

## 11th Economics Lesson 3 Questions in English

### 3] Development Experiences in India

1. Which among the following is the triple pillars of New Economic Policy?

- a) Liberalizations, Exportation, Secularisation
- b) Globalization, Corporation, Constitution
- c) **Liberalization, Privatization, Globalization**
- d) Privatization, Constitution, Transportation

#### Explanation

The triple pillars of New Economic Policy are Liberalization, Privatization and Globalization (LPG)

2. Which refers to removal of relaxation of governmental restrictions in all stages in industry?

- a) Secularisation
- b) Globalization
- c) **Liberalization**
- d) Privatization

#### Explanation

Liberalization refers to removal of relaxation of governmental restrictions in all stages in industry. Delicensing, decontrol, deregulation, subsidies (incentives) and greater role for financial institutions are the various facets of liberalization.

3. Which among the following statement is correct

- 1) At the time of Independence in 1947, India was a typically backward economy. Owing to poor technological and scientific capabilities, industrialization was limited and lop-sided. Agricultural sector exhibited features of feudal and semi-feudal institutions, resulting into low productivity. Means of transport and communications were underdeveloped.
  - 2) Educational and health facilities were grossly inadequate and social security measures were virtually non-existent. In brief, the country suffered from the twin problems of rampant poverty and widespread unemployment, both resulting in low standard of living.
- a) Only 1
  - b) Only 2
  - c) **Both 1 and 2**
  - d) None

4. Indian economy responded to the crisis by introducing a set of policies known as \_\_\_\_\_

- a) **Structural Reform**
- b) Economical Modulation

- c) Political Conspiracy
- d) Socialistic Modulation

**Explanation**

The year 1991 the country went through a severe economic crisis in the form of serious Balance of Payments problem. Indian economy responded to the crisis by introducing a set of policies known as Structural Reforms. These policies were aimed at correcting the weaknesses and rigidities in the various sectors of the economy such as Industry, Trade, Fiscal and Agriculture.

5. Which among the following statement is correct

- 1) Privatization means transfer of ownership and management of enterprises from public sector to private sector. nationalization, investment and closed exclusive public sector enterprises to public sector are the gateways to privatization.
  - 2) Globalization refers to the integration of the domestic (Indian) economy with the rest of the world. Import liberalization through reduction of tariff and non-tariff barriers, opening the doors to Foreign Direct Investment (FDI) and Foreign Portfolio Investment (FPI) are some of the measures towards globalization.
- a) Only 1
  - b) Only 2**
  - c) Both 1 and 2
  - d) None

**Explanation**

Privatization means transfer of ownership and management of enterprises from public sector to private sector. Denationalization, disinvestment and opening exclusive public sector enterprises to private sector are the gateways to privatization.

6. Which was necessitated because today a developed country can grow without the help of the under developed countries?

- a) Liberalization
- b) Privatization
- c) Globalization**
- d) All the above

**Explanation**

Globalization was necessitated because today a developed country can grow without the help of the under developed countries. Natural and human resources of the developing countries are exploited by the developed countries and the developing economies are used as market for the finished goods of the developed countries.

7. Which among the following statement is correct

- 1) Globalization was necessitated because various licensing policies were said to be deterring the growth of the economy. Privatization was necessitated because of the belief that the public sector was not given enough opportunities to earn more money.
- 2) The surplus capital of the developed countries is invested in backward economies. Absolute and outdated technologies of the developed countries can be easily sold to poor under developed countries. Ultimately, the rich countries can grow further at the cost of developing economies.
  - a) Only 1
  - b) Only 2**
  - c) Both 1 and 2
  - d) None

#### Explanation

Liberalization was necessitated because various licensing policies were said to be deterring the growth of the economy. Privatization was necessitated because of the belief that the private sector was not given enough opportunities to earn more money.

