

INTRODUCTION

Basis	Economic Development	Economic Growth
Scope	Concerned with structural changes in the economy	Growth is concerned with increases in the economy's output
Growth	Development relates to growth of human capital indices, a decrease in inequality figures, and structural changes that improve the general population's quality of life	Growth relates to a gradual increase in one of the components of Gross Domestic Product: consumption, government spending, investment, net exports
Implication	It implies changes in income, saving and investment along with progressive changes in socio-economic structure of country (institutional and technological changes)	It refers to an increase in the real output of goods and services in the country like increase in income, in savings, in investment etc.
Measurement	Qualitative. HDI (Human Development Index), gender-related index (GDI), Human poverty index (HPI), infant mortality, literacy rate etc.	Quantitative. Increase in real GDP. Shown by PPF.
Effect	Brings qualitative and quantitative changes in the economy	Brings quantitative changes in the economy

DETERMINANTS OF ECONOMIC DEVELOPMENT

Economic development is not determined by any single factor. Economic development depends on Economic, Social, Political and Religious factors.

ECONOMIC FACTORS

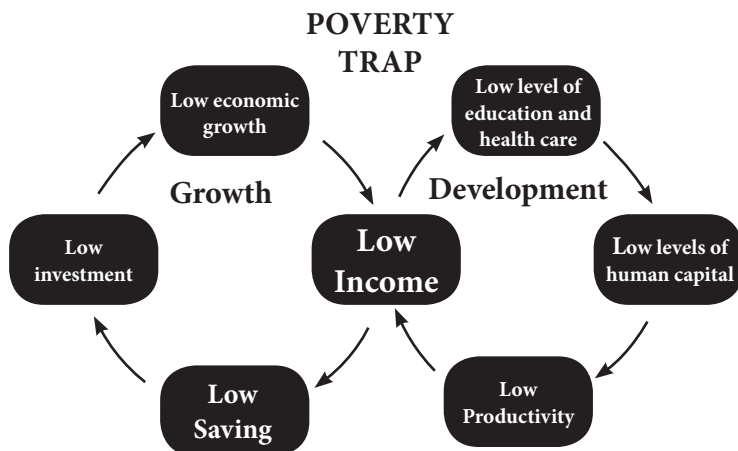
1. Natural Resource 2. Capital Formation 3. Size of the Market 4. Structural Change 5. Financial System 6. Marketable surplus 7. Foreign Trade 8. Economic System

NON ECONOMIC FACTORS

1. Human Resource 2. Technical Know-how 3. Political Freedom 4. Social Organization 5. Corruption free administration 6. Desire for Development 7. Moral, ethical and social values 8. Casino Capitalism 9. Patrimonial Capitalism

VICIOUS CIRCLE OF POVERTY

- ❖ It implies a circular constellation of forces tending to act and react upon one another in such a way as to keep a poor country in a state of poverty.
- ❖ For example, a poor man may not have enough to eat; being underfed, his health may be weak; being physically weak, his working capacity is low, which means that he is poor, which in turn means that he will not have enough to eat and so on.



PLANNING :MEANING

- ❖ Planning is a technique, a means to an end being the realization of certain pre-determined and well-defined aims and objectives laid down by a central planning authority.

TYPES OF PLANNING

- ❖ Democratic Vs Totalitarian, Centralized Vs Decentralized, Planning by Direction Vs Inducement, Indicative Vs Imperative, Short, Medium and Long term, Financial Vs Physical Functional Vs Structural, Comprehensive Vs Partial

NITI AAYOG

- ❖ National Institution for Transforming India was formed on January 1, 2015 through a Union Cabinet resolution. NITI Aayog is a policy think-tank of the Government of India. It replaced the Planning Commission from
- ❖ 13th August, 2014. The Prime Minister is the Chairperson of NITI Aayog and Union Ministers will be Ex-officio members.

BOOK EXERCISE QUESTIONS - MULTIPLE CHOICE QUESTIONS

PART - A

1. "Redistribution with Growth" became popular slogan under which approach?
 - a) Traditional approach
 - b) New welfare oriented approach
 - c) Industrial approach
 - d) None of the above
2. Which is not the feature of economic growth?
 - a) Concerned with developed nations
 - b) Gradual change
 - c) Concerned with quantitative aspect
 - d) Wider concept
3. Which among the following is a characteristic of underdevelopment?
 - a) Vicious circle of poverty
 - b) Rising mass consumption
 - c) Growth of Industries
 - d) High rate of urbanization
4. The non-economic determinant of economic development
 - a) Natural resources
 - b) Human resource
 - c) Capital formation
 - d) Foreign trade
5. Economic growth measures the -----
 - (a) Growth of productivity
 - (b) Increase in nominal income
 - (c) Increase in output
 - (d) None of the above
6. The supply side vicious circle of poverty suggests that poor nations remain poor because
 - a) Saving remains low
 - b) Investment remains low
 - c) There is a lack of effective government
 - d) a and b above
7. Which of the following plan has focused on the agriculture and rural economy?
 - a) People's Plan
 - b) Bombay Plan
 - c) Gandhian Plan
 - d) Vishveshwarya Plan
8. Arrange following plans in correct chronological order
 - a) People's Plan
 - b) Bombay Plan
 - c) Jawaharlal Nehru Plan
 - d) Vishveshwarya Plan
9. M.N. Roy was associated with -----
 - a) Congress Plan
 - b) People's Plan
 - c) Bombay Plan
 - d) None of the above
10. Which of the following country adopts indicative planning?
 - a) France
 - b) Germany
 - c) Italy
 - d) Russia
11. Short-term plan is also known as -----
 - (a) Controlling Plans
 - (b) De-controlling Plans
 - (c) Rolling Plans
 - (d) De-rolling Plans
12. Long-term plan is also known as -----

- (a) Progressive Plans
- (b) Non-progressive Plans
- (c) Perspective Plans
- (d) Non-perspective Plans

13. The basic philosophy behind long-term planning is to bring----- changes in the economy?

- a) Financial
- b) Agricultural
- c) Industrial
- d) Structural

14. Sarvodaya Plan was advocated by-----

- a) Mahatma Gandhi
- b) J.P. Narayan
- c) S. N Agarwal
- d) M.N. Roy

15. Planning Commission was set up in the year -----

- a) 1950
- b) 1951
- c) 1947
- d) 1948

16. Who wrote the book 'The Road to Serfdom'?

- a) Friedrich Hayek
- b) H.R. Hicks
- c) David Ricardo
- d) Thomas Robert Malthus

17. Perspective plan is also known as -----

- a) Short-term plan
- b) Medium-term plan
- c) Long-term plan
- d) None of the above

18. NITI Aayog is formed through-----

- a) Presidential Ordinance
- b) Allocation of business rules by President of India
- c) Cabinet resolution
- d) None of the above

19. Expansion of NITI Aayog?

- a) National Institute to Transform India
- b) National Institute for Transforming India
- c) National Institution to Transform India
- d) National Institution for Transforming India

20. The Chair Person of NITI Aayog is

- (a) Prime Minister
- (b) President
- (c) Vice – President
- (d) Finance Minister

Answers

1	2	3	4	5	6	7	8	9	10
b	d	a	b	c	d	c	b	b	b
11	12	13	14	15	16	17	18	19	20
a	c	c	b	a	a	c	c	d	a

PART - B

Answer the following questions in one or two sentences

21. Define economic development

- ❖ The traditional approach defines development strictly in economic terms.
- ❖ The increase in GNP is accompanied by decline in share of agriculture in output and employment while those of manufacturing and service sectors increase.
- ❖ It emphasizes the importance of

industrialization.

22. Mention the indicators of development.

- ❖ Gross National Product (GNP)
- ❖ GNP per capita
- ❖ Welfare
- ❖ Social Indicators - health, education, food, water, sanitation and housing facilities

23. Distinguish between economic growth and development

Basis of Difference	Economic Growth	Economic Development
Deals	Deals with the problems of Developed countries	Deals with the problems of UDCs
Changes	Change is gradual and steady	Change is discontinuous and spontaneous
Meaning	Means more output	Means not only more output but also its composition
Approach	Concerns Quantitative aspects i.e. increase in per capita income	Quantitative as well as Qualitative
Scope	Narrow	Wider concept Development = Growth + Change

24. What is GNP?

GNP is the total market value of all final goods and services produced within

a nation in a particular year, plus income earned by its citizens (including income of those located abroad), minus income of non-residents located in that country.

