set up in 1950 with the Prime Minister as its Chairperson, and the era of five year plans began. Planning was seen as essential to initiate a process of development that would raise living standards and open new opportunities for a richer and more varied life.

Answer: India opted for planning to promote welfare of all through a mixed economy model that combined socialist planning with private property and democracy, channelling resources toward national development goals.

Q3 Why should plans have goals?

SOLUTION

Plans should have clearly specified goals because a plan without goals cannot direct the use of a nation's resources effectively. Goals provide direction and purpose to a plan.

Since resources are limited, planners must make choices about which goals to prioritise in each plan. Different goals may actually be in conflict with each other. For example, the goal of introducing modern technology may conflict with the goal of increasing employment if the technology reduces the need for labour.

Having goals also ensures that policies do not contradict one another. The planners have to balance the goals — a very difficult job. In India, different goals were emphasised in different plans depending on the needs of the time.

The goals of India's five year plans were growth, modernisation, self-reliance and equity. These goals gave the plans a clear framework against which progress and achievement could be measured.

Answer: Plans must have goals to direct limited resources purposefully, provide a framework for policy, and allow planners to balance competing priorities such as growth, equity, modernisation and self-reliance.

Q4 What are High Yielding Variety (HYV) seeds?

SOLUTION

High Yielding Variety (HYV) seeds are seeds that give a large proportion of output — they are seeds that produce significantly more output per unit of land compared to traditional seed varieties.

The use of HYV seeds required the application of fertiliser and pesticide in the correct quantities as well as a regular supply of water. The application of these inputs in correct proportions is vital for the seeds to deliver high yields.

HYV seeds especially benefited wheat and rice production. The large increase in production of food grains resulting from the use of HYV seeds is referred to as the Green Revolution. In the first phase of the green revolution (approximately mid-1960s to mid-1970s), the use of HYV seeds was restricted to more affluent states such as Punjab, Andhra Pradesh and Tamil Nadu. In the second phase (mid-1970s to mid-1980s), the technology spread to a larger number of states and benefited more varieties of crops.

Answer: HYV seeds are seeds that give a large proportion of output — they produce significantly more food grains per unit of land, especially for wheat and rice, but require fertiliser, pesticide and reliable irrigation to perform.

Q5 What is marketable surplus?

SOLUTION

Marketable surplus is the portion of agricultural produce which is sold in the market by the farmers.

Growth in agricultural output is important, but if a large proportion of the increase is consumed by the farmers themselves instead of being sold in the market, the higher output will not make much of a difference to the economy as a whole. On the other hand, if a substantial amount of agricultural produce is sold in the market, the higher output can make a significant difference to the economy.

During the green revolution period, a good proportion of the rice and wheat produced was available as marketable surplus and was sold by farmers in the market. As a result, the price of food grains declined relative to other items of consumption, which benefited low-income groups who spend a large percentage of their income on food.

Answer: Marketable surplus is the portion of agricultural produce that farmers sell in the market rather than consuming themselves; a high marketable surplus benefits the wider economy by keeping food prices affordable.

Q6 Explain the need and type of land reforms implemented in the agriculture sector.

SOLUTION

Need for Land Reforms: At the time of independence, the land tenure system was characterised by intermediaries — variously called zamindars, jagirdars, etc. — who merely collected rent from the actual tillers of the soil without contributing towards improvements on the farm. This led to low productivity in the agricultural sector, forcing India to import food from the USA. Equity in agriculture demanded that such an exploitative system be changed.

Types of Land Reforms Implemented:

1. Abolition of Intermediaries: Just a year after independence, steps were taken to abolish intermediaries and to make the tillers the owners of land. The idea was that ownership of land would give incentives to the tillers to invest in making improvements, provided sufficient capital was available. The abolition of intermediaries meant that some 200 lakh tenants came into direct contact with the government and were freed from being exploited by zamindars.

2. Land Ceiling: Land ceiling means fixing the maximum size of land which could be owned by an individual. The purpose was to reduce the concentration of land ownership in a few hands and promote equity in the agricultural sector.

