

QUESTION BANK (Session 2021-22)

CLASS-XII SUBJECT- Economics SET -1 (TERM I)

Money and banking

1. Consider the following statements:

1. Decrease in the reverse-repo rate can be a suggestive monetary policy to combat inflation
2. Purchasing power of money decreases if there is inflation in the market
3. Inflation favours the debtors.

Select the correct answer using the code given below

- A) 1 only B) 1 and 2 only C) 2 and 3 only D) 1, 2 and 3

2 Which of the following would have inflationary effect on the economy?

1. RBI releasing new bonds in the market
2. RBI decreasing the SLR
3. RBI increasing the Bank Rate
4. Abolition of CRR

Select the correct answer using the code given below

- A) 1, 2 and 3 only B) 1 and 4 only C) 2 and 4 only D) 3 and 4 only

3. High powered money is:

- (a) that money which is issued by the authority of the government
- (b) that money, whose money value exceeds commodity value of money
- (c) notes and coins held by the people as well as cash reserves of the commercial banks
- (d) that money which is accepted as a medium of exchange because of the trust between the payer and the payee

4. Consider the following pairs :

Demand deposits Savings and current deposits

Time deposit Fixed deposit

Legal tenders Cheques

Fiat money Currency notes and coins

Which of the above pairs are correctly matched

- A) 1 2 and 3 only B) 2 and 3 only C) 3 and 4 only D) 1, 2 and 4 only

5. What is 'Bank rate'?

- A) The rate at which commercial banks borrow money from RBI
- B) The rate at which commercial banks lend money to customers
- C) The rate at which commercial banks lend money to RBI
- D) none of the above

6. If capital receipts = Rs.27 lakh, revenue expenditure = Rs. 63 lakh, revenue receipts = Rs.50 lakh borrowings = Rs.20 lakh and interest payments = Rs.13 lakh, then fiscal deficit will be

- A) Rs.7 lakh B) Rs. 13 lakh C) Rs.14 lakh D) Rs. 20 lakh

7. By increasing the 'Bank Rate', the RBI can:

- A) provide incentives to commercial banks to lend more to public
B) provide incentives to commercial banks to lend less to public
C) increase the money supply in the market
D) none of the above

8 The process by which RBI or any Central bank protects the economy against adverse economic shocks is known as :

- A) protection B) liberalization C) stabilization D) sterilization

9. Money supply includes:

- A) All deposits in banks B) Only demand deposits in banks
C) Only time deposits in banks D) Currency with the banks

10 Signature of _____ appears on a Rs 2000 currency note. (Fill up the blank.)

- A) Prime Minister B) Minister of Finance
C) Governor of RBI D) None of the above

11 _____ refers to money backed by the order or authority of the government .

- A) Fiat money B) Legal Tender money
C) Near money D) None of the above

12 For which function, money is accepted as unit of account?

- A) Measure of value (B) Medium of exchange C) Standard of deferred payment D) Store of value

13 The effect of increase in CRR will be reduced or nullified if

- A) Bank rate is reduced B) Securities are sold in the open market
C) SLR is increased D) people do not borrow from non-banking institutions

14 Compared to barter system, a monetary system

- A..increases transaction costs.

- B.decreases the number of transactions.
- C..requires that prices be negotiated for every transaction.
- D.reduces transactions costs and facilitates exchanges

15 Which among the following is incorrect.

- A. RBI is the bank of issue B.RBI acts as banker to the government
- C.RBI is banker's bank D.RBI does not regulate flow of credit

Read the following text and answer question nos. 16-19 on the basis of same.

Once upon a time, nations pegged their currencies to Gold Standard, which limited how much they could produce. But that ended by the mid-20th century, so now, central Banks can increase the amount of money in circulation by simply printing it. They can print as much money as they want, though there are consequences for doing so. Merely printing more money doesn't affect the economic output or production levels, so the money itself becomes less valuable. Since this can cause inflation, simply printing more money isn't the first choice of Central Banks.

16."But that ended by the mid-20th century, so now, central Banks can increase the amount of money in circulation by simply printing it'.

Identify the function of the central bank stated in the above line.