8. What was the Prime Minister's Crop Insurance Scheme launched on 18 February 2016?

- a) The Pradhan Mantri Mudra Yojana
- b) The Pradhan Mantri Awas Yojana
- c) The Pradhan Mantri Jan Yojana
- d) The Pradhan Mantri Fasal Bima Yojana**

#### Explanation

Agriculture in India is highly prone to risks like droughts and floods. It is necessary to protect the farmers from natural calamities and ensure their credit eligibility for the next season. The Pradhan Mantri Fasal Bima Yojana (Prime Minister's Crop Insurance Scheme) was launched on 18 February 2016.

9. What is the position of India's in production of vegetables in the world?

- a) Third
- b) Fifth
- c) Second**
- d) Seven

#### Explanation

India is the largest producer of fruits and second largest producer of vegetables in the world. In spite of that per capita availability of fruits and vegetables is quite low because of post-harvest

losses which account for about 25% to 30% of production. Besides, quality of a sizable quantity of produce also deteriorates by the time it reaches the consumer.

10. Which among the following is responsible for high marketing costs, market gluts, price fluctuations and other similar problems of Fruits and vegetables?

- a) **Perishability**
- b) Consumable
- c) Frangibility
- d) Legibility

#### Explanation

Most of the problems relating to the marketing of fruits and vegetables can be traced to their perishability. Perishability is responsible for high marketing costs, market gluts, price fluctuations and other similar problems.

11. Which among the following statement is correct

- 1) The Pradhan Mantri Gram Sadak Yojana envisages a uniform premium of only 4 percent to be paid by farmers for Kharif crops and 1.5 percent for Rabi crops. The premium for (annual) commercial and horticultural crops will be 25 percent.
  - 2) In order to overcome the constraint, the Government of India and the Ministry of Agriculture promulgated an order known as "Cold Storage Order, 1964" under Section 3 of the Essential Commodities Act, 1955. However, the cold storage facility is still very poor and highly inadequate.
- a) Only 1
  - b) **Only 2**
  - c) Both 1 and 2
  - d) None

#### Explanation

The Pradhan Mantri Fasal Bima Yojana envisages a uniform premium of only 2 percent to be paid by farmers for Kharif crops and 1.5 percent for Rabi crops. The premium for (annual) commercial and horticultural crops will be 5 percent.

12. Who estimate the annual value of harvest and postharvest losses of major agricultural produce at national level?

- a) Indian Agricultural Research Institute
- b) Indian Agricultural Statistics Research
- c) National Agricultural Production Unit
- d) **Indian Council of Agricultural Research**

#### Explanation

The annual value of harvest and postharvest losses of major agricultural produce at national level was of the order of Rs.92,651 crores, calculated using production data of 2012-13 at 2014 and wholesale prices, estimated by the Indian Council of Agricultural Research (ICAR).

13. Who among the following launched Kisan Credit Card (KCC) in 1998 along with Reserve Bank of India?

- a) SEBI
- b) NABARD**
- c) NASSCOM
- d) SIDBI

#### Explanation

A Kisan Credit Card (KCC) is a credit delivery mechanism that is aimed at enabling farmers to have quick and timely access to affordable credit. It was launched in 1998 by the Reserve Bank of India and NABARD.

14. Which among the following Banks does not offer Kisan Credit Card Scheme?

- a) Cooperative banks
- b) Regional rural banks
- c) Public sector banks
- d) Private sector banks**

#### Explanation

Kisan Credit Card Scheme aims to reduce farmer dependence on the informal banking sector for credit – which can be very expensive and suck them into a debt spiral. The card is offered by cooperative banks, regional rural banks and public sector banks. Based on a review of the working of the KCC, the government has advised banks to convert the KCC into a smart card cum debit card.

