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शक्ति उत्थान आश्रम लखीसराय बिहार


class 12 commerce Sub. ECO/ B Date 23.5.2020

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INDIAN ECONOMY 1950–1990

Effect of Policies on Industrial Development:

The achievements of India's industrial sector during the first seven plans are impressive indeed. The proportion of GDP contributed by the industrial sector increased in the period from 13 per cent in 1950-51 to 24.6 per cent in 1990-91. The rise in the industry's share of GDP is an important indicator of development. The six per cent annual growth rate of the industrial sector during the period is commendable. No longer was Indian industry restricted

 **Work These Out**

➤ Construct a pie chart for the following table on sectoral contribution to GDP and discuss the difference in the contribution of the sectors in the light of effects of development during 1950-91.

Sector	1950-51	1990-91
Agriculture 	59.0	34.9
Industry 	13.0	24.6
Services 	28.0	40.5

➤ Conduct a debate in your classroom on the usefulness of Public Sector Undertakings (PSUs) by dividing the class into two groups. One group may speak in favour of PSUs and the other group against the motion (involve as many students as possible and encourage them to give examples).

largely to cotton textiles and jute; in fact, the industrial sector became well diversified by 1990, largely due to the public sector.

The promotion of small-scale industries gave opportunities to those people who did not have the capital to start large firms to get into business. Protection from foreign competition enabled the development of indigenous industries in the areas of electronics and automobile sectors which otherwise could not have developed. In spite of the contribution made by the public sector to the growth of the Indian economy, some economists are critical of the performance of many public sector enterprises. It was proposed at the beginning of this chapter that initially public sector was required in a big way. It is now widely held that state enterprises continued to produce certain goods and services (often monopolising them) although this was no longer required. An example is the provision of telecommunication service. This industry continued to be reserved for the Public Sector even after it was realised that private sector firms could also provide it. Due to the absence of competition, even till the late 1990s, one had to wait for a long time to get a telephone connection. Another instance could be the establishment of Modern Bread, a bread-manufacturing firm, as if the private sector could not manufacture bread! In 2001 this firm was sold to the private sector. The point is that after four decades of Planned development of Indian Economy no distinction was made between (i) what the public sector alone can do and (ii) what the private sector can also do. For example, even now only the public sector supplies national defense. And even though the private sector can manage hotels well, yet, the government also runs hotels. This has led some scholars to argue that the state should get out of areas which the private sector can manage and the government may concentrate its resources on important services which the private sector cannot provide.