- a) Controller of credit b) Bankers Bank c) Government's bank d) Lender of last resort

17."They can print as much money as they want, though there are consequences for doing so'. Identify the function of the central bank stated in the above line.

- a) Controller of credit b) Bankers Bank c) Government's bank d) Bank of issue

18. Supply of money refers to _____ .

- a) currency held by the public b) currency held by RBI
- c) currency held by the public and demand deposits with commercial bank
- d) currency held in the government account

19. Printing more money causes:

- a) increase in production level b) increase in output c) inflation d) deflation

20. Read the following statements-Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A): Notes and coins are money backed with authority of the government.

A) Revenue B) budgetary C) fiscal D) primary

26 _____ tax is that in which final burden of the tax falls on the person who pays it.

27. A low or zero ----- deficit indicates that interest commitments (on earlier loans) have compelled the government to borrow.

28. The claim of the government on the property of a person who dies without making of will for leaving behind any legal heir:

A) Penalties B) Escheat C) Special assessment D) Challan

29. Dividends received from public sector undertakings (PSUs) are a part of the government's ----- . A) non-tax revenue receipts B) tax receipts C) capital receipts D) capital expenditure

30. The government budget has a revenue deficit. This is financed by:

i) Borrowings ii) disinvestment iii) tax saving iv) indirect taxes.

A) i and iv B) iii and iv C) i and ii D) iii and ii

31 Choose the incorrect statement from given below:

A. Government budget is an annual statement of income and expenditure of government for current fiscal year.

B. Budget is prepared by all levels of government.

C. Government, through its budget tries to minimise Income inequalities.

D. Fiscal policy of government includes tax and expenditure policy of the government.

32 The Government can achieve its budget objective of 'Redistribution of Income' by _____ (Fill up the blank with correct alternative)

A) managing the General Price Level in the economy to the desired level.

B) increasing the Gross Domestic Products (GDP) of the economy.

C) bringing the production of goods and services under its direct and absolute control.

D) rationalisation of taxes in pro-poor direction.

33. Which of the following developments can occur in an economy due to deficit financing?

1. Rise in inflation

2. Rise in government debt

3. Increase in money supply

4. Improvement in current account deficit

Select the correct answer using the codes given below:

A) 1 and 2 only B) 1, 3 and 4 C) 2 and 4 only D) 1, 2 and 3

34 The budget deficit will exceed the primary budget deficit in a given fiscal year if:

A net interest payments on outstanding debt are positive.

B.the economy is in a recession.

C. government spending exceeds tax revenue.

D. the rate of inflation exceeds zero.

35. Which of the following statement is true ?

A Loans from IMF is a revenue receipt

B Higher revenue deficit necessary leads to higher fiscal deficit

C Borrowing by a government represents a situation of Fiscal deficit

D Revenue deficit is the excess of capital receipts over the revenue receipts

Question 36

Read the following statements-Assertion (A) and Reason (R), Choose one of the correct alternatives given below:

Assertion (A): Fiscal deficit is the difference between primary deficit and interest payment.

Reason (R): Fiscal deficit is measured in terms of borrowings.

Alternatives:

A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)

B) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)

C) Assertion (A) is true but Reason (R) is false

D) Assertion (A) is false but Reason (R) is true.

CASE-BASED QUESTIONS

Read the following report carefully and answer the questions 37-40 on the basis of the same

As a banker to the government, the Reserve Bank receives and pays money on behalf of the various government departments. As it has offices and sub-offices in 29 locations, the Reserw

Bank appoints other banks to act as its agents for undertaking the banking business on behalf of the governments. The Reserve Bank pays agency bank charges to the banks for undertaking the government business on its behalf. The Reserve Bank has well defined obligations and provides several services to the governments. The Central Government and State Governments may make rules for the receipt, custody and disbursement of money from the consolidated fund contingency fund, and public account. These rules are legally binding on the Reserve Bank

Choose the correct option:

37. As a banker, agent and advisor to the government, the central bank provides which of the following functions?

- A) Management of accounts
- B) Purchase and sale of securities
- C) Policy formulation to regulate money market
- D) All of these