25. Define economic planning.

- ❖ According to Robbins, “Economic Planning is “collective control or suppression of private activities of production and exchange”.
- ❖ According to Dalton, “Economic Planning in the widest sense is the deliberate direction by persons in-charge of large resources of economic activity towards chosen ends”.

26. What are the social indicators of economic development?

The basic needs for development such as health, education, sanitation, water, food etc.

S. N	Basic need	Indicators
1	Health	Life expectancy at birth
2	Education	Literacy signifying primary school enrollment as per cent of population.
3	Food	Calorie supply per head
4	Water supply	infant mortality and percentage of population with access to potable water
5	Sanitation	Infant mortality and percentage of population with access of sanitation.

27. Write a short note on NITI Aayog.

- ❖ NITI Aayog (National Institution for Transforming India) was formed on January 1, 2015 through a Union Cabinet resolution.
- ❖ NITI Aayog is a policy think-tank (a body of experts providing advice and ideas on specific economic problems) of the Government of India.
- ❖ It replaced the Planning Commission from 13th August, 2014.
- ❖ NITI Aayog is based on the 7 pillars of effective governance – (1) Pro-People (2) Pro-Activity (3) Participation (4) Empowering (5) Inclusion of all (6) Equality (7) Transparency.

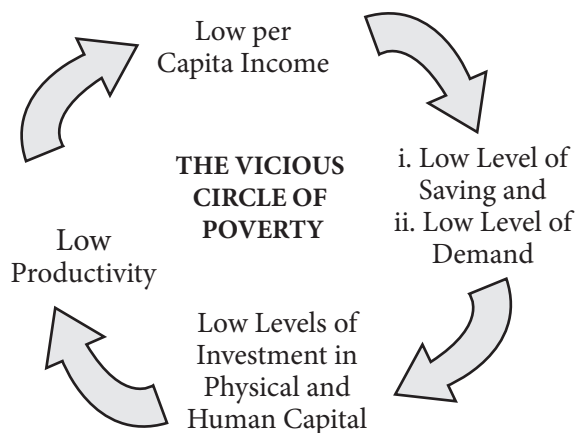
PART - C

Answer the following questions in one Paragraph.

28. Elucidate major causes of vicious circle of poverty with diagram

VICIOUS CIRCLE OF POVERTY :

MEANING



The reasons of vicious circle of poverty can be classified into two groups:

(a) Supply side of vicious circle.

(b) Demand side of vicious circle.

On the supply side, the low level of real income means low savings. The low level of saving leads to low investment and to deficiency of capital. The deficiency of capital, in turn, leads to low levels of productivity and back to low income.

Low Income → Low Saving → Low Investment → Low Production → Low Income

The demand-side of the vicious circle is that the low level of real income leads to a low level of demand which, in turn, leads to a low rate of investment and hence back to deficiency of capital, low productivity and low income.

Low Income → Low Demand Low Investment → Low Productivity → Low Income

29. What are the non-economic factors determining development?

1. Human Resource
2. Technical Know-how
3. Political Freedom
4. Social Organization
5. Corruption free administration
6. Desire for Development
7. Moral, ethical and social values
8. Casino Capitalism
9. Patrimonial Capitalism

30. How would you break the vicious circle of poverty?

- ❖ To break the vicious circle on the demand side, Nurkse suggested the strategy of balanced growth.
- ❖ If investment is made in several industries simultaneously the workers employed in various industries will become consumers of each other's products and will create demand for one another.
- ❖ The balanced growth i.e. simultaneous

investment in large number of industries creates mutual demand.

- ❖ Thus, through the strategy of balanced growth, vicious circle of poverty operating on the demand side of capital formation can be broken.

31. Trace the evolution of economic planning in India.

1. **Sir M. Vishveshwarya (1934):** a prominent engineer and politician made his first attempt in laying foundation for economic planning in India in 1934 through his book, "Planned Economy of India". It was a 10 year plan.
2. **Jawaharlal Nehru (1938):** set-up "National Planning Commission" by a committee but due to the changes in the political era and second World War, it did not materialize.
3. **Bombay Plan (1940):** The 8 leading industrialists of Bombay presented "Bombay Plan". It was a 15 Year Investment Plan.
4. **S. N Agarwal (1944)** gave the "Gandhian Plan" focusing on the agricultural and rural economy.
5. **M.N. Roy (1945)** drafted 'People's Plan'. It was aiming at mechanization of agricultural production and distribution by the state only.
6. **J.P. Narayan (1950)** advocated, "Sarvodaya Plan" which was inspired by Gandhian Plan and with the idea of VinobaBhave. It gave importance not only for agriculture, but encouraged small and cottage industries in the plan.

Sir. M Vishvsehswarya (1934)
"Planned Economy of India"



Jawaharlal Nehru (1938)
"National Planning Commission"



Bombay Plan (1940)



S.N Agarwal (1944)
"Gandhian Plan"



M.N. Roy (1945)
"Gandhian Plan"



J.P Narayan (1950)
"Sarvodaya Plan"



Planning Commission 1950

32. Describe the case for planning.

1. To accelerate and strengthen market mechanism:
2. To remove unemployment:
3. To achieve balanced development
 - i) Development of Agriculture and Industrial Sectors
 - ii) Development of Infrastructure
 - iii) Development of Money and Capital Markets
4. To remove poverty and inequalities

33. Distinguish between functional and structural planning.

Basis of Difference	Functional Planning	Structural Planning
Meaning	Functional planning refers to that planning which seeks to remove economic difficulties	The structural planning refers to a good deal of changes in the socio-economic framework of the country.
Approach	Attempt within the existing socioeconomic framework	Attempt to change the economic structure fundamentally
Nature	Functional planning is evolutionary	Structural planning is therefore revolutionary
Example	Planning in India is functional	Planning in China is structural
Scope	Narrow	Wider concept Development = Growth + Change

34. What are the functions of NITI Aayog?

- Cooperative and Competitive Federalism:** To enable the States to have active participation in the formulation of national policy.
- Shared National Agenda:** To evolve a shared vision of national development priorities and strategies with the active involvement of States.
- Decentralized Planning:** To restructure the planning process into a bottom-up model.
- Vision and Scenario Planning:** To design medium and long-term strategic frameworks towards India's future.
- Network of Expertise:** To mainstream external ideas and expertise into government policies and programmes through a collective participation.
- Harmonization:** To facilitate harmonization of actions across different layers of government, especially when involving cross-cutting and overlapping issues across multiple sectors;
- Conflict Resolution:** To provide platform for mutual consensus to inter-sectoral, inter-departmental, inter-state as well as centre-state issues for all speedy execution of the government programmes.
- Coordinating Interface with the World:** It will act nodal point to harness global expertise and resources coming from International organizations for India's developmental process.
- Internal Consultancy:** It provides internal consultancy to Central and State governments on policy and programmes.
- Capacity Building:** It enables to provide capacity building and technology up-gradation across government, benchmarking with latest global trends and providing managerial and technical know-how.
- Monitoring and Evaluation:** It will monitor the implementation of policies and programmes and evaluate the impacts.

PART - D

Answer the following questions in about a page.

35. Discuss the economic determinants of economic development.

Economic Determinants of Economic Development are as follow,

1. Natural Resource
2. Capital Formation
3. Size of the Market
4. Structural Change
5. Financial System
6. Marketable surplus
7. Foreign Trade
8. Economic System

1. Natural Resource:

The principal factor affecting the development of an economy is the availability of natural resources. The existence of natural resources in abundance is essential for development.

2. Capital Formation:

Capital formation is the main key to economic growth. It facilitates adoption of advanced techniques of production. It leads to better utilization of natural resources, industrialization and expansion of markets which are essential for economic progress.

3. Size of the Market:

Large size of the market would stimulate production, increase employment and raise the National per capita income.

4. Structural Change:

Structural change refers to change in the occupational structure of the economy. Any economy of the country

is generally divided into three basic sectors: Primary sector, Secondary sector and Tertiary sector. Any economy which is predominantly agricultural tends to remain backward.

5. Financial System:

Financial system implies the existence of an efficient and organized banking system in the country. There should be an organized money market to facilitate easy availability of capital.

