

# Economic reforms since 1991 MCQs

## Class 12 (Multiple choice Questions)

1. What was the amount received by India as a loan from the International Monetary Fund (IMF) in 1980s?

- a) \$ 6 billion
- b) \$ 6.5 billion
- c) \$ 7 billion
- d) \$ 8 billion

2. Stabilization measures and Structural reform measures are the two groups of which policy ?

- a) New Industrial Policy
- b) New Economic Policy
- c) Trade Policy
- d) Monetary Policy

[Answer](#)

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3. How many industries were reserved for the public sector at the time of deregulation of Industrial sector in 1991 ?

- a) 17
- b) 18
- c) 19
- d) 20

[Answer](#)

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4. Which institution regulates the financial sector in India ?

- a) SEBI

- b) NABARD
- c) SBI
- d) RBI

Answer

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5. What was the percentage of foreign investment limits in banks following the financial sector reforms?

- a) 74
- b) 70
- c) 85
- d) 60

Answer

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6. What is the name of the tax introduced by Indian Parliament in 2016 to unify the indirect tax system in India?

- a) Sales tax
- b) Value-added tax
- c) Goods and Services tax
- d) Custom duty

Answer

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7. Which of the following is a Navaratna ?

- a) Indian Oil Corporation Limited
- b) Steel Authority of India Limited
- c) Hindustan Aeronautics Limited
- d) Airport Authority of India

Answer

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8. Which policy involves integrating Domestic economy with the World economy ?

- a) Globalization
- b) Privatisation
- c) Liberalisation
- d) None of the above

[Answer](#)

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9. Name the successor organization of General Agreement on Trade and Tariff (GATT) ?

- a) World Bank
- b) International Monetary Fund (IMF)
- c) Food and Agricultural Organization (FAO)
- d) World Trade Organisation (WTO)

[Answer](#)

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10. Following the New Economic Policy, which sector mainly drives the growth of Indian economy?

- a) Agriculture
- b) Service
- c) Industry
- d) Construction

[Answer](#)

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### **Economic reforms since 1991 MCQ Class 12**

11. Consider the following statements with regard to External Sector Reforms and mark the correct combination.

- I) It falls under the category of Liberalisation
  - II) Liberation of trade policy was a major reform undertaken
  - III) Devaluation of Indian rupee was another major reform
- a) Only I
  - b) Only I and II
  - c) All of the above
  - d) None of the above

[Answer](#)

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12. The process through which a company hires services from external sources, mainly foreign countries is known as ?
- a) Incoming
  - b) Outsourcing
  - c) Deregulation
  - d) Devaluation

[Answer](#)

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13. IBRD was another name for which of the following institution ?
- a) Reserve Bank of India
  - b) Federal Reserve
  - c) World Bank
  - d) Swiss National Bank

[Answer](#)

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14. Consider the following statements with respect to Industrial Deregulation and state the correct combination : –
- I) Restrictions imposed by Licensing policy was removed
  - II) Price fixation and controls were removed
  - III) Private sector was not allowed to enter the public space.
- a) Only I
  - b) I and II

- c) Only III
- d) I, II and III

Answer

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15. Spectacular growth in the \_\_\_\_\_ sector was visible after 2000.

- a) Service
- b) Industry
- c) Social
- d) All of the above

Answer

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16. India approached the International Bank for Reconstruction and Development, popularly known as \_\_\_\_\_ and the International Monetary Fund for loans.

- a) IDBI
- b) World Bank
- c) SBI
- d) All of the above

Answer

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17. \_\_\_\_\_ measures are short term measures, intended to correct the weaknesses of the Balance of Payment and to bring inflation under control.

- a) Stabilisation
- b) Structural reforms
- c) Federal reforms
- d) None of the above

Answer

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18. Many goods produced by the small-scale industries were \_\_\_\_\_ following the deregulation of Industrial sector in 1991.

- a) Reserved
- b) Dereserved
- c) Both A and B
- d) None of the above

[Answer](#)

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19. The financial sector in India is regulated by \_\_\_\_\_

- a) RBI
- b) SBI
- c) IDBI
- d) None of the above

[Answer](#)

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20. One of the main aims of the financial sector reforms is to reduce the role of RBI from that of a \_\_\_\_\_ to a facilitator of financial sector.

- a) Coordinator
- b) Regulator
- c) Administrator
- d) None of the above

[Answer](#)

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### **Economic reforms since 1991 MCQ Class 12**

21. Tax reforms are concerned with reforms in the Government's \_\_\_\_\_ and \_\_\_\_\_ Policies, which are collectively known as Fiscal policy.