38. Main goal of central bank is:

- A) profit maximisation
- B) making fiscal policies.
- C) growth and stability of the economy
- D) none of these

39. Which of the following statements about banks is incorrect?

- A) All financial institutions are banks
- B) The main function of banks is to accept deposits and advance loans
- C) The central bank enjoys the status of apex bank
- D) None of these

40. The policy initiated by central bank is called:

- A) fiscal policy
- B) bank policy
- C) currency policy
- D) monetary policy

Foreign exchange rate and BoP

41. Depreciation of value of a currency due to market forces of demand and supply may result in which of the following?

1. Increased value of remittances country receives
2. Increase in trade deficit
3. Increase in Exports
4. Rise in inflation

Select the correct answer using the code given below

- A) 1, 3 and 4 only B) 2, 3 and 4 only C) 2 and 4 only D) 1, 2, 3 and 4

42 With reference to Balance of Trade (BoT), consider the following statements:

1. India has continued to suffer from an unfavorable BoT since the beginning of planning era without any exception
2. For a favorable BoT imports were restricted through Licensing of Imports Tariff restrictions and Quantitative restrictions
3. For favorable BoT exports were promoted through devaluation tax concession convertibility of rupee and EXIM Bank

Which of the statements given above is/are correct?

- A) 1 and 2 only B) 2 and 3 only C) 1 and 3 only D) 1, 2 and 3

3. Which of the following are the components of Balance of Payments (Bop)?

1. Financial capital transfers
2. External loan and investment
43. Foreign Institutional Investment
4. Issuing of external bonds
5. Export and Imports of Goods and Services

Select the correct answer using the code giving below

- (a) 1, 2 and 3 only (b) 2, 3 and 4 only (c) 1, 4 and 5 only (d) 1, 2, 3, 4 and 5

44. Balance in capital account refers to the

- A) Nation's net exports of goods and services
B) Nation's net exports of financial claims
C) Nation's net exports of international official reserve assets
D) Nation's sum of net exports of goods, services and financial claims

45. Read the following statements carefully and choose the correct alternative from the following:

- (i) Current account of Balance of Payment account records only export and import of goods and services.
- (ii) Foreign investments are recorded in the capital account of Balance of Payments.

- A) Statement 1 is correct and statement 2 is wrong
B) Statement 1 is wrong and statement 2 is correct
C) Both the statements are correct

D) Both the statements are wrong

46. The transactions of current account of the Balance of Payment Account are:

A) Exports and imports of goods. B) Exports and imports of services.

C) Income receipts and payments to and from abroad D) All of the above

47. Balance of payments of a country includes:

A) Balance of trade B) Capital receipts and payments

C) Saving and investment account D) Both (a) and (b)

48 What would cause a country's exchange rate to fall:

A. An increased demand for its exports B An increased demand for its imports

C. An increased inflow of capital D. None of the above

49 Which one is not a source of the demand for foreign exchange?

A) Imports of Goods and Services from Abroad

B) Investment in Foreign Nations

C) Gift Scheme from Foreign Nations

D) None of the above

50 One advantage of Fixed exchange rate system is :

A) Automatic adjustment of balance of payments

B) Increased government control over foreign trade

C) It discourages unnecessary speculation about future trade deals

D) (b) and (c) of above

51 If there were a balance of payments deficit then in a floating exchange rate system:

A The external value of the currency would tend to fall

B)The external value of the currency would tend to rise

C)The injections from trade are greater than the withdrawals

D)Aggregate demand is increasing

52 State whether the given statement is true or false:

‘If Rs. 150 are required to buy \$2, instead of Rs.100 earlier, then rupee value of import bill will increase ‘

53 Which pair out of the given pairs is correct ?

- A) Export- import of goods (i) Accommodating item
- B) Foreign exchange reserve (ii) Autonomous item
- C) Balance of trade (iii) Difference between the export and import of visible items
- D) Unilateral transfers (iv) Factor incomes in the form of interest ,rent etc.

