

अध्याय - 3 | Liberalisation, Privatisation and Globalisation

QUIZ-01

1. What was one of the main reasons for India introducing economic reforms in 1991?

- A. Agricultural surplus
- B. Industrial growth
- C. Balance of payments crisis
- D. Technological advancement (C)

Explanation : India faced a severe balance of payments crisis, with foreign reserves barely enough for two weeks of imports, prompting the need for reforms.

2. Which institution regulates the financial sector in India?

- A. Ministry of Finance
- B. World Bank (D)
- C. NITI Aayog
- D. Reserve Bank of India

Explanation : The Reserve Bank of India (RBI) regulates the financial sector, including commercial banks and monetary policy decisions.

3. Which of the following was not a feature of industrial licensing before liberalisation?

- A. Control over starting a firm
- B. Price and distribution controls
- C. Free market-based production
- D. Reservation of goods for small industries (C)

Explanation : Before liberalisation, the economy was tightly regulated, and markets could not freely determine production or pricing.

4. What is the term used for the government selling its shares in public sector enterprises to the public?

- A. Globalisation
- B. Liberalisation
- C. Privatisation
- D. Disinvestment (D)

Explanation : Disinvestment refers to the sale of government stakes in public sector undertakings to improve efficiency and financial discipline.

5. Which tax reform introduced a unified market by combining various indirect taxes?

- A. Sales Tax
- B. GST (Goods and Services Tax)
- C. Excise Duty
- D. Income Tax (B)

Explanation : GST was introduced to create one nation, one tax, and one market by subsuming various indirect taxes across the country.

6. What led to an increase in the inflow of foreign exchange in 1991?

- A. Rise in exports
- B. Devaluation of rupee
- C. Lower inflation
- D. Import licensing (B)

Explanation : The rupee was devalued to encourage exports and attract more foreign exchange to tackle the crisis.

7. Which sector has been the major contributor to GDP growth in the post-reform period?

- A. Agriculture
- B. Industry
- C. Services
- D. Construction (C)

Explanation : The services sector, including IT and telecom, has seen the highest growth and become the key driver of GDP expansion.

8. What does outsourcing primarily rely on?

- A. Local labour unions
- B. Physical infrastructure
- C. Fast communication and IT
- D. Foreign aid (C)

Explanation : Outsourcing is enabled by fast modes of communication and advancements in Information Technology.

9. What is the objective of the World Trade Organization (WTO)?

- A. Promote regional trade
- B. Provide loans to poor countries
- C. Establish rule-based global trade
- D. Control inflation globally (C)

Explanation : WTO aims to promote a fair and rule-based trading environment to facilitate global trade.

10. Why has industrial growth slowed down during the reform period?

- A. Increase in electricity supply
- B. Increase in minimum support prices
- C. Cheaper imports and lack of infrastructure investment
- D. Rise in public sector employment (C)

Explanation : Cheaper imports due to liberalisation and poor infrastructure investment have weakened domestic industrial growth.