

CHAPTER-3 | Liberalisation, Privatisation & Globalisation

QUIZ PART-04

1. What is the main aim of globalisation?
A. To strengthen only domestic markets
B. To integrate a country's economy with the world economy
C. To reduce foreign investment
D. To restrict cross-border trade (B)

Explanation : Globalisation integrates the national economy with the world economy under free flow of trade, capital, and technology.

2. Which year did India devalue its currency to encourage exports and foreign capital inflows?
A. 1985
B. 1990
C. 1991
D. 1995 (C)

Explanation : In July 1991, the Indian rupee was devalued by about 20% to stimulate exports and attract foreign capital.

3. When was the Indian rupee made fully convertible?
A. 1991–92
B. 1992–93
C. 1993–94
D. 1995–96 (C)

Explanation : The rupee was made fully convertible in the Union Budget of 1993–94.

4. What was the major change introduced by the Export-Import Policy (1992–97)?
A. Banned exports of food grains
B. Imposed more trade restrictions
C. Removed restrictions and allowed market forces greater role
D. Increased customs duties on imports (C)

Explanation : The 1992–97 policy removed restrictions on external trade and gave more freedom to market forces.

5. Which concept refers to hiring services from external sources, often from abroad, that were earlier provided internally?
A. Liberalisation
B. Outsourcing
C. Disinvestment
D. Import substitution (B)

Explanation : Outsourcing is when firms hire external services (like IT, legal, advertising) instead of internal provision.

6. Which of the following was a positive impact of globalisation on India?
A. Greater access to global markets
B. Advanced technology
C. Better prospects for industries in developing countries
D. All of the above (D)

Explanation : Globalisation improved access to markets, technology, and industrial opportunities across borders.

7. Which of the following was a negative impact of globalisation?
A. Increased economic disparities
B. Compromised social welfare
C. Benefits concentrated in developed nations
D. All of the above (D)

Explanation : Negative effects included rising disparities, social welfare compromise, and benefits skewed toward developed nations.

8. In the 2007–08 budget, to what level was the peak rate of customs duty reduced?
A. 50%
B. 30%
C. 20%
D. 10% (D)

Explanation : Customs duty was gradually reduced to 10% in the 2007–08 budget.

9. Which element of the NEP 1991 signified India becoming an open economy?
A. Liberalisation
B. Privatisation
C. Globalisation
D. None of the above (D)

Explanation : Globalisation under NEP 1991 opened the Indian economy to international markets.

10. Which of the following was not a change under globalisation in 1991?
A. Integration with the global economy
B. Partial convertibility of rupee
C. New export-import policy
D. Tax reforms (D)

Explanation : Tax reforms were part of liberalisation, not globalisation measures.