6. Marketable Surplus:

Marketable surplus refers to the total amount of farm output cultivated by farmers over and above their family consumption needs. This is a surplus that can be sold in the market for earning income.

7. Foreign Trade:

The country which enjoys favorable balance of trade and terms of trade is always developed. It has huge forex reserves and stable exchange rate.

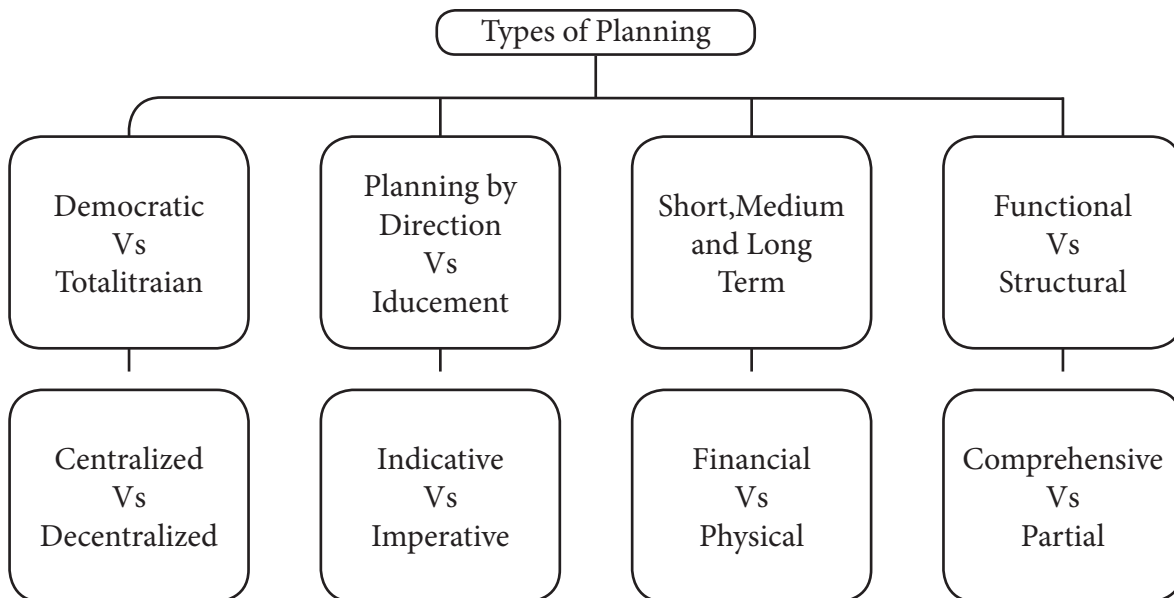
8. Economic System:

The countries which adopt free market mechanism (laissez faire) enjoy better growth rate compared to controlled economies. It may be true for some countries, but not for every country.

36. Describe different types of Planning.

Planning - Definition

“Economic Planning in the widest sense is the deliberate direction by persons in-charge of large resources of economic activity towards chosen ends”.



1. Democratic Vs Totalitarian:	
Democratic Plan	Totalitarian Plan
Democratic planning implies planning within democracy.	Under totalitarian planning, there is central control and direction of all economic activities in accordance with a single plan.
People are associated at every step in the formulation and implementation of the plan.	In authoritarian planning, the planning authority is the supreme body.
2. Centralized Vs Decentralized	
Centralized Plan	Decentralized Plan
Under centralized planning, the entire planning process in a country is under a central planning authority.	Under decentralized planning local organizations and institutions formulate, adopt, execute and supervise the plan without interference by the central authorities.
In other words, it is called 'planning from above'.	In other words, it is called 'planning from below'.
3. Planning by Direction Vs Inducement:	
Planning by Direction	Planning by Inducement
There is a central authority which plans, directs and orders the execution of the plan in accordance with pre-determined targets and priorities.	The people are induced to act in a certain way through various monetary and fiscal measures.

4. Indicative Vs Imperative Planning:

Indicative Plan	Imperative Plan
Indicative planning is peculiar to the mixed economies. It has been in practice in France	The state is all powerful in preparation and implementation of the plan.
Under this plan, the outline of plan is prepared by the Government. Then it is discussed with the representatives of private management, trade unions, consumer groups, finance institutions and other experts.	Once a plan is drawn up, its implementation is a matter of enforcement. There is complete control over the entire resources by the state.

5. Short, Medium and Long term Planning:

Short Term Plan	Medium Term Plan	Long Term Plan
Short - term upto 1 year	Medium - term 3 - 7 years	Long - term over 10 year
Short - term planning concerns the plans in a time period of 1 year - operational planning.	Medium - term planning is considered for a time period of 5 years - tactical planning.	Long - term planning is considered for a time period over 10 years - strategic planning.

6. Financial Vs Physical Planning:

Financial Plan	Physical Plan
Financial planning refers to the technique of planning in which resources are allocated in terms of money	Physical planning pertains to the allocation of resources in terms of men, materials and machinery.

7. Functional Vs Structural Planning:

Functional Plan	Structural Plan
Functional planning refers to that planning which seeks to remove economic difficulties	The structural planning refers to a good deal of changes in the socio-economic framework of the country.

8. Comprehensive Vs Partial Planning:

Comprehensive Plan	Partial Plan
General planning which concerns itself with the major issues for the whole economy is known as comprehensive planning	Partial planning is to consider only the few important sectors of the economy.

Bring out the arguments against planning.

Introduction\

- ❖ The failure of market mechanism invited state intervention in economic activities through

planning. But the economic planning also is not free from limitations.

- ❖ It may retard private initiatives, hamper freedom of choice, involve huge cost of administration and stop the automatic adjustment of price mechanism.
- ❖ The arguments against planning are mostly concerned with centralized and totalitarian planning.

1. Loss of freedom

- ❖ The absence of freedom in decision making may act as an obstacle for economic growth. Regulations and restrictions are the backbone of a planned economy.
- ❖ Under planning, the crucial decisions are made by the Central Planning Authority. The consumers, producers and the workers enjoy no freedom of choice.
- ❖ Therefore, Hayek explains in his book 'Road to Serfdom' that centralized planning leads to loss of personal freedom and ends in economic stagnation.

2. Elimination of Initiative

Under centralized planning, there will be no incentive for initiatives and innovations. Planning follows routine procedure and may cause stagnation in growth. The absence of initiatives may affect progress in following ways.

- a. The absence of private ownership and profit motive discourages entrepreneurs.
- b. As all enjoy equal reward under planned economy irrespective of their effort
- c. The bureaucracy and red tapism which are the features of planned economy, cripple the initiative as they cause procedural

delay and time loss.

3. High cost of Management

- ❖ No doubt the fruits of planning such as industrialization, social justice and regional balance are good.
- ❖ But the cost of management of the economic affairs outweighs the benefits of planning.
- ❖ Plan formulation and implementation involve engagement of an army of staff for data collection and administration.

4. Difficulty in advance calculations

- ❖ There is no such mechanism in a planned economy.
- ❖ Advance calculations in a precise manner are impossible to make decisions regarding the consumption and production.
- ❖ It is also very difficult to put the calculations into practice under planning.

Additional One marks

1. The concept "development" refers to the changes towards betterment.
 - a. systematic b. seasonal
 - c. structural d. functional
2. After the Second World War, economists started devoting their attention towards analyzing the problems of Countries.
 - a. underdeveloped b. developed
 - c. developing d. modern
3. How many approaches are there to the concept of development?
 - a. one b. two
 - c. three d. seven

4. What are the main approaches of approaches to the concept of development?

- a. The traditional approach and the new welfare oriented approach
- b. The modern approach and classical approach
- c. Lewis approach and Sen's approach
- d. None of the above

5. Consider the following statement and find suitable answer.

"The increase in GNP is accompanied by decline in share of agriculture in output and employment while those of manufacturing and service sectors increase"

- a. Modern Approach
- b. new welfare approach
- c. neo-classical approach
- d. Traditional Approach

6. Find the author of following statement. "Development must, therefore, be conceived as a multidimensional process involving major changes...."

- a. Arthur C. Pigou
- b. Michael P. Todaro
- c. John M. Keynes
- d. Smith

7. The UDCs are characterized by predominance of?

- a. secondary sector
- b. tertiary sector
- c. primary sector
- d. primitive sector

8. Associate the following conditions to suitable type of economy.

"Low per capita income, widespread poverty, wide inequality in distribution of income and wealth, over population,

low rate of capital formation, high rate of unemployment, technological backwardness, dualism etc."