15. Which among the following statement is incorrect

- 1) Liberalization measures, when effectively enforced, favour an unrestricted entry of foreign companies in the domestic economy. Such an entry prevents the growth of the local manufacturers.
  - 2) Privatization measures favour the continuance of the competitive power. Both the powerful and common people can sustain in business markets. Social justice can be easily established and maintained. As a result, the disparities tend to widen among people and among regions.
- a) Only 1
  - b) Only 2**
  - c) Both 1 and 2
  - d) None

**Explanation**

Privatization measures favour the continuance of the monopoly power. Only the powerful people can sustain in business markets. Social justice cannot be easily established and maintained. As a result, the disparities tend to widen among people and among regions.

16. Which among the following statement is correct

- 1) As globalization measures tend to integrate all economies of the world and bringing them all under one umbrella; they pave the way for redistribution of economic power at the world level.
  - 2) Not only well-developed countries but also less developed countries also favoured in globalization process and the welfare of the less developed countries will be increased more. The economic crisis of the developed countries is easily spread to the developing economies through trade.
- a) Only 1
  - b) Only 2
  - c) Both 1 and 2
  - d) None

**Explanation**

Only the already well-developed countries are favoured in globalization process and the welfare of the less developed countries will be neglected. The economic crisis of the developed countries is easily spread to the developing economies through trade.

17. Which among the following is not the major changes after 1991 economic policy?

- a) The pattern of consumption started improving (or deteriorating).
- b) There was a rapid industrialization
- c) **Foreign exchange reserves started declining**
- d) Infrastructure facilities such as express highways, metro rails, flyovers and airports started expanding (but the local people were thrown away).

**Explanation**

The following are the major changes after 1991: 1. Foreign exchange reserves started rising. 2. There was a rapid industrialization. 3. The pattern of consumption started improving (or deteriorating). 4. Infrastructure facilities such as express highways, metro rails, flyovers and airports started expanding (but the local people were thrown away).

18. Which among the following statement is correct

- 1) The benefits of LPG growth in some sectors have reached the marginalized sections of the community. Moreover, the process of development has degenerated serious social, economic, political, demographic and ecological issues and challenges.
- 2) Development brings benefits, but which section gets this benefit depends on socioeconomic structure of the society. As new institutional economists suggest, the values, beliefs, norms etc. of the individuals also matter.
- 3) Despite all these initiatives in the Indian economy, a large section of the people of India continue to face basic economic problems such as poverty, unemployment, discrimination, social exclusion, deprivation, poor healthcare, food insecurity and labour migration. However, for these problems, Government policies alone cannot be blamed.
  - a) Only 2
  - b) Both 1 and 2
  - c) Both 1 and 3
  - d) **Both 2 and 3**

**Explanation**

The benefits of LPG growth in some sectors have not reached the marginalized sections of the community. Moreover, the process of development has generated serious social, economic, political, demographic and ecological issues and challenges.

19. Which means selling of government securities of Public Sector Undertakings (PSUs) to other PSUs or private sectors or banks?

- a) Corporate Investment
- b) **Disinvestment**
- c) Cooperative
- d) Investment Conversion

**Explanation**

Disinvestment means selling of government securities of Public Sector Undertakings (PSUs) to other PSUs or private sectors or banks. This process has not been fully implemented.

20. According to whom GDP (nominal) of India in 2016 at current prices was \$2,251 billion?

- a) World Bank
- b) United Nations
- c) World Trade Organisation
- d) **International Monetary Fund**

**Explanation**

According to International Monetary Fund, World Economic Outlook (October-2016), GDP (nominal) of India in 2016 at current prices was \$2,251 billion. India contributed 2.99% of total world's GDP in

exchange rate basis. India shared 17.5 percent of the total world population and 2.4 percent of the world surface area.

21. Which Asian country shares highest GDP?

- a) **China**
- b) Japan
- c) India
- d) South Korea

#### Explanation

India was at 3rd position after China and Japan among Asian countries. India shared 8.50% of total Asia's GDP (nominal) in 2016.