- a) Taxation ; Public Expenditure

- b) Taxation, Non-taxation
- c) Taxation, Private expenditure
- d) Private Expenditure ; Taxation

Answer

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22. \_\_\_\_\_ taxes are the taxes levied on commodities.

- a) Direct
- b) Indirect
- c) Both A and B
- d) None of the above

Answer

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23. The Goods and Service Tax Act came into effect from \_\_\_\_\_, 2017.

- a) April
- b) May
- c) June
- d) July

Answer

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24. In 1991, as an immediate measure to resolve the balance of payment crisis, the rupee was \_\_\_\_\_ against foreign currencies.

- a) Revalued
- b) Devalued
- c) Appreciated
- d) Depreciated

Answer

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25. \_\_\_\_\_ on imports of manufactured consumer goods and agricultural products were fully removed from April, 2001.

- a) Qualitative restrictions
- b) Quantitative restrictions
- c) Both A and B
- d) None of the above

[Answer](#)

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26. Financial sector includes \_\_\_\_\_.( Fill in the blank with correct alternative)

- a) Banking and non banking financial institutions
- b) Stock exchange market
- c) Foreign exchange market
- d) All of the above

[Answer](#)

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27. Under 1991 reforms, the industrial licence was abolished except for \_\_\_\_\_ industries. ( Fill in the blank with correct alternative)

- a) Liquor
- b) Health, security and environment
- c) Defence equipment.
- d) All of the above

[Answer](#)

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28. \_\_\_\_\_ refers to the process of transferring/involving the private sector in the ownership, management and control of public sector enterprises. ( Fill in the blank with correct alternative)

- a) Liberalisation
- b) Privatisation
- c) Globalisation
- d) None of the above

Answer

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29. \_\_\_\_\_ is the outcome of privatisation and liberalisation.( Fill in the blank with correct alternative)

- a) Globalisation
- b) Reforms
- c) Fiscal policy
- d) WTO

Answer

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30. \_\_\_\_\_ is the outcome of globalisation. ( Fill in the blank with correct alternative)

- a) Privatisation
- b) Liberalisation
- c) Outsourcing
- d) None of the above

Answer

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### **Economic reforms since 1991 MCQs**

31. Read the following statement given below and choose the correct alternative

Statement 1- The reforms of 1991, neglected the agricultural sector

Statement 2- Direct tax consist of taxes on income of individuals and and profits of businesses enterprises

- a) Both are correct
- b) Both are incorrect
- c) Statement 1 is correct and statement 2 is incorrect
- d) Statement 1 is incorrect and statement 2 is correct

Answer

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32. Read the following statement given below and choose the correct alternative

Statement 1- Economic reforms helped to control deflation

Statement 2- Economic reforms made India an emerging power in the world economy

- a) Both are correct
- b) Both are incorrect
- c) Statement 1 is correct and statement 2 is incorrect
- d) Statement 1 is incorrect and statement 2 is correct

Answer

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33. Read the following statement given below and choose the correct alternative

Statement 1- IMF facilitates world trade

Statement 2- WTO was founded as the successor of IMF

- a) Both are correct
- b) Both are incorrect
- c) Statement 1 is correct and statement 2 is incorrect
- d) Statement 1 is incorrect and statement 2 is correct

Answer

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34. Read the following statement given below and choose the correct alternative

Statement 1- Privatisation helped in reviving sick public sector units

Statement 2- Social welfare was a concern of privatisation.

- a) Both are correct

- b) Both are incorrect
- c) Statement 1 is correct and statement 2 is incorrect
- d) Statement 1 is incorrect and statement 2 is correct

Answer

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35. Read the following statement given below and choose the correct alternative

Statement 1- Government introduced fiscal reforms in order to raise non tax revenue

Statement 2- GST stands for Goods and support tax

- a) Both are correct
- b) Both are incorrect
- c) Statement 1 is correct and statement 2 is incorrect
- d) Statement 1 is incorrect and statement 2 is correct

Answer

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36. Read the following statement given below and choose the correct alternative

Statement 1- Devaluation was adopted under fiscal reforms

Statement 2- Determination of exchange value was left on free play under reforms of 1991

- a) Both are correct
- b) Both are incorrect
- c) Statement 1 is correct and statement 2 is incorrect
- d) Statement 1 is incorrect and statement 2 is correct

Answer

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37. Read the following statement given below and choose the correct alternative

Statement 1- WTO acts as a watchdog of unilateral trade

Statement 2- India is not a member of WTO

a) Both are correct

b) Both are incorrect

c) Statement 1 is correct and statement 2 is incorrect

d) Statement 1 is incorrect and statement 2 is correct

[Answer](#)