Limitations: The land ceiling legislation faced hurdles as big landlords challenged it in courts, used the delay to register lands in the name of close relatives, and exploited loopholes in the legislation. Land reforms were successful in Kerala and West Bengal because these states had governments committed to the policy of land to the tiller; other states did not have the same level of commitment.

Answer: Land reforms were needed to end zamindari exploitation and raise agricultural productivity. They involved two main measures: abolition of intermediaries (making tillers owners of about 200 lakh holdings) and land ceiling (fixing maximum land a person could own to curb concentration).

Q7 What is Green Revolution? Why was it implemented and how did it benefit the farmers? Explain in brief.

SOLUTION

The Green Revolution refers to the large increase in production of food grains resulting from the use of high yielding variety (HYV) seeds, especially for wheat and rice.

Why it was implemented: At independence, about 75 per cent of the country's population was dependent on agriculture. Productivity in the agricultural sector was very low because of the use of old technology and the absence of required infrastructure. India's agriculture vitally depended on the monsoon, and if the monsoon fell short, farmers were in trouble. The stagnation in agriculture during the colonial rule needed to be permanently broken.

How it benefited farmers:

1. Increased Output: HYV seeds produced significantly more food grains per unit of land, especially for wheat and rice, enabling India to achieve self-sufficiency in food grains. India no longer had to depend on America or any other nation for meeting its food requirements.

2. Marketable Surplus and Price Decline: A good proportion of rice and wheat produced during the green revolution was sold as marketable surplus in the market. As a result, the price of food grains declined relative to other items of consumption, benefiting low-income groups who spend a large percentage of their income on food.

3. Benefits to Small Farmers: The government provided loans at low interest rates to small farmers and subsidised fertilisers so that small farmers could also access the needed inputs. Over time, output on small farms equalled that on large farms, so both small and rich farmers benefited.

4. Government Food Stocks: The green revolution enabled the government to procure sufficient food grains to build a stock which could be used in times of food shortage.

Answer: The Green Revolution is the large increase in food grain production through HYV seeds (especially wheat and rice). Implemented to break low agricultural productivity and food dependence on imports, it made India self-sufficient in food grains, lowered food prices, and benefited both small and large farmers through government support.

Q8 Explain 'growth with equity' as a planning objective.

SOLUTION

Growth refers to the increase in the country's capacity to produce the output of goods and services. A good indicator of economic growth is steady increase in Gross Domestic Product (GDP). Growth is necessary so that people can enjoy a more rich and varied life.

However, growth by itself may not improve the lives of all people. A country can have high growth and still have most of its people living in poverty, if the benefits of economic prosperity reach only the rich. This is why equity is equally important as a planning objective.

Equity as a planning objective means that every Indian should be able to meet his or her basic needs such as food, a decent house, education and health care, and that inequality in the distribution of wealth should be reduced.

Together, 'growth with equity' means that economic growth must be accompanied by a fair distribution of its benefits. The benefits of economic prosperity must reach the poor sections as well instead of being enjoyed only by the rich. India's five year plans tried to pursue both these objectives simultaneously: increase the size of the economy (the GDP) and ensure that the gains were shared more equitably among all sections of the population.

Answer: Growth with equity means that economic growth (measured by rising GDP) must be accompanied by equitable distribution of benefits — ensuring every citizen can meet basic needs and reducing wealth inequality, so that prosperity does not accrue only to the rich.

Q9 Does modernisation as a planning objective create contradiction in the light of employment generation? Explain.

SOLUTION

Modernisation refers to the adoption of new technology to increase the production of goods and services. For example, a farmer can increase output by using new seed varieties, and a factory can increase output by using a new type of machine.

Modernisation can create a contradiction with the goal of employment generation. The goals of a plan may actually be in conflict: the goal of introducing modern technology may be in conflict with the goal of increasing employment if the technology reduces the need for labour.

Modern technology is often capital-intensive, meaning it uses more machines and less human labour. If factories adopt new machines that replace workers, modernisation leads to higher production but lower employment. In a labour-surplus country like India, this is a significant concern because a large proportion of the population needs employment.