22. Which among the following statement is correct

- 1) The Prime Minister of India announced the new industrial policy on July 24, 1991. The new policy radically liberalized the industrial policy itself and de-regulated the industrial sector substantially.
  - 2) The primary objectives of the industrial policy were to promote major industries from the clutches of bureaucrats, to abolish restrictions on foreign direct investment, to liberate the indigenous enterprise from the restrictions of MRTP Act, to maintain a sustained growth in productivity and employment and also to achieve international competitiveness.
- a) Only 1
  - b) Only 2
  - c) **Both 1 and 2**
  - d) None

23. Under the new industrial policy of 1991 which among the following sector does not continue as reserved for public sector?

- a) Railway sector
- b) **Health sector**
- c) Mining sector
- d) Atomic sector

#### Explanation

Under the new industrial policy, only three sectors viz., atomic energy, mining and railways will continue as reserved for public sector. All other sectors have been opened for private sector participation.

24. Which among the following statement is correct



- 1) The most important objective of the new industrial policy of 1991 was the introduction of the industrial licensing or the license raj or red tapism. Under the industrial licensing policies, both and private public sector firms had to secure licenses to start an industry
- 2) Previously, the public sector was given reservation especially in the capital goods and key industries. Under industrial deregulation, most of the industrial sectors were opened to the private sector as well.
- 3) Reforms in the public sector were aimed at enhancing efficiency and competitiveness of the sector. The government identified strategic and priority areas for the public sector to concentrate. Loss making PSUs were sold to the private sector.
  - a) Only 2
  - b) Both 1 and 2
  - c) **Both 2 and 3**
  - d) All 1, 2 and 3

### Explanation

The most important objective of the new industrial policy of 1991 was the end of the industrial licensing or the license raj or red tapism. Under the industrial licensing policies, private sector firms had to secure licenses to start an industry.

25. Which among the following was abolished by New Industrial Policy of 1991?

- a) **Monopoly and Restrictive Trade Practices Act 1969**
- b) Foreign Trade Development and Regulation Act 1972
- c) Custom Tariff Act 1975
- d) Special Economy Zone 1981

### Explanation

The New Industrial Policy of 1991 has abolished the Monopoly and Restrictive Trade Practices Act 1969. In 2010, the Competition Commission has emerged as the watchdog in monitoring competitive practices in the economy.

26. Which among the following statement is correct

- 1) Another major feature of the economic reform was red carpet welcome to foreign investment and foreign technology. This measure has enhanced the industrial competition and improved business environment in the country.
- 2) Foreign investment including FDI was allowed not FPI. In 1992, the government announced a specified list of high-technology and high investment priority industries wherein pre request permission was granted for foreign direct investment (FDI) up to 61 percent foreign equity.
- 3) The limit was raised to 74 percent and subsequently to 100 percent for many of these industries. Moreover, many new industries have been added to the list over the years.
  - a) Both 1 and 2

- b) Both 1 and 3
- c) Both 2 and 3
- d) All 1, 2 and 3

**Explanation**

Foreign investment including FDI and FPI were allowed. In 1991, the government announced a specified list of high-technology and high investment priority industries wherein automatic permission was granted for foreign direct investment (FDI) up to 51 percent foreign equity.

27. Who has been set up to negotiate with international firms and approve foreign direct investment in select areas?

- a) International Trade Promotion Service
- b) Foreign Trade promotion Service
- c) Trade Exchange Promotion Service
- d) **Foreign Investment Promotion Board**

**Explanation**

Foreign Investment Promotion Board (FIPB) has been set up to negotiate with international firms and approve foreign direct investment in select areas.