- a. developed economy
- b. Under developed economy
- c. mixed economy
- d. advanced economy

9. The term 'underdeveloped country' is one.

- a. relative b. absolute
- c. systematic d. structural

10. What is the count of classification of countries as per World Development Report?

- a. Three b. One c. Four d. Nine

11. GNI Per Capita of \$906 and below refers to?

- a. High Income Countries
- b. Middle Income Countries
- c. Poor Countries
- d. Low Income Countries

12. What are the income limits of Middle Income Countries as per World Development Report?

- a. GNI Per Capita Ranging Between \$906 And \$11, 115
- b. GDP Per Capita Ranging Between \$906 And \$11, 115
- c. Per Capita Ranging \$11, 115 and above
- d. GDP Per Capita Ranging Between \$906 or below

13. GNI Per Capita of \$11,116 Or more refers to

- a. Poor Countries
- b. High Income Countries
- c. Middle Income Countries
- d. Low Income Countries

14. Find the suitable answer for the statement given. "This indicator of economic growth emphasizes that for economic development the rate of increase in real per capita income should be higher than the growth rate of population."
- GDP at factor cost
 - GDP per capita
 - GNP per capita**
 - GNI
15. Identify the odd one in the context of determinants of economy.
- Human Resource
 - Structural Change
 - Technical Know-how
 - Political Freedom
16. The affecting the development of an economy is the availability of natural resources.
- secondary factor
 - principal factor
 - additional factor
 - classical factor
17. A country like lacking natural resources imports them and achieve faster rate of economic development with the help of technology, India with larger resources is poor.
- Japan
 - China
 - Korea
 - USA
18. Capital formation refers to the net addition to the which are either tangible like plants and machinery or intangible like health, education and research.
- existing flow of capital goods
 - old stock of capital goods
 - anticipated flow of capital goods
 - existing stock of capital goods
19. Find the suitable match.
- | | | |
|---|---|------|
| I. Primary sector | - | a . |
| Industrial production, constructions | | |
| II. Secondary sector | - | |
| b. Agricultural, animal husbandry, forestry | | |
| III. Tertiary sector | - | c . |
| Trade, banking and commerce. | | |
| a. I (a) II (b) III (c) | | b. I |
| (b) II (a) III (c) | | |
| c. I (b) II (c) III (b) | | d. I |
| (c) II (b) III (a) | | |
20. implies the existence of an efficient and organized banking system in the country.
- Political system
 - Budgetary System
 - Economics System
 - Financial system
21. refers to the total amount of farm output cultivated by farmers over and above their family consumption needs.
- Marketable Deficits
 - Social Cost
 - Marketable surplus
 - Levy
22. Find the author of following statement. "Economic Development has much to do with human endowments, social attitudes, political conditions and historical accidents. Capital is a necessary but not a sufficient condition of progress"
- Ragnar Nurkse
 - Ragnar Frisch
 - McCullum
 - Lewis Arthur

23. Human resource is named as

- a. human capital
- b. natural capital
- c. physical capital
- d. employment

24. formation is the process of increasing knowledge, skills and the productive capacity of people.

- a. finance capital
- b. human capital
- c. material capital
- d. investment

25. Find the suitable examples for the following statement. "If labour is efficient and skilled, its capacity to contribute to growth will be high."

- a. India and China
- b. Japan and India
- c. Japan and China
- d. USA and Canada

26. Who attributed the cause for economic development to innovation?

- a. Dalton b. Lewis
- c. Schumpeter d. Nurkse

27. Who wrote 'Poverty and Un-British Rule in India' that the drain of wealth from India under the British rule was the major cause of the increase in poverty in India?

- a. Vallabhai Patel
- b. Mahatma Gandhi
- c. Dadabhai Naoroji
- d. Pandit Nehru

28. Find the meaning of the following statement "A Majority of the poor people do not participate in the process of development".

- a. crony capitalism b. mixedism
- c. socialism d. modern socialism

29. Corruption is a in the growth process?

- a. positive factor b. negative factor
- c. irrelevant factor d. associate

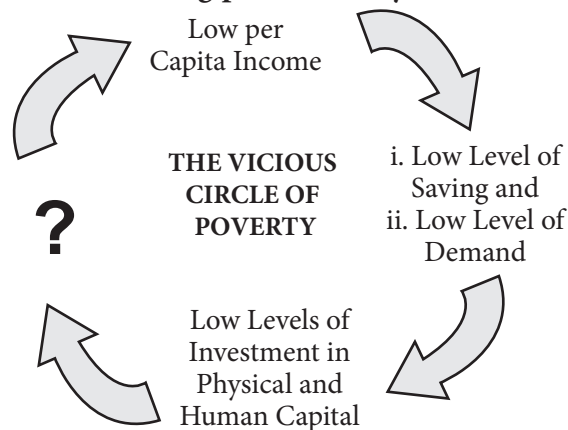
30. "Moral, ethical and social values: These determine the efficiency of the market" Who said this?

- a. Douglas b. Negi
- c. Arthur d. Dalton

31. Find the meaning of the following statement "If People spend larger proportion of their income and time on entertainment liquor and other illegal activities, productive activities may suffer"

- a. crony capitalism b. capitalism
- c. socialism d. casino capitalism

32. The missing part of the cycle.



- a. Low income b. Low tax
- c. Low productivity d. Low investment

33. Expand the term LDCs.

- a. Latest Developed Countries
- b. Less Developed Countries
- c. Less Developed Continents
- d. None of the above

34. Who explained the idea in these words:

“It implies a circular constellation of forces tending to act and react upon one another in such a way as to keep a poor country in a state of poverty”

- a. Dalton b. Pigou
- c. Schumpeter d. Nurkse

35. What is true according to the “vicious circle of poverty”?

- a. A county is poor because the country is poor
- b. A county is rich because the country is capitalist
- c. A county is poor because the country is socialist
- d. None of the above

36. Find the missing stage of the supply side cycle.

Low Income → Low Saving →?.....→ Low Production → Low Income

- a. Low Interest
- b. Low Tax
- c. Low capital
- d. Low Investment

37. Find the missing stage of the demand side cycle.

Low Income →?.....→ Low Investment → Low Productivity → Low Income

- a. Low Supply Low Supply
- b. Low Demand

- c. Low Capital
- d. Low interest

38. Through the strategy of..... vicious circle of poverty operating on the demand side of capital formation can be broken?

- a. capitalism
- b. unbalanced growth
- c. parallel growth
- d. balanced growth

39. Trace of author of following statement “Economic Planning is “collective control or suppression of private activities of production and exchange”

- a. Joan Robbins b. Robbins
- c. Marshall d. Dalton

40. Trace the author of following statement “Economic Planning in the widest sense is the deliberate direction by persons in-charge of large resources of economic activity towards chosen ends”

- a. Dalton
- b. Arthur Lewis
- c. Arthur Schumpeter
- d. None of the above

41. Soviet Union adopted economic planning for the first time in 1928 that enabled the country to turn into an superpower.