However, modernisation does not refer only to the use of new technology but also to changes in social outlook. For example, recognising that women should have the same rights as men and making use of women's talents in the work place is also part of modernisation.

Planners have to balance these conflicting goals — promoting modernisation to raise productivity while also generating enough employment for the growing workforce. The chapter

notes that balancing such goals is a very difficult job for planners.

Answer: Yes, modernisation can contradict employment generation because new technology often reduces the need for labour. Planners must balance the drive for higher productivity through modern technology against the need to create sufficient employment for India's large workforce.

Q10 Why was it necessary for a developing country like India to follow self-reliance as a planning objective?

SOLUTION

Self-reliance means avoiding imports of those goods which could be produced in India itself. The first seven five year plans gave importance to self-reliance. There were several reasons why this was considered necessary for India:

1. Food Security: India's low agricultural productivity had forced it to import food from the United States of America. Self-reliance was considered a necessity to reduce dependence on foreign countries, especially for food.

2. National Sovereignty: It was feared that dependence on imported food supplies, foreign technology and foreign capital could make India's sovereignty vulnerable to foreign interference in its policies. People who were recently freed from foreign domination naturally gave importance to self-reliance.

3. Reducing Exploitation: The experience of colonial rule had shown that dependence on foreign powers could be used to exploit the country. Self-reliance was seen as a safeguard against such exploitation.

4. Protecting New Industries: Indian industries at independence were not in a position to compete against the goods produced by more developed economies. Producing goods domestically — even if at higher cost — was seen as necessary to build industrial capacity and technological capability over time.

Answer: Self-reliance was necessary to reduce dependence on foreign food, technology and capital (which could compromise sovereignty), protect newly independent India from foreign interference, and build domestic industrial capacity without perpetual external dependence.

Q11 What is sectoral composition of an economy? Is it necessary that the service sector should contribute maximum to GDP of an economy? Comment.

SOLUTION

The GDP of a country is derived from the different sectors of the economy: the agricultural sector, the industrial sector and the service sector. The contribution made by each of these sectors makes up the structural composition of the economy. This is referred to as the sectoral composition of an economy.

In India, the share of agriculture in GDP was more than 50 per cent — as expected for a poor country. By 1990, the share of the service sector was 40.59 per cent, more than that of

agriculture or industry, like what is found in developed nations.

Is it necessary for the service sector to contribute the maximum? As a country develops, it undergoes structural change. Usually, with development, the share of agriculture declines and the share of industry becomes dominant. At higher levels of development, the service sector contributes more to GDP than the other two sectors.

India's case is described in the chapter as peculiar. The share of the service sector in India's GDP was 40.59 per cent by 1990 — comparable to developed nations — even though India was still a developing country with a large proportion of population in agriculture. This phenomenon of a growing service sector share was accelerated in the post-1991 period with globalisation.

So while a dominant service sector is a feature of highly developed economies, it is not strictly necessary as a rule. Each economy follows its own structural path; some may have a dominant industrial sector at intermediate stages of development. What matters is whether growth in any sector translates into welfare and employment for the population.

Answer: Sectoral composition refers to the relative contribution of agriculture, industry and services to GDP. A dominant service sector is typical of developed economies but not a strict necessity — India's service sector reached 40.59% of GDP by 1990 even before full development, showing the path varies by country.

Q12 Why was public sector given a leading role in industrial development during the planning period?

SOLUTION

The public sector was given a leading role in industrial development during the planning period for the following reasons:

1. Lack of Private Capital: At the time of independence, Indian industrialists did not have the capital to undertake investment in industrial ventures required for the development of the Indian economy.

2. Small Market Size: Nor was the market big enough to encourage industrialists to undertake major projects even if they had the capital to do so. Large-scale industries require a large market to be viable, which did not exist at that time.

3. Socialist Policy: The decision to develop the Indian economy on socialist lines led to the policy of the government controlling the commanding heights of the economy, as the Second Five Year Plan put it. This meant the government would have complete control of those industries that were vital for the economy.