28. Which among the following statement is incorrect

- 1) Since the inception of economic reforms, Indian economy has achieved a remarkable rate of growth in industry and service sector. However, this growth process bypassed the agricultural sector, which showed sharp deceleration in the growth rate (3.62 percent during 1984/85 – 1995/96 to 1.97 percent in 1995/96 – 2004/05).
  - 2) The sector has recorded wide variations in yield and productivity and there was a shift towards cash crop cultivation. Moreover, agricultural indebtedness pushed several farming households into poverty and some of them resorted to extreme measures like suicides.
- a) Only 1
  - b) Only 2
  - c) Both 1 and 2
  - d) **None**

29. Which among the following scheme was not implemented by the Ministry of Food Processing Industries to reduce wastage of agricultural produce and minimize post-harvest losses?

- a) Mega Food Parks
- b) Modern Food Preservation
- c) **Integrated Cold Chain**
- d) Value Addition Preservation Infrastructure

**Explanation**

In order to reduce wastage of agricultural produce and minimize post-harvest losses, the Ministry of Food Processing Industries (MoFPI) has implemented various components of Central Sector Schemes, namely: Mega Food Parks; Integrated Cold Chain; Value Addition Preservation Infrastructure; Modernization of Slaughter house.

30. Which is a statutory body constituted by state government in order to trade in agricultural or horticultural or livestock products?

- a) **Agricultural Produce Market Committee**
- b) Agricultural Preservation Service Board
- c) Agricultural Trading and Market Committee
- d) Agricultural Soli Representative Board

#### Explanation

Agricultural Produce Market Committee (APMC) is a statutory body constituted by state government in order to trade in agricultural or horticultural or livestock products.

31. Which among the following is not the Function of Agricultural Produce Market Committee?

- a) To promote public private partnership in the ambit of agricultural markets.
- b) **To ensure payments to the farmers for the sale of agricultural produce within one week.**
- c) To display data on arrivals and rates of agricultural produce from time to time into the market.
- d) To provide market led extension services to farmer. To promote agricultural activities.

#### Explanation

To ensure payments to the farmers for the sale of agricultural produce on the same day. To bring transparency in pricing system and transactions taking place in market in a transparent manner.

32. Which among the following is the biggest input for farmers?

- a) Flowers
- b) Roots
- c) **Seeds**
- d) Fertilizers

#### Explanation

The biggest input for farmers is seeds. Before liberalisation, farmers across the country had access to seeds from state government institutions. The institutions produced own seeds and were responsible for their quality and price. With liberalization, India's seed market was opened up to global agribusinesses

33. Which among the following is not the export oriented 'cash crops'?

- a) Chill
- b) Cotton
- c) Tobacco
- d) **Wheat**

**Explanation**

Farmers were encouraged to shift from growing a mixture of traditional crops to export oriented 'cash crops' like chill, cotton and tobacco.

34. Which among the following statement is correct

- 1) Liberalisation policies reduced the subsidies on pesticide, fertilizer and elasticity. As a result, prices have increased by 300%. However, the prices of agricultural goods have not increased to that extent.
  - 2) After 1991 the lending pattern of commercial banks, excluding nationalised bank drastically changed. As a result, loan was easily adequate. This has made the farmers not to rely on moneylenders who charge exorbitant rate of interest.
  - 3) Following the deregulation many state government institutions were closed down in 2003. These hit farmers doubly hard: seed prices shot up, and fake seeds made an appearance in a big way.
- a) Only 3
  - b) **Both 1 and 3**
  - c) Both 2 and 3
  - d) All 1, 2 and 3

**Explanation**

After 1991 the lending pattern of commercial banks, including nationalised bank drastically changed. As a result, loan was not easily adequate. This has forced the farmers to rely on moneylenders who charge exorbitant rate of interest.

35. Which among the following result in the cheap imports flooded the market, pushing prices of crops like cotton and pepper down?

- a) **Withdrew tariffs and duties on imports**
- b) United Nation declaration of tariff deduction
- c) Construction of more port docks
- d) All the above

**Explanation**

With a view to open India's markets, the liberalization reforms also withdrew tariffs and duties on imports. By 2001, India completely removed restrictions on imports of almost 1,500 items including

food. As a result, cheap imports flooded the market, pushing prices of crops like cotton and pepper down.

