

A leading Indian industrialist in a recent article on ways to strengthen India's economy has drawn attention to the problems of inflation and industrial sickness among other things. One of the main reasons for industrial sickness in our country has been the fact that business and industrial managers, have not been able to look beyond the immediate future. They have been too preoccupied with their attempts to report favourable results for the current year higher profits and larger dividends to the share holders.

The planning horizon has hardly ever exceeded five years. Investments have been inadequate for new plants and towards diversification and expansions. Modernisation and asset creation has seriously lagged behind. In business, growth is needed for survival; one has to grow if one does not want to be wiped out. This is particularly true today with liberalization of imports and increasing competition.

Moreover, growth and higher productivity create employment and higher employment creates larger markets both for industrial and consumer products. It was Henry Ford who brought home the need for the creation of a larger and a more stable middle class, that is, a larger number of people who can afford more and more of goods and services. Even after forty years of independence our industrialists have not been able to shed the petty shopkeeper's mentality and our highly educated management has tagged along merrily and without concern.

Question: 1

1. Which of the following short comings of Indian industrialists has been highlighted by the author?

- (A) They are less concerned for payment of dividends to shareholders.
- (B) They are reluctant to maintain the shopkeeper mentality.
- (C) They invest unreasonably high amount on diversification and expansion.
- (D) They are more concerned for immediate net gains than for development activities.

Ans: D

They are more concerned for immediate net gains than for development activities.

Question: 2

**The leading industrialist attributes industrial sickness mainly to**

- (A) lack of foresight among managers.
- (B) higher profits and larger dividends to shareholders.
- (C) preoccupations of managers with matters unrelated to business.
- (D) lacunae in five year plans.

Ans: A

lack of foresight among managers.

Question: 3

**According to the passage, growth and increasing productivity lead to**

- (A) disproportionate surplus of commodities.
- (B) encouragement to export of excess consumer goods.
- (C) employment and thus provide an outlet to industrial and consumer products.
- (D) imposition of restrictions on imports.

Ans: C

employment and thus provide an outlet to industrial and consumer products.

Question: 4

### Why did Henry Ford stress the need for a more stable middle class?

- (A) They are mostly service oriented.
- (B) They can afford to buy more and more expensive goods.
- (C) They are most unstable.
- (D) They do not have shopkeeper mentality.

Ans: B

They can afford to buy more and more expensive goods.

Question: 5

### The planning horizon has hardly ever exceeded five years implies

- (A) Five year period is too short for successful implementation of plans.
- (B) Planning should take care of all probable ups and downs in the next five year period.
- (C) The planning process is very time consuming.
- (D) Planning should not be for a period of less than five years.

Ans: A

Five year period is too short for successful implementation of plans.