54 Who maintains the foreign exchange reserves in India ? 1

- A) Reserve Bank of India B) State Bank of India
- C) Ministry of Finance, Government of India D) Export-Import Bank of India

55 Read the following statements assertion (A) and Reason(R). Choose one of the correct alternatives given below.

Assertion (A): Deficit in BoP arises when autonomous receipts are more than autonomous payments

Reason(R): Autonomous transactions are independent of the state of BoP account.

Alternatives

- A) Both Assertion and Reason (R) are true and the Reason is the correct explanation of Assertion.
- B) Both Assertion and Reason are true but Reason(R) is not the correct explanation of Assertion(A)
- C) Assertion(A) is true but Reason(R) is false.
- D) Assertion(A) is false but Reason(R) is true.

Case Study questions

Read the following report carefully and answer the questions 56-59 on the basis of the same

From around 1870 to the outbreak of the first world war in 1914, the prevailing system was the gold standard, which was the epitome of the fixed exchange rate system. All currencies were defined in terms of gold. Each participant country committed to guarantee the free convertibility of its currency into gold at a fixed price. Change rates were determined by its worth in terms of gold (where the currency was made of gold, its actual gold content). The rates would fluctuate between an upper and lower limit, these limits being set by the costs of melting, shipping and re-coining between the two currencies. To maintain the official parity

each country needed an adequate stock of gold reserves. All countries on the gold standards had stable exchange rates.

56 free convertibility of domestic currency into gold implied:

- A. Convertibility of each currency into all others at a fixed price
- B. Convertibility of each currency into all other at a flexible price.
- C. Convertibility of each currency into all others at fluctuating price
- D. Usability of gold instead of actual currency.

57. _____ was the essence of fixed exchange rate system.

- A. Bretton Woods system B. Pound sterling system
- C. Gold standard D. Managed system

58. If one unit of currency A was worth one gram of gold and one unit of currency B was worth two grams of gold, currency B would be worth _____.

- A. Half the currency A B. Twice as much as currency A
- C. Same as currency A D. Can be determined after melting and recoining.

59. Under gold standard, fixed exchange rates were maintained by:

- A. an interfered government mechanism B. a forced equality mechanism
- C. an adjusted equilibrium mechanism D. an automatic equilibrating mechanism

60. Read the following statements assertion (A) and Reason(R). Choose one of the correct alternatives given below.

Assertion (A): BoP gives best explanation of an economic transactions of a country with other countries in the world than the balance of trade.

Reason(R): The exchange of visible and invisible items into accounts occur in BoP, but not in BoT.

Alternatives

- A) Both Assertion and Reason (R) are true and the Reason is the correct explanation of Assertion.
- B) Both Assertion and Reason are true but Reason(R) is not the correct explanation of Assertion(A)
- C) Assertion(A) is true but Reason(R) is false.
- D) Assertion(A) is false but Reason(R) is true.

QUESTION BANK (Session 2021-22)

CLASS-XII SUBJECT- Economics SET -II (TERM I)

Indian Economic Development –Unit 1(3 chapters)

Chapter 1 Indian Economy on eve of independence

1. Among Indian Economists who had done pioneering work on National Income ?
A. P.N Dhar B. Jagdish Bhagwati C. V.K.R.V Rao D. Prof. Sheno
2. Land ceiling refers to:
 - a) rural land Holdings at the existing level
 - b) fix land area for irrigation purposes
 - c) fix urban land Holdings at the existing level
 - d) fix quantum of land held by an individual
- 3 Gender bias in the society on the eve of independence was indicated by :
A mortality rate B literacy rate C death rate D life expectancy
4. Suez canal was opened in :
A 1867 B 1868 C 1869 D 1870
5. India's first official census operation was undertaken in:
A 1881 B 1871 C 1781 D 1888
6. Which industry was adversely affected due to partition?
A Silk B Cotton C Nylon D jute
7. Reason behind the decay of handicrafts industry in India was
 - A. All of these
 - B. More tariff on export of raw material from India
 - C. Heavy duty on Indian handicrafts products
 - D. More tariff on import of British goods into India
8. There was a relatively higher yield of cash crops in certain areas of the country due to commercialisation of agriculture.
 - i) This greatly helped the farmers in improving their economic condition

A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)

B) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)

C) Assertion (A) is true but Reason (R) is false

D) Assertion (A) is false but Reason (R) is true.