36. According to the trade policy of 1 April 1992 how many items remained restricted?

- a) 24
- b) 54
- c) **71**
- d) 64

#### Explanation

Prior to 1991, in India imports were regulated. From 1992, imports were regulated by a limited negative list. For instance, the trade policy of 1 April 1992 freed imports of almost all intermediate and capital goods. Only 71 items remained restricted. This would affect the domestic industries.

37. Which among the following Committee's Report had suggested drastic reduction in import duties?

- a) Narasimham Committee
- b) Tandon Committee
- c) **Chelliah Committee**
- d) Dave Committee

#### Explanation

The Chelliah Committee's Report had suggested drastic reduction in import duties. It had suggested a peak rate of 50 percent. As a first step towards a gradual reduction in the tariffs, the 1991-92 budget had reduced the peak rate of import duty from more than 300 percent to 150 percent. The process of lowering the customs tariffs was carried further in successive budgets.

38. Which ministry announced New Foreign Trade Policy (Export and Import Policy) on 01st April 2015 for the period of 2015-2020?

- a) Ministry of Finance
- b) **Ministry of Commerce and Industry**
- c) Ministry of Corporate Affairs
- d) Ministry of Information and Broadcasting

#### Explanation

The Government of India, Ministry of Commerce and Industry announced New Foreign Trade Policy on 01st April 2015 for the period of 2015-2020.

39. Which among the following was not the focus of new Export and Import (EXIM) Policy?

- a) Increasing in exports scenario
- b) Boosting production
- c) Supporting the concepts like Make in India and Digital India
- d) **Gradually decreasing the debts on World Bank**

#### Explanation

The new EXIM policy has been formulated focusing on increasing in exports scenario, boosting production and supporting the concepts like Make in India and Digital India.

40. According to new Export and Import Policy, reduce export obligations by what percent?

- a) 10%
- b) **25%**
- c) 40%
- d) 62%

#### Explanation

According to new Export and Import Policy, reduce export obligations by 25% and give boost to domestic manufacturing supporting the "Make in India" concept.

41. Which among the following statement regarding Export and Import Policy is correct?

- 1) As a step to Digital India concept, online procedure to upload digitally signed document by CA/CS/Cost Accountant are developed and further mobile app for filing tax, stamp duty has been developed
- 2) Repeated submission of physical copies of documents available on Exporter Importer Profile is required. Import obligation period for import items related to defence, military store, aerospace and nuclear energy to be 14 months.
- 3) EXIM Policy 2015-2020 is expected to double the share of India in World Trade from present level of 3% by the year 2020. This appears to be too ambitions
  - a) Both 1 and 2
  - b) **Both 1 and 3**
  - c) Both 2 and 3
  - d) All 1, 2 and 3

#### Explanation

Repeated submission of physical copies of documents available on Exporter Importer Profile is not required. Export obligation period for export items related to defence, military store, aerospace and nuclear energy to be 24 months.

42. To attract larger foreign investments in India, when the Special Economic Zones (SEZs) Policy was announced?

- a) April 1992
- b) April 2000**
- c) April 1995
- d) April 1998

**Explanation**

With a view to overcome the shortcomings experienced on account of the multiplicity of controls and clearances, absence of world-class infrastructure, and an unstable fiscal regime and with a view to attract larger foreign investments in India, the Special Economic Zones (SEZs) Policy was announced in April 2000.

43. As per the Special Economic Zones Act of 2005, the government has so far notified about how many zones in our country?

- a) 200
- b) 850
- c) 400**
- d) 600

**Explanation**

As part of the economic reforms, the system of taking over land by the government for commercial and industrial purposes was introduced in the country. As per the Special Economic Zones Act of 2005, the government has so far notified about 400 such zones in the country. Since the SEZ deprives the farmers of their land and livelihood, it is harmful to agriculture.