4. Industrial Policy Resolution 1956 (IPR 1956): This resolution formed the basis of the Second Five Year Plan. It classified industries into three categories: those exclusively owned by the government; those in which private sector could supplement public sector efforts; and remaining industries left to the private sector.

5. Promotion of Industrial Diversification: At independence, Indian industry was largely confined to cotton textiles and jute. The public sector played a major role in diversifying industrial production by building heavy industries, steel plants and infrastructure that private enterprise alone would not have established.

Answer: The public sector was given the leading role because private industrialists lacked capital, the domestic market was too small to attract large private investment, and the socialist policy required government control over vital industries — reflected in IPR 1956 which reserved key industries exclusively for the public sector.

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.

SOLUTION

Before the green revolution, India's agricultural productivity was low and the country had to import food from the United States of America. The country was vulnerable to food shortages because agriculture depended heavily on the monsoon.

The green revolution, through the use of HYV seeds especially for wheat and rice, led to a large increase in food grain production. A good proportion of the rice and wheat produced during the green revolution period was sold by farmers in the market as marketable surplus.

The availability of this marketable surplus meant that the government could purchase (procure) food grains from the market in significant quantities. With such procurement, the government was able to build up a stock (or buffer stock) of food grains.

This stock served an important purpose: it could be released into the market during times of food shortage — for example, when a poor monsoon led to lower agricultural production. The government could thus stabilise food supplies and prices by drawing on these stocks, instead of being forced to import food from other countries as it had to do before the green revolution.

In this way, the green revolution not only made India self-sufficient in food grain production but also enabled the government to manage food security through publicly held stocks.

Answer: The green revolution's large increase in food grain output (especially wheat and rice) created a substantial marketable surplus that the government procured and stored as buffer stocks, which could be released to stabilise supplies during poor monsoon years or food shortages — ending India's dependence on food imports.

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.

SOLUTION

Subsidies were introduced to encourage farmers, especially small farmers, to adopt HYV seed technology which was initially seen as risky. The chapter presents both sides of the debate:

Arguments in favour of subsidies:

1. It was necessary to use subsidies to provide an incentive for adoption of the new HYV technology by farmers in general and small farmers in particular. Any new technology is looked upon as risky by farmers, so subsidies were needed to encourage them to test the new approach.

2. Farming in India continues to be a risky business and most farmers are very poor; they will not be able to afford the required inputs without subsidies. Eliminating subsidies will increase inequality between rich and poor farmers and violate the goal of equity.

3. If subsidies are largely benefiting the fertiliser industry and big farmers, the correct policy is not to abolish subsidies but to take steps to ensure that only the poor farmers enjoy the benefits.

Arguments against subsidies:

1. Some economists believe that once the technology is found profitable and widely adopted, subsidies should be phased out since their purpose has been served.

2. Subsidies are meant to benefit farmers but a substantial amount of fertiliser subsidy also benefits the fertiliser industry; and among farmers, the subsidy largely benefits those in more prosperous regions. Therefore, it is argued there is no case for continuing with fertiliser subsidies.

3. Subsidies do not allow prices to reflect the true scarcity of resources. When electricity and water are provided at subsidised rates or free, they are used wastefully without concern for their scarcity. Fertiliser and pesticide subsidies result in overuse of resources harmful to the environment.

Conclusion: While subsidies were useful in promoting the adoption of new agricultural technology and supporting poor farmers, their continuation beyond that stage is debatable. The challenge is to ensure that subsidies reach the truly needy — the small and poor farmers — rather than the well-off or the fertiliser industry.

Answer: Subsidies were essential to encourage adoption of risky HYV technology and support poor farmers, but critics argue they distort prices, benefit big farmers and the fertiliser industry more than the poor, and burden government finances. The debate centres on targeted reform — not blanket removal — so that benefits reach small farmers who genuinely need support.

Q15 Why, despite the implementation of green revolution, 65 per cent of India's population continued to be engaged in the agriculture sector till 1990?