Case Study questions

Read the following report carefully and answer the questions 17-20 on the basis of the same

The Indian economy during British colonial rule was primarily an agricultural economy. Almost 85% of the country's population lived in villages during that period and derived its livelihood directly or indirectly from agriculture. Despite being the major source of livelihood, agriculture sector continued to experience stagnation and deterioration during British rule. At the time of independence in 1947, India was a poor and underdeveloped country. At that time, agriculture version of your condition and resources were not fully used. Most Indians could not afford to buy nutritious and balanced diet. The vast majority of people in India led a miserable life. India was a r people 'rich' country inhabited by 'poor people.

17. Under the british rule, India was primarily a/an _____ economy.

A. developed B. rural C. agricultural D industrial

18 . Indian farmers were forced to produce _____ under the british rule.

A. cash crops B. food crops C. iron and steel D. sugar

19. The _____ industry was severely affected due to partition of Indai.

A. cotton B. jute C. silk D. wool

20. The agricultural sector of India continued to experience _____ during the British rule.

A. shifts B. competition C. growth D. stagnation

Unit I Chapter 2 Indian Economy(1950-1990)

21. _____ is the portion of agricultural produce which is sold in the market by the farmers, after meeting their self-consumption requirements. (Fill in the blank with correct alternative)

A) Trade Surplus B) Marketable Surplus C) Producer Surplus D) Consumer Surplus

22. Small scale industries in 1950 were defined as all those industries in which maximum investment was _____ Rupees.

A) Ten lakh B) One lakh C) Five lakh D) One crore

23. With reference to Quantitative Restrictions consider the following statements:

1. It is a restriction in the form of tariffs imposed on imports
2. It helps in reducing Balance of Payments (BOP) deficit .

Which of the status given above is/are correct?

- A) 1 only B) 2 only C) Both 1 and 2 D) Neither 1 nor 2

24. Consider the following statements regarding Import Substitution:

1. It aims to encourage domestic industries gain self-sufficiency in merchandise as well as services
2. Import control and tariffs are methods for import substitution
3. Defence Indigenization in India is an example of import substitution.

Which of the statements given above is/are correct?

- A 1 only B) 1 and 2 only C) 2 and 3 only D) 1, 2 and 3

25. What is the tax or duty on imports called?

- A) Tariff B) Quota (C) Export D) None of these

26 Match the following.

Column-I	Column-II
1. Demonetization	(A) 1950
2. Planning Commission	(c) 1951
3. NITI Aayog	(B) 2015
4. First five-year plan	(D) 2016

- A. 1- B, 2-A, 3-D, 4- C B. 1- D, 2-C, 3-B, 4- A
 C. 1- C, 2-A, 3-B, 4- D D 1- D, 2-A, 3-B, 4- C

27. Legally stipulated maximum size beyond which no individual farmer can hold any land

- A. Tenancy reforms B. Abolition of intermediaries
 C. Land consolidation D. Land Ceiling

28 Which is the primary objective of economic planning in India

- A. Reducing Inequalities of income B. Removing unemployment
 C. Growth with social justice D. Abolition of poverty

29. Read the following statements Assertion (A) and Reason (R).

Choose one of the correct alternatives given below:

Assertion (A): Economic and social equality was considered as the principal goal of planning.

Reason(R): Real income of the people decreased due to high rate of inflation.

Alternatives:

A) Both Assertion (A) and Reason (R) are true and Reason(R) is the correct explanation of Assertion (A).

B) Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).

C) Assertion (A) is true but Reason (R) is false.

D) Assertion (A) is false but Reason (R) is true

30 . Strategic industries were under the control of----- under IPR,1956.

a) Public sector b) Private sector c) Joint sector d)None of the above

31 Which of the following is the main objective of carrying out various economic activities?

(A) Profit (B) Public welfare (C) Competition (D) Equality

32 Which of the following steps promoted the growth of the economy as a whole by stimulating the development of industrial and tertiary sectors?

