

## CHAPTER-2 | Indian Economy (1950-1990)

QUIZ  
PART-04

1. When was the second Industrial Policy Resolution (IPR) adopted in India?

- A. 21 April 1955                      B. 21 April 1956  
C. 30 April 1956                      D. 27 April 1956                      (C)

**Explanation :** The second IPR was adopted on 30 April 1956, forming the basis of the Second Five-Year Plan.

2. Railways, air transport, and atomic energy came under which schedule of IPR 1956?

- A. Schedule A (Progressively owned by Public Sector)  
B. Schedule C (Owned by Private Sector)  
C. Schedule B (Progressively owned by Public Sector)  
D. Schedule A (Exclusively owned by Public Sector)                      (D)

**Explanation :** Schedule A included industries exclusively owned by the state, such as defence, railways, air transport, and atomic energy.

3. Which committee on small-scale industries was established in 1955?

- A. Mahalanobis Committee  
B. IPR Committee  
C. Karve Committee  
D. None of the Above                      (C)

**Explanation :** The Karve Committee (1955) examined the role of small-scale industries in promoting rural development.

4. Why was the role of the public sector increased in India's industrial development after independence?

- A. Lack of capital with the private sector  
B. Lack of incentives for the private sector  
C. Objective of social welfare  
D. All of the above                      (D)

**Explanation :** The public sector grew due to lack of private capital, limited incentives, and the need for social welfare.

5. What did the Industries (Development and Regulation) Act of 1951 empower the government to do?

- A. Privatize industries                      B. Issue licenses for setting up and expanding industries  
C. Eliminate small-scale industries  
D. Abolish the public sector                      (B)

**Explanation :** The 1951 Act enabled the government to issue licenses for establishing, expanding, or diversifying industries.

6. What was the main drawback of industrial licensing in India?

- A. It allowed healthy competition  
B. It simplified industrial setup  
C. It was time-consuming and misused by big industrialists  
D. It promoted export-oriented growth                      (C)

**Explanation :** Licensing was often misused by big houses to block competitors, and procedures were very time-consuming.

7. How was a small-scale industry defined in 1950?

- A. Maximum investment of ₹1 lakh  
B. Maximum investment of ₹5 lakh  
C. Maximum investment of ₹50 lakh  
D. Maximum investment of ₹1 crore                      (B)

**Explanation :** In 1950, a small-scale industry was one with investment not exceeding ₹5 lakh.

8. Which industries were included in Schedule B of IPR 1956?

- A. Cotton textiles and jute  
B. Railways and defence production  
C. Aluminium, machine tools, automobiles, fertilizers, and chemicals  
D. All industries left to the private sector                      (C)

**Explanation :** Schedule B covered 12 industries like aluminium, automobiles, fertilizers, and machine tools, to be progressively state-owned.

9. By 1990–91, what percentage of GDP was contributed by the industrial sector?

- A. 11.8%                      B. 18.2%  
C. 20.5%                      D. 24.6%                      (D)

**Explanation :** The industrial sector's share in GDP rose from 11.8% in 1950–51 to 24.6% in 1990–91.

10. Which of the following was a drawback of India's protectionist industrial policy (1950–1990)?

- A. Inward-looking trade strategy and lack of exports  
B. Excessive global competition  
C. Over-dependence on private sector  
D. Decline in domestic industries                      (A)

**Explanation :** Protectionist policies made India inward-looking, with weak exports and limited competition.