- a. software b. agricultural
- c. industrial d. military

42. The idea of was strengthened during the Great Depression in 1930s.

- a. political planning
- b. industrial planning
- c. economic planning
- d. democratic planning

43. **National Planning Commission came into force on**
- January 26, 1950
 - January 15, 1950
 - January 26, 1951
 - August 15, 1950
44. **In logical order, the Planning Commission was created on and the plan era began on with the launch of the first five year plan.**
- April 1, 1951 and March 15, 1950
 - March 15, 1950 and April 1, 1951
 - April 1, 1951 and March 15, 1951
 - All the above are incorrect
45. **Find the incorrect match.**
- Sir M. Vishveshwarya (1934): "Planned Economy of India"
 - Jawaharlal Nehru (1938): "National Planning Commission"
 - Bombay Plan (1940): "People's Plan"
 - None of the above
46. **J.P. Narayan (1950) advocated, "....." which was inspired by Gandhian Plan and with the idea of Vinoba Bhave.**
- Industrial Plan
 - People's Plan
 - Sarvodaya Plan
 - Bombay Plan
47. **Jawaharlal Nehru was the first Chairman of....., Government of India.**
- Planning Commission
 - Finance Commission
 - Economic Advisory Council
 - Constitutional
48. **Which of the following Taxes are not Levied and Collected by the union but Assigned to the States (Art. 269)?**
- Duties in respect of succession to property other than agricultural land.
 - Estate duty in respect of property other than agricultural land.
 - Taxes on railway fares and freights.
 - None of the above
49. **Who said, "Planning is more necessary in backward countries to devise ways and means and to make concerted efforts to raise national income"**
- 1 and 2
 - 2 and 3
 - 3 and 4
 - 1 and 4
50. **A Finance Commission is set up once in every**
- Dalton
 - Schumpeter
 - Robbins
 - Arthur Lewis
51. **Under planning, the crucial decisions are made by the**
- Central Planning Authority
 - Finance commission
 - Ministry of Finance
 - Developmental Council
52. **Consider the statements: 1. In India the planning Commission was constituted in 1950 as an advisory corporation. 2. A provision has been given in Indian constitution of Planning Commission. Select the correct statement/statements by using the codes given below.**
- 1 only
 - 2 only
 - 1 and 2
 - None of these
53. **Find the author of following statement "Road to Serfdom : that centralized planning leads to loss of personal freedom and ends in economic stagnation"**

- a. Walker b. Henman
c. Ohlin d. Hayek
54. Who said, "The better we try to plan, the more planners we need"
- a. Joan Robins b. Lewis
c. Dalton d. Amartya K Sen
55. Under which planning, there is central control and direction of all economic activities in accordance with a single plan.
- a. totalitarian planning
b. indicative planning
c. long term planning
d. mid term planning
56. Associate the term: "Under decentralized planning local organizations and institutions formulate, adopt, execute and supervise the plan without interference by the central authorities.
- a. planning from above
b. planning from below
c. planning to parallel
d. none of the above
57. is peculiar to the mixed economies.
- a. Financial Planning
b. Structural Planning
c. Indicative planning
d. Physical Planning
58. The USSR President Stalin used to say,?
- a. Our plans are our instructions
b. My plans are my instructions
c. Our plans are our Policies
d. My ideas are my plans
59. refers to the technique of planning in which resources are allocated in terms of money.
- a. economic planning
b. defence planning
c. financial planning
d. trade planning
60. NITI Aayog is a think-tank of the Government of India
- a. political b. media
c. bureaucratic d. policy
61. are / is the Chairperson of NITI Aayog and will be Ex-officio members.
- a. The Prime Minister and The Finance Commission
b. The Prime Minister and Union Ministers
c. The Finance and Union Ministers
d. Union Ministers and The Prime Minister
62. The Vice- Chairman of the NITI Aayog is the functional head and the first Vice-Chairman was?
- a. Surchit Bella
b. JagadishBagawati
c. KowsikBashu
d. ArvindPanangariya
63. Associate with the Initiatives : "Atal Innovation Mission, Ayushman Bharat approach towards water conservation measures and the draft bill to establish the National Medical Commission to replace the Medical Council of India"
- a. Planning Commission
b. Finance Commission
c. NITI Aayog
d. Ministry of Finance
64. Match list-I with List-II correctly and select your answer from the codes given below:
- | | |
|----------|-----------|
| List - I | List - II |
|----------|-----------|

a) Gandhian Plan	1. ArdesirDalal
b) People's plan	2. Mannarayana
c) Bombay Plan	3. M. N. Roy
d) Sarvodaya Plan	4. Jay Prakash Narayan

- a. 1 2 3 4 b. 2 3 1 4
c. 2 3 4 1 d. 1 2 4 3

65. Consider the following statements: 1. P.C. Mahalanobis was first chairman of Planning Commission. 2. Primary emphasis during second plan was laid on the development of basic and key industries. 3. National Development council of India is presided over by deputy chairman of Planning commission of India. Select the correct answer from the given codes below:

- a. 1 only b. 2 only
c. 1 and 2 d. None of these

66. Consider the following statement with regards to planning commission. 1. It is a central body for making planning in India. 2. Planning commission was constituted on 15th March, 1950. 3. Finance minister is ex-officio chairman of this commission. 4. Final clearance to planning is given by 'National Development Council' Select the correct answer from the given codes below:

- a. 1 and 2 b. 3 and 4
c. 1, 2 and 4 d. 1, 2, 3 and 4

67. Consider the following statements with regards to 'Economic Planning': 1. The concept of Economic planning in India is derived from Russia (the then USSR) 2. It is a process in which limited natural resources are used skillfully so that the desired goals can be achieved. 3. It derives its objectives and social premises from the fundamental rights enshrined in the constitution. Select the correct answer from the given codes below:

- a. 1 and 2 b. 2 only
c. 1 and 2 d. 1, 2, and 3

68. Consider the following statements: 1. 'Planned Economy for India' was a famous book written by Dada BhaiNauroji. 2. For Economic planning 'Gandhian plan' was proposed by Mr. Mannarayan. 3. First five year plan was started in 1950 4.'People Plan' was presented by M.N. Roy Select the correct answer from the given codes below

- a. 1 and 2 b. 2 and 4
c. 1, 2, and 3 d. 1, 2,3 and 4

69. Planning was considered a prerequisite. 1. For balanced socio-economic development. 2. For extending the benefit of development in an even manner. 3. For focusing on removal of region disparity. 4. For maximizing the utilization of available resources.

- a. 1 and 2 b. 1,2 and 3
c. 2, 3, and 4 d. All of these

70. In India service sector includes: 1. Mining and Quarrying 2. Transport and communication 3.Hotels. 4. Forestry and fishing Select the correct statement from the given codes below:

- a. 1 & 2 only
b. 2 & 3 only
c. 3 and 4
d. 1 and 4

71. Which of the following are included in tertiary sector: 1. Trade and transport 2.Forestry and fishing 3.Finance and real estate. Select the correct statement from the given codes below:

- a. 1 only b. 2 only
c. 1 and 3 d. 2 and 3

72. Economic development refers to

- a. economic growth.
b. economic growth plus changes in output distribution and economic

structure.

- c. improvement in the well-being of the urban population.
- d. sustainable increases in Gross National Product.

73. Which of the following is not a problem in comparing developed and developing countries' GNP?

- a. GNP is understated for developed countries, since a number of items included in their national incomes are intermediate goods
- b. The economic contribution of a housewife in a peasant family may not be measured in GNP in poor country.
- c. GNP is understated for developing countries since many of their labor-intensive goods have no impact on exchange rate since they are not traded.
- d. GNP is overstated for countries where the price of foreign exchange is less than market clearing price.

74. According to the supply side of the vicious circle theory of development, a country is poor because

- a. technology levels do not allow for self-sufficiency.
- b. it was previously too poor to save and invest.
- c. underemployment is too widespread.
- d. resource allocation is poor.

75. The vicious circle theory states that

- a. growing government assistance create addiction to welfare programs.
- b. low income levels create pressure for money creation.
- c. low income levels create pressure for cheap imports.
- d. low per capita income creates low savings that keep incomes low.

76. Most mixed or capitalist developing

countries are limited to an indicative plan, which indicates expectations, aspirations, and intentions

- a. but falls short of authorization.
- b. with immediate implementation.
- c. of the central bank.
- d. of implementation through foreign aid.

77. Goals are achieved through _____, such as monetary, fiscal, exchange rate, tariff, tax, subsidy, business incentive, foreign investment and foreign aid.

- a. indicative plan.
- b. central bank policies.
- c. central planning.
- d. instrument variables.

78. Under Soviet-type economy-wide central planning,

- a. most resources lack freedom to move to their highest value uses.
- b. resources are free to move to their lowest cost uses.
- c. resources owned by private entities moves to efficient use but not those owned publicly.
- d. resources are privately owned by capitalists.

79. Find the meaning of the following statement "If People spend larger proportion of their income and time on entertainment liquor and other illegal activities, productive activities may suffer"

- a. Hayek
- b. Joseph Waker
- c. Lipsey
- d. Thomas Piketty

80. Planning in many LDCs has failed because detailed programs for the public sector have not been worked out and

- a. governments depend primarily on their colonial masters.

- b. excessive controls are used in the private sector.
- c. the brain drain cost government substantially.
- d. monopolies dominate in the agricultural sector.