SOLUTION

Despite the green revolution and the increase in agricultural productivity, 65 per cent of India's population continued to be engaged in the agriculture sector till 1990. The reason lies in the failure of the industrial and service sectors to absorb workers from agriculture.

Economists have found that as a nation becomes more prosperous, the proportion of GDP contributed by agriculture as well as the proportion of population working in the sector declines

considerably. In India, between 1950 and 1990, the proportion of GDP contributed by agriculture declined significantly but not the proportion of population depending on it (67.5 per cent in 1950 to 64.9 per cent by 1990).

The answer given in the chapter is that the industrial sector and the service sector did not absorb the people working in the agricultural sector. Many economists call this an important failure of the policies followed during 1950–1990.

The industrial sector grew at six per cent per annum and became more diversified, but it was not labour-intensive enough to absorb the large rural workforce. The promotion of capital-intensive industries and the reservation of products for small-scale industries also limited the growth of large labour-absorbing manufacturing units.

The green revolution itself increased output per unit of land but did not necessarily require proportionally more labour, so it did not create enough agricultural employment to justify retaining such a large workforce — yet non-farm opportunities were insufficient to draw people away from agriculture.

Answer: Despite the green revolution's productivity gains, the industrial and service sectors failed to generate enough employment to absorb the agricultural workforce. Between 1950 and 1990, the population dependent on agriculture fell only from 67.5% to 64.9%, which the chapter identifies as an important failure of the period's policies.

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.

SOLUTION

The public sector played a vital role in India's industrial development and continues to be essential in certain areas. At the same time, many public sector undertakings (PSUs) incurred losses, creating a drain on the nation's limited resources.

Achievements of the public sector:

1. Industrial Diversification: The proportion of GDP contributed by the industrial sector increased from 13 per cent in 1950-51 to 24.6 per cent in 1990-91, largely due to the public sector.

2. Development of Key Industries: The public sector built industries and infrastructure that private enterprise would not have undertaken due to lack of capital and small market size.

3. Employment and Welfare: Some public sector firms were originally private firms on the verge of closure due to losses; they were nationalised to protect the jobs of workers.

4. Opportunities for Small Entrepreneurs: Promotion of small-scale industries gave opportunities to people who did not have capital to start large firms.

Criticisms and losses:

1. State enterprises continued to produce goods and services even when this was no longer

required, monopolising sectors that the private sector could also serve. An example is the telecommunication service which was reserved for the public sector even after it was realised that private firms could provide it — resulting in long waits for telephone connections.

2. No distinction was made between what the public sector alone can do (such as national defence) and what the private sector can also do well (such as hotels and bread manufacturing). For example, Modern Bread, a bread-manufacturing firm, was run as a public sector enterprise until it was sold to the private sector in 2001.

3. Many public sector firms incurred huge losses but continued to function because it is difficult to close a government undertaking even if it is a drain on the nation's limited resources.

4. The need to obtain a license allowed industrialists to get licenses not for starting new firms but to prevent competitors from starting — this permit-license raj reduced competition and efficiency.

5. Some economists, however, argue that public sector firms should not be evaluated only on the basis of profits they earn but on the extent to which they contribute to the welfare of people.

Conclusion: While the public sector is essential in areas where the private sector cannot or will not invest (such as national defence and basic infrastructure), it should concentrate its resources on these important services and withdraw from areas the private sector can manage efficiently, rather than continuing as a drain on national resources.

Answer: The public sector diversified Indian industry and built essential infrastructure, raising industry's GDP share from 13% to 24.6% (1950-91). But many PSUs incurred heavy losses, monopolised sectors private firms could serve, and bred inefficiency through the permit-license raj. The appropriate role is for the public sector to focus on areas the private sector cannot handle, not perpetuate loss-making enterprises.

Q17 Explain how import substitution can protect domestic industry.

SOLUTION

Import substitution is an inward-looking trade strategy that aims at replacing or substituting imports with domestic production. For example, instead of importing vehicles made in a foreign country, industries are encouraged to produce them in India itself.

