

## READING COMPREHENSIONS\_28

Read the following passage carefully and answer the questions given below it. Certain words are given in bold to help you to locate them, while answering some of the questions.

The wakeup call that China represents to India is not limited to its showpiece urban centres or that New Delhi hopes India will experience the benefits that the Olympic Games have brought to Beijing. More **pertinent** is the comparison of the agricultural sectors of the two countries. Why and how has China managed to outstrip India in agriculture when 25 years ago the two countries were on par on most parameters? Both have traditionally been agrarian economies and over half their populations continue to depend on the land for their livelihood. With large populations and histories of famine, India and China share concern on issues such as food security, however, while India's agricultural sector is projected to grow by about 2.5% this year – a slide from the previous year's growth. China's has been steadily growing at between 4% and 5% over the last fifteen years. The widest divergence between India and China is in the profitable horticultural sector with the production of fruits and vegetables in China leaping from 60 million tonnes in 1980 compared to India's 55 million tonnes at the same time, to 450 million tonnes in 2003 ahead of India's corresponding 135 million tonnes. China's added advantage lies in the more diversified composition of its agricultural sector with animal husbandry and fisheries which account for close to 45% of growth compared to 30% for India.

According to the latest report by Economic Advisory Council the traditional excuses for India's substandard is placed favourably when compared to China in terms of quantity of arable land, average farm size, farm mechanization etc. The reasons for China having outperformed India are threefold : technological improvements accruing from research and development (China has over 1000 R and D centres **devoted** to agriculture), Investment in rural infrastructure and an increasingly liberalised agricultural policy moving away from self-sufficiency to leveraging the competitive advantage with a focus on "efficiency as much as equity". Investment in rural infrastructure, roads, storage facilities, marketing facilities are also crucial but government support in India has been mainly been through subsidies, not investment. There has been much debate about subsidies and their utility, the opposing view being that subsidies are against the market reforms and distort the market as well as reduce resource efficiency. In contrast to the 2046 applications for the registration of new plant

varieties in China over the past few years data reveals that despite India having the largest number of agricultural scientists in the World India's current research track record is abysmal, equivalent to what China achieved in the 1908s. Far from developing new strains, the number of field crop varieties fell by 50% between 1997 and 2001 despite the fact that there was sharp and **sustained** increase in funding. One reason is that majority of the budget is eaten up by staff salaries with only 3% being allotted for research. In contrast, most agricultural research centres in China must use Central Government funding purely for research. Funds relating to salaries and other administrative incidentals must be generated by the centres themselves. The centres and scientists are thus, encouraged to engage in joint ventures with private sector companies to form commercial spinoffs from their research. In fact research staff are now being hired on a contract basis with pay based on performance and salaries raised proportionately for those who perform well. India needs to learn from China's example and adopt a **pragmatic** approach if it has to meet its targets of the Eleventh five year plan.

1. What has been the major area of difference in the development of the agricultural sectors of India and China?

- a) Quantity of arable land in China is far greater than in India
- b) Food security is not a concern for China as the country is basically self-sufficient
- c) China has experienced substantial growth in production in allied agricultural activities like horticulture
- d) India's agricultural sector is too diversified so it is difficult to channel funds for development

2. How are Chinese agricultural research facilities governed?

- a) Salaries of staff are linked to performance which hampers productive research
- b) Their funding comes from the government alone to prevent private companies from manipulating the direction of their research
- c) A fixed proportion of government grants is allotted to be utilized for administrative incidentals which cannot be exceeded
- d) None of these

3. Which of the following is an advantage that India holds over China with respect to the agricultural sector?

- a) Lack of diversification of the agricultural sector
  - b) Superior technology and farming practices
  - c) Greater prevalence of farm mechanisation
  - d) Provision of fertilizer and power subsidies
4. Why was there a drop in development of new crop varieties for five years from 1997?
- a) Government funding for research fell during that period
  - b) Funds were diverted during this period to agricultural mechanisation
  - c) The private sector was not allowed to fund research
  - d) None of these
5. Which of the following is not true in the context of the passage?
- a) Agricultural status of China and India was equivalent a quarter of a century ago
  - b) India's current economic growth rate is half that of China
  - c) China is traditionally an agrarian economy
  - d) Agricultural research in India is inadequate

**Read the following passage carefully and answer the questions given.**

It is difficult to imagine the extraordinary number of controls on Indian industry before 1991. Entrepreneurs needed permission to invest and could be penalized for exceeding production capacity. Even with the given investment capacity they had, entering certain areas was prohibited as these were reserved for the public sector. If they had to import anything, they required licences. To get these licences was tough, they had to persuade a bureaucrat that the item was required but even so permission was unavailable if somebody was already producing it in India.