81. Find the missing stage of plan.

Sir. M Vishvseharya (1934)
"Planned Economy of India"



Jawaharlal Nehru (1938)
"National Planning Commission"



Bombay Plan (1940)



S.N Agarwal (1944)
"Gandhian Plan"



J.P Narayan (1950)
"Sarvodaya Plan"



Planning Commission 1950

- a. Nehru Plan
- b. People's Plan
- c. First Plan
- d. Modern plan

82. Assertion (A) :The principal factor affecting the development of an economy is the availability of natural resources.

Reason (R) :The existence of natural resources in abundance is essential for de-

velopment.

- a. Both A and R are true and R is the correct explanation of A.
- b. Both A and R are true but R is not the correct explanation of A.
- c. A is true but R is false.
- d. A is false but R is true.

83. Assertion (A) :Financial system implies the existence of an efficient and organized banking system in the country.

Reason (R) :There should be an organized money market to facilitate easy availability of capital.

- a. Both A and R are true and R is the correct explanation of A.
- b. Both A and R are true but R is not the correct explanation of A.
- c. A is true but R is false.
- d. A is false but R is true.

84. Assertion (A) :There is a circular relationship between human development and economic growth.

Reason (R) :A healthy, educated and skilled labour force is the most important productive asset.

- a. Both A and R are true and R is the correct explanation of A.
- b. Both A and R are true but R is not the correct explanation of A.
- c. A is true but R is false.
- d. A is false but R is true.

85. Assertion (A) :The deficiency of capital, in turn, leads to low levels of productivity and back to low income.

Reason (R) :The low level of saving leads to low investment and to deficiency of capital.

- a. Both A and R are true and R is the

correct explanation of A.

b. Both A and R are true but R is not the correct explanation of A.

c. A is true but R is false.

d. A is false but R is true.

86. Assertion (A) :The prime goals of economic planning are stabilization in developed countries and growth in LDCs.

Reason (R) :The failure of market mechanism invited state intervention in economic activities through planning.

a. Both A and R are true and R is the correct explanation of A.

b. Both A and R are true but R is not the correct explanation of A.

c. A is true but R is false.

d. A is false but R is true.

87. Assertion (A) :Under planning by inducement, the people are induced to act in a certain way through various monetary and fiscal measures.

Reason (R) :If the planning authority wishes to encourage the production of a commodity, it can give subsidy to the firms.

a. Both A and R are true and R is the correct explanation of A.

b. Both A and R are true but R is not the correct explanation of A.

c. A is true but R is false.

d. A is false but R is true.

88. The growth of an economy is indicated by an

a. Increase in savings

b. Increase in investment

c. Increase in general prices

d. Increase in national income

89. Match the correct codes

1	Low Income Countries	i	Gross National Income (GNI) Per Capita.
2	Middle Income Countries	ii	GNI Per Capita of \$906 And below
3	High Income Countries	iii	GNI Per Capita Ranging Between \$906 And \$11,115
4	The World bank in its world Development Report classified various countries on the basis of	iv	GNI Per Capita of \$11,116 Or more

Codes

a. (1) – (i) (2) – (ii) (3) – (iv) (4) – (iii)

b. (1) – (ii) (2) – (iii) (3) – (iv) (4) – (i)

c. (1) – (iv) (2) – (iii) (3) – (i) (4) – (ii)

d. (1) – (i) (2) – (ii) (3) – (iii) (4) – (iv)

90. Match the correct codes

1	“Collective control or suppression of private activities of production and exchange”.	i	Social Indicators
2	“Economic Planning in the widest sense is the deliberate direction by persons in-charge of large resources of economic activity towards chosen ends”.	ii	Policy think-tank

3	The basic needs for development such as health, education, sanitation, water, food etc.	iii	Dalton
4	NITI Aayog	iv	Robbins

Codes

- (1) – (i) (2) – (ii) (3) – (iv) (4) – (iii)
- (1) – (ii) (2) – (iii) (3) – (iv) (4) – (i)
- (1) – (iv) (2) – (iii) (3) – (i) (4) – (ii)
- (1) – (i) (2) – (ii) (3) – (iii) (4) – (iv)

Answers									
1	2	3	4	5	6	7	8	9	10
c	a	b	a	d	b	c	b	a	a
11	12	13	14	15	16	17	18	19	20
d	a	b	c	b	b	a	d	b	d
21	22	23	24	25	26	27	28	29	30
c	a	a	b	c	c	c	a	b	a
31	32	33	34	35	36	37	38	39	40
d	c	b	d	a	d	b	d	b	a
41	42	43	44	45	46	47	48	49	50
c	c	a	b	c	c	a	c	d	c
51	52	53	54	55	56	57	58	59	60
a	a	d	b	a	b	c	a	c	d
61	62	63	64	65	66	67	68	69	70
b	d	c	b	b	c	c	b	d	b
71	72	73	74	75	76	77	78	79	80
c	b	a	b	d	a	d	a	d	b
81	82	83	84	85	86	87	88	89	90
b	a	b	b	b	b	a	d	b	c

Additional Two Marks

1. What are the two main approaches to the concept of development?

There are two main approaches to the concept of development viz

- the traditional approach and
- the new welfare oriented approach.

2. Write a brief note on “Traditional Approach” about economic development

- The traditional approach defines development strictly in economic terms.
- The increase in GNP is accompanied by decline in share of agriculture in output and employment while those of manufacturing and service sectors increase.
- It emphasizes the importance of industrialization.

3. Write a brief note on New Welfare oriented Approach about economic development.

- During 1970s, economic development was redefined in terms of reduction of poverty, ‘inequality’ and unemployment within the context of a growing economy.
- In this phase, ‘Redistribution with Growth’ became the popular slogan.

4. Mention the predominant characters of UDCs.

The UDCs are characterized by predominance of primary sector i.e. agriculture, low per capita income, widespread poverty, wide inequality in distribution of income and wealth, over population, low rate of capital formation, high rate of unemployment, technological backwardness, dualism etc.

5. How economic growth and development differs with their respective indicators?

- ❖ Economic growth enables an increase in the indicators like GDP, per capita income, etc.
- ❖ On the other hand, economic development enables improvement in the life expectancy rate, infant mortality rate, literacy rate and poverty rates.

6. How does World Development Report classifies countries?

- ❖ Low Income Countries
- ❖ Middle Income Countries
- ❖ High Income Countries

7. What are the income-limits classified by World Development Report for countries?

- ❖ Low Income Countries : GNI Per Capita of \$906 And below
- ❖ Middle Income Countries : GNI Per Capita Ranging Between \$906 And \$11,115
- ❖ High Income Countries : GNI Per Capita of \$11,116 Or more

8. Write the meaning of the term “Underdevelopment”

The term underdevelopment refers to that state of an economy where levels of living of masses are extremely low due to very low levels of Per capita income, resulting from low levels of productivity and high growth rate of population.

9. List the Economic Factors of economic development.

1. Natural Resource
2. Capital Formation
3. Size of the Market
4. Structural Change
5. Financial System
6. Marketable surplus
7. Foreign Trade
8. Economic System

10. Comment - “Non- Economic Factors” of economic development?

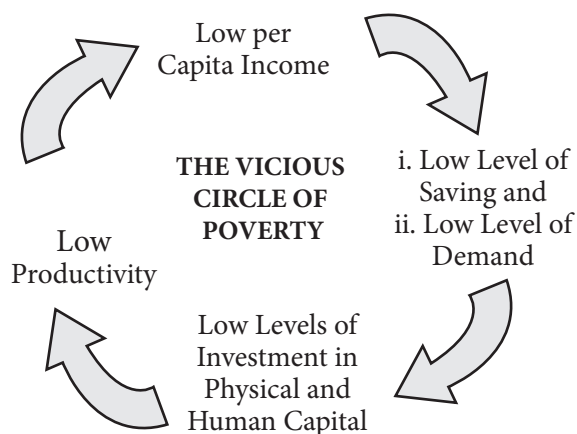
- ❖ ‘Economic Development has much to do with human endowments, social attitudes, political conditions and historical accidents.
- ❖ Capital is a necessary but not a sufficient condition of progress.

11. What is “Casino Capitalism”

- ❖ If People spend larger proportion of their income and time on entertainment liquor and other illegal activities, productive activities may suffer, according to Thomas Piketty.
- ❖ Mass participation in development programs is a pre-condition for accelerating the development process.
- ❖ Whenever the defective social organization allows some groups to appropriate the benefits of growth.
- ❖ Majority of the poor people do not participate in the process of development. This is called crony

capitalism.