(A) Independence (B) Planning (C) Colonial rule (D) Green revolution

33 Read the following statements Assertion (A) and Reason (R).

Choose one of the correct alternatives given below:

Assertion (A): Economic and social equality was considered as the principal goal of planning.

Reason(R): Real income of the people decreased due to high rate of inflation.

Alternatives:

a) Both Assertion (A) and Reason (R) are true and Reason(R) is the correct explanation of Assertion (A).

b) Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).

c) Assertion (A) is true but Reason (R) is false.

d) Assertion (A) is false but Reason (R) is true

34 From the following statements given in Column I and Column II,choose the correct pair of statements:

Column I

Column II

A. Land Ceiling

1. Increase in production of food grains using high yielding variety seeds

B. Land reforms

2. Portion of agricultural produce sold in the market.

C. Green Revolution

3. Fixing the maximum limit of land holding for An individual.

D. Marketed surplus

4. Change in the ownership of land(land tillers)

a. A- 4, B-2, C-1, D- 3

b. A- 1, B-3, C-4, D- 2

c. A- 4, B-2, C-3, D- 1

d. A- 3, B-4, C-1, D- 2

35 Consider the following statements with respect to Indian industries and mention the correct statement/s.

- i) Industrial policy resolution was adopted in 1956
 - ii) Karve committee was setup in favour of small scale industries
 - iii) Industrial Licensing policy was abolished for the improvement of industries.
- a. i and ii only b. ii only c. i,ii and iii d. i only

36 Read the following statements Assertion (A) and Reason (R).

Choose one of the correct alternatives given below:

Assertion(A): All the five year plans do not give equal importance to all the five year plans.

Reason(R): As the resources are limited, the choices were made as to which goal was to be primarily given importance in each plan .

Alternatives

- A) Both Assertion and Reason (R) and the Reason is the correct explanation of Assertion.
- B) Both assertion and Reason are true but Reason(R) is not the correct explanation of Assertion(A)
- C) Assertion is true but Reason is false.
- D) Assertion is false but Reason is true.

Case Study questions

Read the following report carefully and answer the questions 37-40 on the basis of the same

The spread of green revolution technology enabled India to achieve self-sufficiency in foodgrains. Our country is no longer dependent on foreign nations to meet our food requirements. Due to surplus, the price of food grains declined relative to other consumption items. The low income groups who used to spend a large percentage of their income on food, benefited from this decline in relative price. The Green Revolution enabled the government to procure sufficient amount of food grains to build a stock that could be used at the time of food shortage. However, there is a dark side of this development as well. On several fronts, our political and institutional arrangements failed miserably that led to distress among farmers.

37. Green revolution was mainly restricted to states growing _____ .

- A. jute and cotton B. wheat and rice C. pulses D. indigo

38 Green revolution _____ in terms of income and wealth.

- A. prompted equality
- B. widened regional disparities
- C. narrowed the gap between rich and poor
- D. rapidly increased inequalities

39 Green revolution _____ mechanism of agriculture that led to rise in unemployment of unskilled workers.

- A. promoted B. discouraged C. eliminated D. None of these

40 HYV seeds need 4 to 10 times doses of chemical fertilizers compared to other ordinary seeds. Utilisation of fertilizers, insecticides etc. led to ecological _____ .

- A. development B. evolution C. sustainability D. degradation.

Unit I Chapter 3 Liberalisation, Privatisation and globalisation: An appraisal

41 -----was the predecessor organisation to World Trade Organisation

- A) International Bank for Reconstruction and Development (IBRD)
B) International Monetary Fund (IMF)
C) Reserve Bank of India (RBI)
D) General Agreement on Tariffs and Trade (GATT)

42. -----and----- currency notes of old Mahatma Gandhi series were banned as legal tender money on 8 th November, 2016.

