

CHAPTER-2 | Indian Economy (1950-1990)

QUIZ
PART-05

1. What was the colonial pattern of India's trade?

- A. Export of finished goods, import of raw materials
- B. Export of machinery, import of food grains
- C. Export of raw materials, import of finished goods
- D. Export of petroleum, import of chemicals (C)

Explanation : Under colonial rule, India exported raw materials like cotton, jute, indigo, and spices, while importing finished goods such as textiles and machinery.

2. What was the major drawback of India's trade surplus during colonial rule?

- A. It was invested in Indian industries
- B. It was used for British administrative expenses and wars
- C. It was distributed among Indian farmers
- D. It was invested in Indian infrastructure (B)

Explanation : The trade surplus did not benefit India; instead, it financed British administration and wars, known as the "Drain of Wealth".

3. What was India's share in total world trade in 1950?

- A. 5%
- B. 3.5%
- C. 1.78%
- D. 0.75% (C)

Explanation : In 1950, India's share in total world trade was only 1.78%.

4. Which trade strategy did India adopt after independence to become self-reliant?

- A. Export substitution
- B. Import substitution
- C. Imports promotion
- D. No new policy (B)

Explanation : India adopted import substitution, replacing foreign goods with domestic production to build self-reliance.

5. Which of the following was not an objective of import substitution?

- A. Saving foreign exchange
- B. Building self-reliance
- C. Encouraging exports only
- D. Protecting domestic industries (C)

Explanation : Import substitution focused on reducing foreign dependence, not export promotion.

6. Which of the following explains the need for an inward-looking trade strategy?

- A. Protecting domestic industries
- B. Reducing foreign exchange outflows
- C. Building self-reliance
- D. All of the above (D)

Explanation : The inward-looking trade strategy was aimed at protecting domestic industries, saving foreign exchange, and achieving self-reliance.

7. What was a major drawback of import substitution?

- A. It made industries more competitive
- B. It increased agricultural exports
- C. It reduced efficiency due to lack of competition
- D. It diversified India's trade (C)

Explanation : Lack of foreign competition made domestic industries inefficient and less productive.

8. Why were some domestically manufactured products costly under import substitution?

- A. Overproduction of goods
- B. Scarcity of some resources in India
- C. Excessive foreign investment
- D. Ban on agriculture (B)

Explanation : Some goods were more expensive because India lacked certain resources and producing them domestically cost more than importing.

9. What was one limitation of focusing only on import substitution?

- A. Encouraged world trade
- B. Restricted export opportunities
- C. Improved efficiency of industries
- D. Reduced domestic production (B)

Explanation : Import substitution encouraged goods for domestic use only, limiting opportunities for export and global trade.

10. Which outcome is associated with import substitution?

- A. Loss of money due to lack of world trade
- B. Higher foreign exchange reserves
- C. Increase in exports
- D. Elimination of poverty (A)

Explanation : Since imports were replaced with domestic goods and exports were neglected, India lost opportunities to earn money from world trade.