12. Draw the The Vicious Circle of Poverty



13. What are the reasons of vicious circle of poverty?

- (a) Supply side of vicious circle.
- (b) Demand side of vicious circle

14. Write a note on the supply side vicious circle of poverty.

- ❖ On the supply side the low level of real income means low savings.
- ❖ The low level of saving leads to low investment and to deficiency of capital.
- ❖ The deficiency of capital, in turn, leads to low levels of productivity and back to low income.
- ❖ Low Income \rightarrow Low Saving \rightarrow Low Investment \rightarrow Low Production \rightarrow Low Income

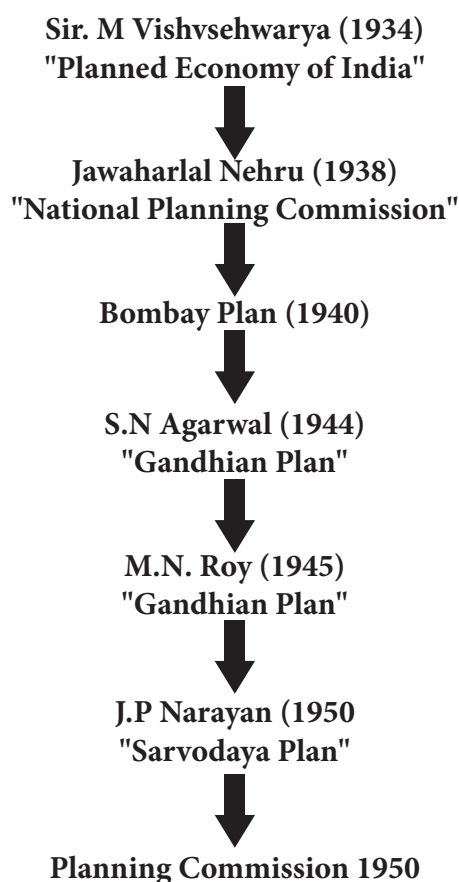
15. Write a note on the demand-side of the vicious circle of poverty.

- ❖ The demand-side of the vicious circle of poverty is that the low level of real income leads to a low level of demand which, in turn, leads to a low rate of

investment and hence back to deficiency of capital, low productivity and low income.

- ❖ Low Income \rightarrow Low Demand Low Investment \rightarrow Low Productivity \rightarrow Low Income

16. What are the pre-stages of Planning Commission establishment in India?



17. Write a note on "Sarvodaya Plan"

- ❖ J.P. Narayan (1950) advocated, "Sarvodaya Plan" which was inspired by Gandhian Plan and with the idea of VinobaBhave.
- ❖ It gave importance not only for agriculture, but encouraged small and cottage industries in the plan.

18. Differentiate democratic plan with totalitarian plan.

Democratic Plan	Totalitarian Plan
Democratic planning implies planning within democracy.	Under totalitarian planning, there is central control and direction of all economic activities in accordance with a single plan.
People are associated at every step in the formulation and implementation of the plan.	In authoritarian planning, the planning authority is the supreme body.

19. What are the differences between centralized and decentralized plan?

Centralized Plan	Decentralized Plan
Under centralized planning, the entire planning process in a country is under a central planning authority.	Under decentralized planning local organizations and institutions formulate, adopt, execute and supervise the plan without interference by the central authorities.
In other words, it is called 'planning from above'.	In other words, it is called 'planning from below'.

20. What is the key difference between comprehensive and partial plan?

Comprehensive Plan	Partial Plan
General planning which concerns itself with the major issues for the whole economy is known as comprehensive planning	Partial planning is to consider only the few important sectors of the economy.

21. State the difference between indicative and imperative plan.

Indicative Plan	Imperative Plan
Indicative planning is peculiar to the mixed economies. It has been in practice in France	The state is all powerful in preparation and implementation of the plan.
Under this plan, the outline of plan is prepared by the Government. Then it is discussed with the representatives of private management, trade unions, consumer groups, finance institutions and other experts.	Once a plan is drawn up, its implementation is a matter of enforcement. There is complete control over the entire resources by the state.

22. What are the initiatives of NITI Aayog?

Initiatives like Atal Innovation Mission, Ayushman Bharat approach towards water conservation measures and the draft bill to establish the National Medical Commission to replace the Medical Council of India have all been conceptualized in NITI Aayog.

23. Distinguish between planning by direction and inducement.

Planning by Direction	Planning by Inducement
There is a central authority which plans, directs and orders the execution of the plan in accordance with pre-determined targets and priorities.	The people are induced to act in a certain way through various monetary and fiscal measures.

24. Compare the different term plans.

Short Term Plan	Medium Term Plan	Long Term Plan
Short - term upto 1 year	Medium - term 3 - 7 years	Long - term over 10 year
Short - term planning concerns the plans in a time period of 1 year - operational planning.	Medium - term planning is considered for a time period of 5 years – tactical planning.	Long - term planning is considered for a time period over 10 years – strategic planning.

25. What are the implication of NITI Aayog?

- ❖ NITI Aayog is also bringing about a greater level of accountability.
- ❖ It has established a development monitoring and evaluation office which collects data on the performance of various ministries.
- ❖ Using such data, the Aayog makes performance based ranking of states to foster a spirit of competitive federalism.

26. What is the key difference between Financial and Physical Plan?

Financial Plan	Physical Plan
Financial planning refers to the technique of planning in which resources are allocated in terms of money	Physical planning pertains to the allocation of resources in terms of men, materials and machinery.

27. List the NITI Aayog's seven pillars of effective governs.

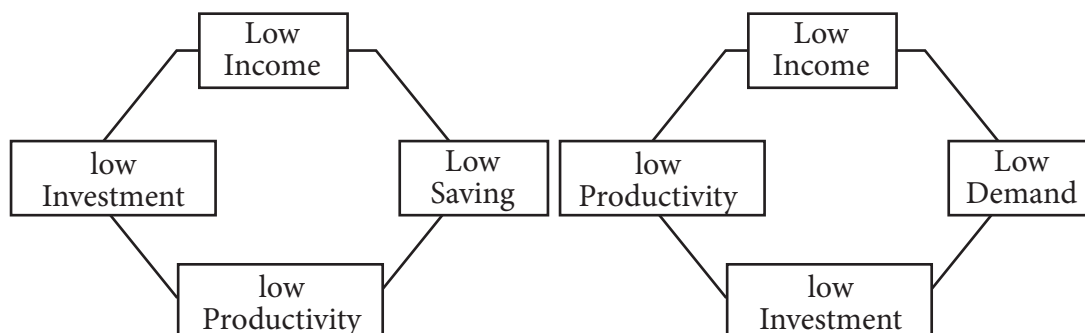
NITI Aayog is based on the 7 pillars of effective governance – (1) Pro-People (2) Pro-Activity (3) Participation (4) Empowering (5) Inclusion of all (6) Equality (7) Transparency.

Additional Three marks

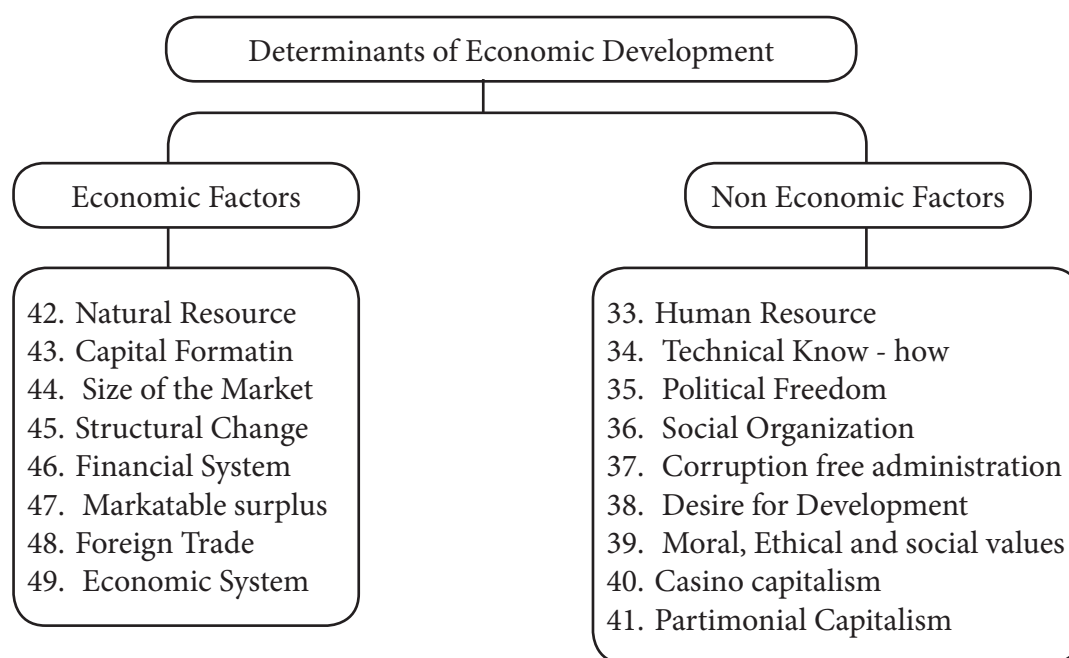
1.What are essential features of an economic plan