44. Where Asia's first Export Processing Zone (EPZ) was set up in 1965?

- a) Kandla**
- b) Gaya
- c) Kanpur
- d) Aligarh

**Explanation**

India was one of the first in Asia to recognize the effectiveness of the Export Processing Zone (EPZ) model in promoting exports, with Asia's first EPZ set up in Kandla in 1965.

45. Which among the following does not come under the Special Economic Zone?

- a) Heavy Vehicle Development Zone**
- b) Free Trade Zones
- c) Economic and Technology Development Zones
- d) High-tech Zones

**Explanation**

The broad range of Special Economic Zone covers free trade zones, export processing zones, industrial parks, economic and technology development zones, high-tech zones, science and innovation parks, free ports, enterprise zones, and others.

46. Which among the following is not the Major Objectives of Special Economic Zone?

- a) To generate additional economic activity. To create employment opportunities
- b) To increase shares in Global Export (International Business)
- c) **To modernize infrastructure facilities. To exchange technology in the domestic market.**
- d) To enhance foreign investment, especially to attract foreign direct investment (FDI) and thereby increasing GDP.

**Explanation**

To develop infrastructure facilities. To exchange technology in the global market.

47. Which among the following is not the main characteristic of Special Economic Zone?

- a) Geographically demarked area with physical security
- b) **Administrated by Multi body/ authority. Governed by more reserved economic laws**
- c) Streamlined procedures. Having separate custom area
- d) Greater freedom to the firms located in SEZs. As a result, they need not respect the Government's rules and regulations. The social and environmental impacts were disastrous.

**Explanation**

Administrated by single body/ authority. Governed by more liberal economic laws.

48. Which among the following statement is incorrect

- 1) A key element in the stabilization effort was to restore fiscal discipline. It means reduction of fiscal deficit to the extent of just 10% of GDP, as suggested by World Bank Policies.
  - 2) In this way, the budget aimed at containing government expenditure and augmenting revenues; reversing the downtrend in the share of direct taxes to total tax revenues and curbing conspicuous consumption.
  - 3) Some of the important policy initiatives introduced for correcting the fiscal imbalance were: reduction in fertilizer subsidy, abolition of subsidy on sugar and disinvestment of a part of the government's equity holdings in select public sector undertakings. Gradually expenditures on welfare measures were reduced.
- a) **Only 1**
  - b) Only 2
  - c) Both 2 and 3
  - d) None



**Explanation**

A key element in the stabilization effort was to restore fiscal discipline. It means reduction of fiscal deficit to the extent of just 3% of GDP, as suggested by Fund Bank Policies.

49. Which is defined as the tax levied when a consumer buys a good or service?

- a) VAT
- b) GST**
- c) Excise Tax
- d) Perquisite Tax

**Explanation**

Goods and Services Tax (GST) is defined as the tax levied when a consumer buys a good or service. It is proposed to be a comprehensive indirect tax levied on manufacture, sale and consumption of goods as well as services.

50. Which among the following is the other term of Goods and Services Tax?

- a) One-point tax**
- b) Multi point tax
- c) Parallel tax
- d) Chain point tax

**Explanation**

GST aims to replace all indirect taxes levied on goods and services by the Indian Central and State governments. GST would eliminate the cascading effect of taxes on the production and distribution of goods and services. It is also a "one-point tax" Unlike VAT which was a multipoint tax.

51. When the Goods and Service Tax Act was passed in the Parliament?

- a) 21<sup>st</sup> April 2016
- b) 8<sup>th</sup> September 2014
- c) 5<sup>th</sup> August 2015
- d) 29<sup>th</sup> March 2017**

**Explanation**

The Goods and Service Tax Act was passed in the Parliament on 29th March 2017. The Act came into effect on 1st July 2017.