The impact of the reforms was not instantaneously and permanently wonderful. In India's case it began to show after about a year and a half. After 1993 there came three years of rapid industrial growth of about 8% or so. But, in the second half of the 90s, there had an impact on the Indian industry. But, in the last few years there has been a tremendous upturn. With the rise of investment industrial growth has reached double digits or close.

However, even during the period when industrial growth was not that rapid, there is a lot of evidence that positive results of the reforms were seen. There were companies that didn't look at all internally but instead performed remarkably in the highly competitive global market. For instance, the software sector's performance was outstanding in an almost totally global market. Reliance built a world class refinery. Tatas developed an indigenously designed car. The success of the software sector has created much higher expectations from and much higher confidence in what Indian industry can do. On the government's side it's a vindication that liberalization of both domestic and external policies, including the increased inflow of Foreign Direct Investment, has created an environment in which industry can do well, has done well and is preparing to do even better. What they need is not sops, but good quality infrastructure. For the 11th plan an industrial growth rate of around 12% is projected. It will have methods of developing infrastructure, which will close the deficit. This can be done through increased investment in public sector for those infrastructure areas, which cannot attract private investment, and through efforts to improve private participation in different ways of public private participation.

In the early stages of reforms, the liberalization of trade policies and a shift to a market determined exchange rate had the effect of removing constraints on agriculture in terms of depressed prices. The removal of protection on industry helped to produce a more level playing field, because the earlier system was extremely unfair to agriculture. The lesson to be learnt from the reforms process is to persevere in reforming the strategic parts of the economy, which will lead to even higher growth rate. India has to do better than its current average growth rate of 8% and ensure that benefits from this higher growth go beyond industry and urban areas and extend to agriculture.

6. Which of the following factors was responsible for the fall in India's growth rate in the late 1990s?

- a) The implementation of economic reforms was too rapid
- b) It was expected after achieving a high growth at 10%
- c) There was a slowdown in the global economy
- d) There were sanctions against East Asian countries by WTO

7. Which of the following can be said about the reforms of 1991?

- a) They benefited Indian industry immediately

- b) All Indian companies began to focus on indigenous development instead of looking for opportunities abroad
- c) They were targeted only at the software sector
- d) They encouraged Foreign Direct Investment in India

8. What was the impact of the flourishing Indian software sector?

- a) Other companies were unable to be competitive in the global market
- b) It fulfilled expectations of a good performance from the Indian economy
- c) Growth rate rose to 12%
- d) It created cut throat competition among software companies which would hinder the sector in the long run

9. Why was investment by private business disallowed in certain sectors?

- a) To ensure proper development in these sectors
- b) To prevent corruption in key sectors like infrastructure
- c) To ensure steady not inconsistent growth in key sectors
- d) To protect the interest of the public sector in these sectors

10. What is the author's opinion about the government's decision to liberalise the economy in 1991?

- a) It was beneficial because it created confidence in the Indian economy
- b) The timing was wrong since the economy experienced a slowdown in growth rate
- c) It led to a focus on software and other sectors were neglected
- d) Foreign companies took advantage of the new policies and exploited certain sectors

11. How did software companies deal with slow industrial growth in an open Indian economy?

- a) They focused on strengthening their position in the domestic market
- b) They campaigned for infrastructure development
- c) They diversified into different sectors

d) They targeted global markets

12. What does the author recommend to ensure that the industrial sector continues to perform better?

a) Subsidies should be provided in infrastructure development

b) Government should keep control of and monitor all infrastructure projects

c) Wipe out any infrastructure deficit by transferring responsibility of these projects to the private sector

d) Ensure a combination of public and private sector involvement in developing infrastructure

13. How did the economic reforms affect the agriculture sector?

a) A system of market determined exchange rate was introduced

b) Constraints in agriculture increase

c) Prices were depressed because there was a removal of protection on the sector

d) Agriculture growth rate doubled

**Answer:-**

1. Option C
2. Option D
3. Option C
4. Option D
5. Option C
6. Option C
7. Option D
8. Option B
9. Option D
10. Option A
11. Option D
12. Option D
13. Option A