INDIAN SCHOOL AL WADI AL KABIR

Class: XII	**Department: Commerce**
Worksheet: 1	**Topic: NEW ECONOMIC POLICY-1991 (L.P.G)**

MCQs:

1. What is the full form of the LQP system that existed before the onset of the New Economic Policy (NEP) in 1991?
   a. License, quota and permit
   b. License, quota and privatisation
   c. Liberalisation, quota and permit
   d. None of the above

2. Which of the following bodies was a predecessor to the World Trade Organisation?
   a. General Agreement on Tariffs and Trade (GATT)
   b. International Monetary Fund (IMF)
   c. International Bank for Reconstruction and Development (IBRD)
   d. None of the above

3. When was the new economic policy announced?
   a. June 1991
   b. May 1991
   c. July 1991
   d. January 1991

4.. It refers to contracting out some of its activities to a third party which were earlier performed by the organisations.
   a. Outsourcing
   b. Globalisation
   c. Privatisation
   d. Liberalisation

5. Which of the following industries are reserved for the public sector?
   a. Defence equipment
   b. Atomic energy generation
   c. Cement
   d. Both (a) and (b)

6. The head office of WTO is located at:
   a. Geneva
   b. Paris
   c. London
   d. Tokyo

7. Which of the following refers to relaxation of previous government restrictions?
   a. Privatisation
   b. Globalisation
   c. Disinvestment
   d. Liberalisation

8. ---------- refers to disposal of equity of public sector units in the market.
   a. Globalisation
   b. Privatisation
   c. Disinvestment
   d. Liberalisation

9. ---------- are short-term policy measures taken to improve the BOP situation in an economy.
   a. Structural measures
   b. Stabilisation measures
   c. Reconstruction measures
   d. Development measures

10. Demonetization had occurred in India in the years 1946 and 1978. On which date the third demonetization occur?
    a. 8^{th} November 2016
    b. 8^{th} November 2015
    c. 18^{th} November 2016
    d. 28 th November 2015

11. What were the reasons for introducing the economic reforms in 1991?
    a. The Gulf war
    b. The negative balance of payments
    c. Increase in fiscal deficit
    d. All of the above

12. Many products from small-scale industries were ________ after the industrial sector was deregulated in 1991.
    a. De-reserved
    b. Reserved
    c. Both a and b are correct
    d. Both a and b are incorrect

Read the following statements and choose one of the correct alternatives given below:

a) Both the statements are true.
b) Both the statements are false.
c) Statement - I is true, statement -II is false.
d) Statement -II is true, statement -I is false.

1. Statement 1: World Trade Organisation (WTO) was established in 1995, as a successor organisation to General Agreement on Trade and Tariff (GATT).
   Statement 2: Statement 2: GATT was established in 1923 with 48 member countries.

2. Statement 1: Economic Reforms of 1991 paved the way for the liberalisation of Indian Economy.

Statement 2: Economic Reforms of 1991 relaxed the restrictions imposed by the government on private sector.

Read the following Statements – Assertion (A) and Reason (R). Choose one of the Correct alternatives given below:

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.

3. Assertion: India has become a best destination for global outsourcing in the post reform period.

Reason: Favourable Government policies such as various efforts like tax holidays, tax concessions, availability of cheap labour etc. helped MNCs

4. Assertion: Foreign exchange crisis was the basis of economic policies of liberalisation, privatisation and globalisation.

Reason: During the fiscal year 1990-91, foreign exchange reserves fell to a lower level of rupee 2,400 crores, which was just enough for the payments of three weeks imports.

QUESTIONS:

1. Privatisation has done more harm than good. Justify your answer.
2. What is New Economic Policy? What are its main objectives?
3. What was the condition imposed by the World Bank and IMF for giving loan in India?
4. Though the GDP growth rate has increased, it has not generated sufficient employment. Why?
5. Why were the PSUs sold off to the private sector in 1991?
6. Globalization is the outcome of privatization and liberalization policy. Explain.
7. Differentiate between demonetization and remonetisation.
8. What is a shadow economy?

CASE STUDY:

Read the case carefully and answer the following questions:
Owing to globalisation, you might find many Indian companies have expanded their wings to many other countries. For example, ONGC Videsh, a subsidiary of the Indian public sector enterprise, Oil and Natural Gas Corporation engaged in oil and gas exploration and production has projects in 16 countries. Tata Steel, a private company established in 1907, is one of the top ten global steel companies in the world which have operations in 26 countries and sell its products in 50 countries. It employs nearly 50,000 persons in other countries. HCL Technologies, one of the top five IT companies in India has offices in 31 countries and employs about 15,000 persons abroad. Dr Reddy's Laboratories, initially was a small company supplying pharmaceutical goods to big Indian companies, today has manufacturing plants and research centres across the world.

Source: *www.rediff.com accessed on 14.10.2014.*

(i) How has globalization contributed to the expansion of Indian companies abroad?

(ii) Give examples of Indian companies that have expanded internationally and explain their global presence.