

PAPER I - INDIAN ECONOMY & INDIAN FINANCIAL SYSTEM

Module A: INDIAN ECONOMIC ARCHITECTURE

Chapter 2: Economic Planning in India

MCQs Practice Pack

Question 1: In 2015, the Government of India replaced the long-standing Planning Commission with a new institution designed to act as a policy think tank. What is the name of this new institution?

- A. National Development Council (NDC)
- B. Finance Commission
- C. NITI Aayog
- D. Reserve Bank of India (RBI)

Question 2: What was the primary focus of India's very First Five-Year Plan (1951-1956)?

- A. Rapid industrialization and heavy industries.
 - B. Information technology and software services.
 - C. Poverty eradication and social justice.
 - D. Agriculture, irrigation, and power projects.
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Question 3: The term "Plan Holiday" in the context of Indian economic planning refers to which of the following?

- A. A period when the economy grew so fast that planning was temporarily suspended.
 - B. The two-year gap between the Seventh and Eighth plans due to political changes.
 - C. The three annual plans that were implemented between the Third and Fourth Five-Year Plans due to financial crises.
 - D. A mandatory break for Planning Commission members after every five-year plan.
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Question 4: The popular slogan "Garibi Hatao" (Poverty Eradication) was the central theme and main objective of which Five-Year Plan?

- A. Second Plan
 - B. Third Plan
 - C. Fifth Plan
 - D. Seventh Plan
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Question 5: Complete the following sentence: The strategy of rapid industrialization with a focus on heavy industries, which formed the basis of the Second Five-Year Plan, was devised by Professor _____.

- A. H. D. Dickinson



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- B. S.S. Tarapore
 - C. P.C. Mahalanobis
 - D. Raj Krishna
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Question 6: Complete the following sentence: NITI Aayog was established as a government _____, with the core mission of promoting _____ by bringing states together to work in the national interest.

- A. Statutory Body, Regionalism
 - B. Think Tank, Cooperative Federalism
 - C. Executive Body, Centralised Planning
 - D. Regulatory Authority, Competitive Federalism
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Question 7: Which of the following statements about India's planning institutions is TRUE?

- A. The Planning Commission was chaired by the Finance Minister of India.
 - B. NITI Aayog is a statutory body created by an Act of Parliament.
 - C. The primary role of NITI Aayog is to act as a "Think Tank" promoting Cooperative Federalism.
 - D. The National Development Council (NDC) was responsible for the daily implementation of the Five-Year Plans.
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Question 8: Which of the following statements regarding the Five-Year Plans is TRUE?

- A. The First Five-Year Plan prioritized the development of heavy industries.
- B. The "Garibi Hatao" (Poverty Eradication) slogan was the main theme of the Sixth Five-Year Plan.
- C. The Green Revolution was the most significant achievement of the Second Five-Year Plan.
- D. The Third Five-Year Plan is widely considered a failure due to disruptions from wars and a major drought.

For Questions 9 and 10, use the following table to find the correct matches.

Column A (Plan/Concept)	Column B (Key Feature/Outcome)
1. Third Plan (1961-65)	a. Succeeded the Planning Commission as a policy think tank.
2. Green Revolution	b. Is widely considered a major failure due to wars and a severe drought.
3. Eighth Plan (1992-97)	c. Was the first plan implemented after the 1991 economic reforms.
4. NITI Aayog	d. Was a major outcome of the new agricultural strategy introduced during the "Plan Holiday".



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Question 9: From the table above, which of the following is a correct match?

- A. 1-a
- B. 2-d
- C. 3-b
- D. 4-c

Question 10: From the table above, which of the following is another correct match?

- A. 1-d
- B. 2-a
- C. 3-c
- D. 4-b

Answer Key & Explanations

Q. No	Correct Answer	Explanation
1	C	The NITI Aayog (National Institution for Transforming India) was established in 2015 to replace the Planning Commission and serve as the premier policy think tank for the government.
2	D	After independence, India faced food shortages, so the First Five-Year Plan prioritized the development of the primary



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Q. No	Correct Answer	Explanation
		sector, focusing on agriculture, irrigation, and power projects to achieve self-sufficiency.
3	C	The "Plan Holiday" refers to the period from 1966 to 1969 , after the failure of the Third Plan due to wars and drought, when three separate Annual Plans were implemented instead of a full Five-Year Plan.
4	C	"Garibi Hatao" was the key slogan and objective of the Fifth Five-Year Plan (1974-1979) , which aimed to alleviate poverty and achieve self-reliance.
5	C	The Second Plan was based on the Mahalanobis model, developed by the renowned statistician Professor P.C. Mahalanobis , which emphasized investment in heavy industries.
6	B	NITI Aayog is not a statutory body but a Think Tank . Its primary role is to foster Cooperative Federalism by providing a platform for states to collaborate on national policy.
7	C	Statement C is true. A is false (the PM was the chair). B is false (it's a non-statutory body like its predecessor). D is false (NDC's role was plan approval, not daily implementation).
8	D	Statement D is true. A is false (First Plan was Agriculture). B is false ("Garibi Hatao" was the Fifth Plan). C is false (Green Revolution started during the Plan Holiday after the Third Plan).



Q. No	Correct Answer	Explanation
9	B	The Green Revolution (2-d) , which dramatically increased food grain production, was a result of the new agricultural strategies implemented during the Plan Holiday of 1966-69.
10	C	The Eighth Plan (3-c) was significant as it was the first plan to be implemented after the landmark 1991 economic reforms , redefining the role of the state and promoting the private sector.



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