- A) 50 and 100 B) 500 and 7 2,000 C) 500 and 1,000 D) 500 and 200

43 Liberalisation implies:

- A) reduction in government's control over economy
B) encouragement to public sector
C) nationalisation
D) none of these

44. Laissez-faire policy is that policy in which:

- A) there is intervention by the government in the functioning of an economy
B) there is intervention by the state in the functioning of an economy
C) there is no intervention by the state in the functioning of an economy
D) none of these

45 The most urgent problem with prompted the introduction of New Economic Policy in 1991 was

- A) Poor performance of public sector B) High tax rate leading to tax evasion

B) Both assertion and Reason are true but Reason(R) is not the correct explanation of Assertion(A)

C) Assertion is true but Reason is false.

D) Assertion is false but Reason is true.

50

Column I	Column II
1.Introduction of New Economic policy	i)1995
2.Introduction of VAT	ii) 1991
3.WTO came into being	iii)1948
4.GATT came into effect	iv)2005

a. A- i, B-ii, C-iii, D- iv * b. A- ii, B-iv, C-i, D- iii

c. A- iv, B-iii, C-ii, D- i d. A- iii, B-iv, C-ii, D- i

51 9.World bank is also known as:

A) International Monetary Fund

B) International Finance Corporation

C) General Agreement on Tariffs and Trade

D) International Bank for Reconstruction and Development

52 New Economic Policy implied replacement of LQP by:

A) LGP B) LQG C) LQJ D) None of these

53 Freedom of the producing units from physical controls imposed by the government is known as

A) liberalisation B) privatisation C) globalization D) none of these

54 Which of the following is an important outcome of the globalisation process?

A) Outsourcing B) Disinvestment

C) Deregulation of industries D) Devaluation of Rupee

Case study

Read the following case study carefully and answer the questions 55-58

Industrial licensing, which was earlier applicable for all industries except a defined list, was the basis of the same: now abolished for all but a handful of industries. This meant investment in new plants and capacity expansion in existing plants could now be undertaken for a very wide range of industries without any approval from the central government. Since the location of industries was previously specified in the license, the abolition of industrial

licenses meant that location was left to investors to decide, setting the stage for different states to compete with each other to attract private investment. Earlier, the Monopolies and Restrictive Trade Practices (MRTP) Act provided that all investments by companies with total assets exceeding 1 billion needed special scrutiny to ensure that it would not increase concentration of economic power. These restrictions were abolished and the MRTP Act was to be used to check anticompetitive behaviour, Foreign Direct Investment (FDI) was earlier allowed only in a defined list of high priority industries and each application needed to be cleared on a case-by-case basis, with foreign equity limited to 40%. FDI was now freely allowed up to 50 or 51% in this list and higher limits were considered on the merits of each case. The government also announced that it would seek foreign investment pro-actively in areas where it could make a major contribution

. -Montek S. Ahluwalia, India's Economic Reforms:

Achievements and Next Steps Asian Economic Policy Review, 2018

55. Which of the following is not a reason for controls being imposed by the government?

- A) To control private monopolies
- B) Provision of public goods (d) To promote crowding out
- C) Social equity
- D) To promote crowding out

56. Industrial sector reforms under NEP 1991 does not include which of the following?

- A) Abolition of industrial licensing (c) Contraction of public sector
- B) Reservation of production areas
- C) Contraction of public sector
- D) Expansion of production capacity

57. Under the new industrial policy, number of industries reserved for public sector was reduced from:

- A) 10 to 8 B) 18 to 8 C) 17 to 8 D) 18 to 7

58. After liberalisation, foreign investment limit in banks was raised to around-----per cent

- A) 73 B.) 75 C) 74 D) 76

59 Read the following statements-Assertion (A) and Reason (R). Choose one of the correct alternatives

given below:

Assertion (A): India is emerging as an important outsourcing destination of the world.

Reason (R): India offers an abundant supply of labour at a low wage rate.

Alternatives:

(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of

Assertion (A)

(b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion

(A)

(c) Assertion (A) is true but Reason (R) is false

(d) Assertion (A) is false but Reason (R) is true

60. Read the following statements-Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A): NEP has encouraged disinvestment by the government.

Reason (R): Owing to NEP, monetary policy of the government has come under a severe stress.

Alternatives:

A) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)

B) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)

C) Assertion (A) is true but Reason (R) is false

D) Assertion (A) is false but Reason (R) is true.