Import substitution protects domestic industries through two instruments:

1. Tariffs: Tariffs are a tax on imported goods. They make imported goods more expensive and discourage their use, thereby making domestically produced goods relatively cheaper and more competitive.

2. Quotas: Quotas specify the quantity of goods which can be imported. By limiting the volume of imports, quotas ensure that foreign goods do not flood the domestic market.

The effect of tariffs and quotas is that they restrict imports and, therefore, protect domestic firms from foreign competition.

The policy of protection was based on the notion that industries of developing countries were not in a position to compete against goods produced by more developed economies. It was assumed that if domestic industries were protected, they would learn to compete over time.

However, the chapter also notes a criticism of this protection: due to restrictions on imports, Indian consumers had to purchase whatever Indian producers made. Producers were aware that they had a captive market, so they had no incentive to improve the quality of their goods. Competition from imports forces producers to be more efficient, and the absence of such competition was identified as a drawback of prolonged import substitution.

Answer: Import substitution protects domestic industry through tariffs (taxes that raise the price of imported goods) and quotas (limits on import volumes). Together these restrict imports and shield domestic firms from foreign competition, giving them space to grow — though the lack of competitive pressure can reduce incentives to improve quality.

Q18 Why and how was private sector regulated under the IPR 1956?

SOLUTION

Why the private sector was regulated:

The decision to develop the Indian economy on socialist lines led to the policy of the government controlling the commanding heights of the economy. The private sector's policies had to be complementary to those of the public sector, with the public sector leading the way. The state wanted to ensure that industrial development served national goals of growth, equity and self-reliance, rather than private profit alone.

How the private sector was regulated under IPR 1956:

1. Classification of Industries: The Industrial Policy Resolution of 1956 classified industries into three categories. The first category comprised industries exclusively owned by the government. The second consisted of industries in which the private sector could supplement public sector efforts but with the government taking the sole responsibility for starting new units. The third category consisted of the remaining industries which were to be in the private sector.

2. Licensing System: Although the third category of industries was left to the private sector, the sector was kept under state control through a system of licences. No new industry was allowed unless a licence was obtained from the government. Even an existing industry had to obtain a licence for expanding output or for diversifying production.

3. Industrial Location Policy: This policy was used for promoting industry in backward regions. It was easier to obtain a licence if the industrial unit was established in an economically backward area. Such units were given concessions such as tax benefits and electricity at a lower tariff to promote regional equality.

4. Production Control: Licence to expand production was given only if the government was convinced that the economy required a larger quantity of goods. This was meant to ensure that the quantity of goods produced was not more than what the economy required.

The chapter notes that this extensive regulation gave rise to what came to be called the permit-license raj, which was later criticised for preventing firms from becoming more efficient and encouraging industrialists to spend time lobbying for licences rather than improving their products.

Answer: IPR 1956 regulated the private sector because the socialist planning framework required government to control the commanding heights of the economy. Regulation worked through a licensing system: no new industry could start, expand or diversify without a government licence, and licences were used to direct industries to backward regions and control quantities produced — creating the permit-license raj.

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.

SOLUTION

The correct matches are:

1. Prime Minister — C. Chairperson of the Planning Commission

The Planning Commission was set up in 1950 with the Prime Minister as its Chairperson.

2. Gross Domestic Product — D. The money value of all the final goods and services produced within the economy in one year

The GDP is the market value of all the final goods and services produced in the country during a year.

3. Quota — B. Quantity of goods that can be imported

Quotas specify the quantity of goods which can be imported.

4. Land Reforms — E. Improvements in the field of agriculture to increase its productivity

Land reforms primarily refer to change in the ownership of landholdings to promote equity and increase agricultural productivity.

5. HYV Seeds — A. Seeds that give large proportion of output

High Yielding Variety seeds are seeds that give a large proportion of output, especially for wheat and rice.

6. Subsidy — F. The monetary assistance given by government for production activities

Subsidies are monetary assistance given by the government to encourage production activities, such as subsidised fertilisers provided to farmers.

Answer: 1-C, 2-D, 3-B, 4-E, 5-A, 6-F.