1. Predetermined and well defied objectives or goals.
2. For economic planning deliberate control and direction of the economy by a central authority, e.g., the state.
3. Optimum utilization of natural resources and capital which may be scarce andlabour that may be abundant.
4. The objectives are to be achieved within a given interval of time – 5 years, 7 years, etc.
5. The performance of the economic functions of increasing production, maximizing employment and controlling population growth so that production outstrips population growth.

2. Form a chart how supply and demand sides of vicious circle of poverties are happening.



3. List the economic and non-economic determinants of economic development.



4. Write a short note on former Indian Planning Commission.

- ❖ On January 26, 1950, the Constitution came into force.
- ❖ In logical order, the Planning Commission was created on March 15, 1950 .
- ❖ The plan era began on April 1, 1951 with the launch of the first five year plan (1951-56).
- ❖ Planning Commission was set up to formulate Five Year Plan in India by Jawaharlal Nehru.
- ❖ He was the first Chairman of Planning Commission, Government of India.

5. List the seven pillars of NITI Aayog with its effective governance theme.

1. Pro-people agenda that fulfils the aspirations of the society as well as individual,
2. Pro-active in anticipating and responding to their needs,
3. Participative, by involvement of citizens,

4. Empowering women in all aspects
5. Inclusion of all groups, with special attention to the economically weak (garib), the SC, ST and OBC communities, the rural sector and farmers (gaon and kisan), youth and all categories of minorities.
6. Equality of opportunity to our country's youth,
7. Transparency through the use of technology to make government visible and responsive.

Additional Five Marks

1. Compare and contrast the “Planning Commission” and NITI Aayog”

I. Classification on the Basis of Benefit:

BASIS FOR COMPARISON	PLANNING COMMISSION	NITI AAYOG
POWERS	Enjoyed the powers to allocate funds to ministries and state governments.	To be an advisory body, or a think-tank. The powers to allocate funds might be vested in the finance ministry.
STATE’S ROLE	States' role was limited to the National Development Council and annual interaction during Plan meetings.	State governments are expected to play a more significant role than they did in the Planning Commission.
MEMBERS	The commission reported to National Development Council that had state chief ministers and lieutenant governors.	Governing Council has state chief ministers and lieutenant governors.
CHAIR-PERSON	Had deputy chairperson, a member secretary and full-time members	New posts of CEO, of secretary rank, and Vice-Chairperson. Will also have five full-time members and two part-time members. Four cabinet ministers will serve as ex-o fficio members.
POLICY FORMULATION	Policy was formed by the commission and states were then consulted about allocation of funds.	Consulting states while making policy and deciding on funds allocation. Final policy would be a result of that.
FUNDS ALLOCATION	Had power to decide allocation of government funds for various programmes at national and state levels.	No power to allocate funds
APPROVAL OF PROJECTS	Imposed policies on states and tied allocation of funds with projects it approved.	NITI is a think-tank and does not have the power to impose policies.

2. Compare and contrast economic growth and economic development.

BASIS FOR COMPARISON	ECONOMIC GROWTH	ECONOMIC DEVELOPMENT
MEANING	Economic Growth is the positive change in the real output of the country in a particular span of time.	Economic Development involves rise in the level of production in an economy along with the advancement of technology, improvement in living standards and so on.
CONCEPT	Narrow	Broad
SCOPE	Increase in the indicators like GDP, per capita income etc.	Improvement in life expectancy rate, infant mortality rate, literacy rate and poverty rates.
TERM	Short term process	Long term process
APPLICABLE TO	Developed Economies	Developing Economies
HOW IT CAN BE MEASURED?	Upward movement in national income.	Upward movement in real national income.
WHICH KIND OF CHANGES ARE EXPECTED?	Quantitative changes	Qualitative and quantitative changes
TYPE OF PROCESS	Automatic	Manual
WHEN IT ARISES?	In a certain period of time.	Continuous process

3. Discuss the Non- Economic Factors economic development.

1. Human Resources:

Human resource is named as human capital because of its power to increase productivity and thereby national income. There is a circular relationship between human development and economic growth.

2. Technical Know-how

As the scientific and technological knowledge advances, more and more sophisticated techniques steadily raise the productivity levels in all sectors. Schumpeter attributed the cause for economic development to innovation.

3. Political Freedom:

The process of development is linked with the political freedom. DadabhaiNaoroji explained in his classic work 'Poverty and Un- British Rule in India' that the drain of wealth from India under the British rule was the major cause of the increase in poverty in India.

4. Social Organization:

People show interest in the development activity only when they feel that the fruits of development will be fairly distributed.

5. Corruption free administration:

Corruption is a negative factor in the growth process. Unless the countries root-out corruption in their administrative system, the crony capitalists and traders will continue to exploit national resources.

6. Desire for development:

The pace of economic growth in any country depends to a great extent on people's desire for development

7. Moral, ethical and social values:

These determine the efficiency of the market, according to Douglas C. North. If people are not honest, market cannot function.

8. Casino Capitalism :

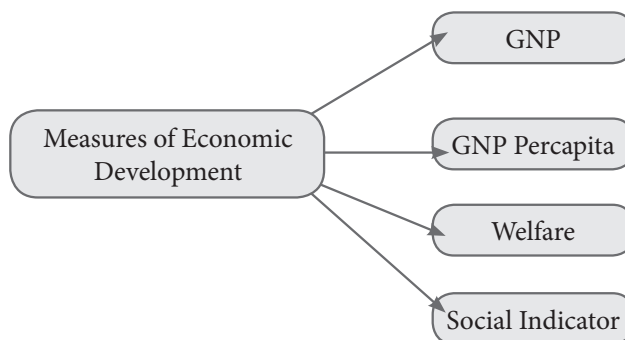
If People spend larger proportion of their income and time on entertainment liquor and other illegal activities, productive activities may suffer, according to Thomas Piketty.

9. Patrimonial Capitalism :

If the assets are simply passed on to children from their parents, the children would not work hard, because the children do not know the value of the assets.

4. Elucidate various measures of economic development.

Economic development is measured on the basis of four criteria



Gross National Product (GNP):

- ❖ GNP is the total market value of all final goods and services produced within a nation in a particular year, plus income earned by its citizens (including income of those located

abroad), minus income of non-residents located in that country.

- ❖ GNP is one measure of the economic condition of a country, under the assumption that a higher GNP leads to a higher quality of living, all other things being equal.

GNP per capita:

- ❖ This relates to increase in the per capita real income of the economy over the long period.
- ❖ This indicator of economic growth emphasizes that for economic development the rate of increase in real per capita income should be higher than the growth rate of population.

Welfare:

- ❖ Economic development is regarded as a process whereby there is an increase in the consumption of goods and services by individuals.
- ❖ From the welfare perspective, economic development is defined as a sustained improvement in health, literacy and standard of living.

Social Indicators:

- ❖ Social indicators are normally referred to as basic and collective needs of the people.
- ❖ The direct provision of basic needs such as health, education, food, water, sanitation and housing facilities check social backwardness.

S/N	Basic need	Indicators
1	Health	Life expectancy at birth
2	Education	Literacy signifying primary school enrolment as per cent of population.
3	Food	Calorie Supply per head
4	Water supply	Infant mortality and percentage of population with access to portable water
5	Sanitation	Infant mortality and percentage of population with access to sanitation.