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38. Choose the correctly matched pair from the following

Column A	Column B
A. WTO	1. 1955
B. GATT	2. 1991
C. MRTP	3. 1969
D. Economic reforms	4. 1948

a) A-3

b) B-4

c) C-2

d) D-1

[Answer](#)

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39. Choose the correctly matched pair from the following

Column A	Column B
A. Globalisation	1. Hiring commercial services from rest of the world
B. Privatisation	2. Removing unnecessary controls
C. Outsourcing	3. Involving private sector in ownership
D. Liberalisation	4. Unification of domestic economy with economies of rest of the world

- a)A-2
- b)B-4
- c)C-1
- d)D-3

[Answer](#)

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40. Read the following statement given below and choose the correct alternative

Assertion (A)- The number of industries, exclusively reserved for public sector, reduced from 17 to 3.

Reason (R ) – Amendment were made in MRTP act under industrial reforms

- a)Both assertion and reason are true. Reason is the correct explanation of assertion
- b)Both assertion and reason are true. Reason is not the correct explanation of assertion
- c)Assertion is true but reason is not
- d)Reason is true but assertion is not

[Answer](#)

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## Economic reforms since 1991 MCQ Class 12

41. Read the following statement given below and choose the correct alternative

Assertion (A)- Government introduced various reforms in 1991 called tax reforms

Reason ( R )- Government needed to reduce tax evasion and raise tax and non tax revenue under 1991 reforms

- a)Both assertion and reason are true. Reason is the correct explanation of assertion
- b)Both assertion and reason are true. Reason is not the correct explanation of assertion
- c)Assertion is true but reason is not
- d)Reason ia true but Assertion is not

[Answer](#)

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42. Read the following statement given below and choose the correct alternate

Assertion (A)- Privatisation encourages free play of market forces.

Reason (R )- Resistance of labour union was an obstacle to Privatisation

- a)Both assertion and reason are true. Reason is the correct explanation of assertion
- b)Both assertion and reason are true. Reason is not the correct explanation of assertion
- c)Assertion is true but reason is not
- d)Reason is true but assertion is not

[Answer](#)

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43. Read the following statement given below and choose the correct alternative

Assertion (A)- Globalisation is associated with change in ownership of public sector units

Reasons ( R )- Globalisation is associated with growing economic

independence

- a)Both assertion and reason are true. Reason is the correct explanation of assertion
- b)Both assertion and reason are true. Reason is not the correct explanation of assertion
- c)Assertion is true but reason is not
- d)Reason is true but assertion is not

Answer

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44. Read the following statement given below and choose the correct alternative

Assertion (A)- GATT was established in 1948

Reason ( R)- GATT was established to achieve the objective of free trade

- a)Both assertion and reason are true. Reason is the correct explanation of assertion
- b)Both assertion and reason are true. Reason is not the correct explanation of assertion
- c)Assertion is true but reason is not
- d)Reason is true but Assertion is not

Answer

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45. Read the following statement given below and choose the correct alternative

Assertion (A)- Globalisation resulted in jobless growth in India.

Reason (R )- Ineffective policy of disinvestment is a negative effect of economic reforms.

- a)Both assertion and reason are true. Reason is the correct explanation of assertion
- b)Both assertion and reason are true. Reason is not the correct explanation of assertion
- c)Assertion is true but reason is not.
- d)Reason is true but assertion is not

Answer

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46. Read the following statement given below and choose the correct alternative

Assertion (A)- The navratnas were granted financial and operational autonomy in the working of the companies

Reason ( R)- The government decided to give special treatment to some profit making PSU

- a)Both assertion and reason are true. Reason is the correct explanation of assertion
- b)Both assertion and reason are true. Reason is not the correct explanation of assertion
- c)Assertion is true but reason is not
- d)Reason is true but Assertion is not

Answer

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47. Which of the following argument favour Privatisation?( Choose the correct alternative)

- a)It creates competitive environment
- b)It protects consumer sovereignty
- c)Revive the PSU
- d)All of the above

Answer

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48. Which of the following industries were exclusively reserved for public sector.( Choose the correct alternative)

- a)Railway transport
- b)Communication
- c)Metro transport
- d)All of the

Answer



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49. Under 1991, which of the following reforms were introduced in financial sector. ( Choose the correct alternative)

- a) Freedom to import capital goods
- b) Reduction in CRR and SLR
- c) Change in MRTP act
- d) All of the above

[Answer](#)

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