52. Which among the following is the moto of GST?

- a) One nation, one market, one tax**
- b) One nation, one trade, one tax

- c) One nation, one service, one tax
- d) One nation, one government, one tax

**Explanation**

The motto of GST is one nation, one market, one tax.

53. Which among the following is not the advantage of GST

- a) Removing cascading tax effect. Single point tax.
- b) **Lower threshold for registration. Composition scheme for large business.**
- c) Online simpler procedure under GST. Defined treatment for e-commerce
- d) Increased efficiency in logistics. Regulating the unorganized sector.

**Explanation**

Higher threshold for registration. Composition scheme for small business.

54. Which reforms aimed at doing away with interest rate distortions and rationalizing the structure of lending rates?

- a) **Monetary reform**
- b) Marketing reform
- c) Consumer reform
- d) Trading reform

**Explanation**

Monetary reforms aimed at doing away with interest rate distortions and rationalizing the structure of lending rates. The new policy tried in many ways to make the banking system more efficient.

55. Which 1991 committee recommended Reduction in statutory liquidity ratio (SLR) and the cash reserve ratio (CRR)?

- a) Narasimham Committee
- b) Tandon Committee
- c) **Chelliah Committee**
- d) Dave Committee

**Explanation**

Reduction in statutory liquidity ratio (SLR) and the cash reserve ratio (CRR) were recommended by the Narasimham Committee Report, 1991.

56. Which among the following statement regarding Monetary and Financial Sector Reforms is correct

- 1) Dave Committee was proposed to cut down the SLR from 18.5 percent to 15 percent within a time span of five years. Similarly, it was proposed that the CRR be brought down to 6 to 8% over a period of five years.
- 2) Earlier, RBI controlled (i) the interest rates payable on deposits, (ii) the interest rates which could be charged for bank loans. Greater competition among public sector, private sector and foreign banks and elimination of administrative constraints
- 3) Liberalisation of bank branch licensing policy in order to rationalize the existing branch network. Banks were given freedom to relocate branches and open specialized branches
  - a) Both 1 and 2
  - b) Both 1 and 3
  - c) **Both 2 and 3**
  - d) All 1, 2 and 3

### Explanation

Narasimham Committee was proposed to cut down the SLR from 38.5 percent to 25 percent within a time span of three years. Similarly, it was proposed that the CRR be brought down to 3 to 5% over a period of four years.

57. What is the position of India in the world in terms of nominal GDP?

- a) Fourth
- b) **Ninth**
- c) Twelfth
- d) Tenth

### Explanation

If the size of an economy provides the first impression of a country's political and economic strength, then India has indeed grown since 1991. In dollar terms, India's GDP crossed the \$2-trillion mark in 2015-16. Currently, the country is ranked ninth in the world in terms of nominal GDP.

58. Who among the following used the term "Hindu rate of growth"?

- a) **Raj Krishna**
- b) Arun Shourie
- c) N. S. Rajaram
- d) Michel Danino

### Explanation

Once India was rebuked for its "Hindu rate of growth", a term used by Rajkrishna to refer to low rate of economic growth. The GDP growth rate of India is very much appreciated. This growth is also due to changes in accounting system.

59. Which among the following statement is incorrect

- 1) New accounting norms regarding classification of assets and provisions of bad debt were introduced in tune with the Narasimham Committee Report.
- 2) The increased GDP growth rate has failed to alleviate the miseries of the common people and to reduce the socio, economic and environmental imbalances. The basic problems of unemployment, poverty, ill-health and inequalities remain unsolved.
  - a) Only 1
  - b) Only 2
  - c) Both 1 and 2
  - d) None

60. The Chelliah Committee on Trade Policy Reforms suggested the peak rate on import duties at ----

- a) 50%
- b) 75%
- c) 25%
- d) 60%

#### Explanation

The Chelliah Committee's Report had suggested drastic reduction in import duties. It had suggested a peak rate on import duties of 50 percent