

FAQ's

Q.1) Why was Liberalisation was introduced?

Ans: Liberalisation was introduced to put an end to restrictions, rules and laws which were aimed at regulating the economic activities but became major hindrances in growth and development and in the process it opened up various sectors of the economy.

Q.2) Write a short note on direct tax?

Ans: Direct taxes consist of taxes on incomes of individuals as well as profits of business enterprises. Since 1991, there has been a continuous reduction in the taxes on individual incomes as it was felt that high rates of income tax were an important reason for tax evasion.

Q.3) State the two broad objectives of economic reforms of 1991?

Ans: The reforms had two broad objectives: -

One was the reorientation of the economy from a statist, centrally directed and highly controlled economy to what is referred to a 'market- friendly economy'.

A second objective of the reform measures was macro-economic stabilization

Q.4) Write a short note on indirect tax?

Ans: Indirect taxes are taxes levied on commodities, in order to facilitate the establishment of a common national market for goods and commodities.

Q.5) State a few liberalisation measures that were introduced in 1980s?

Ans: Though a few liberalisation measures were introduced in 1980s in areas of industrial licensing, export-import policy, technology upgradation, fiscal policy and foreign investment.

Q.6) What was the aim of trade policy reforms?

Ans: The trade policy reforms aimed at

- (i) dismantling of quantitative restrictions on imports and exports
- (ii) reduction of tariff rates
- (iii) removal of licensing procedures for imports.

Q.7) Define privatisation?

Ans: Privatisation refers to transfer of ownership, management and control from public sector to private sector. It basically includes privatisation and dis-investment

Q.8) What were the three heads under which economic reform policies of 1991 was divided?

Ans: The government initiated a variety of policies which fall under three heads viz.,

- liberalisation

- Privatisation
- Globalisation

Q.9) State two ways in which a government company can be converted into private company ?

Ans: Government companies can be converted into private companies in two ways

(i) by withdrawal of the government from ownership and management of public sector companies

(ii) by outright sale of public sector companies.

Q.10) Name the first set of navaratna companies?

Ans: The first set of *navaratna* companies included:-

- 1) Indian Oil Corporation Ltd (IOC),
- 2) Bharat Petroleum Corporation Ltd (BPCL),
- 3) Hindustan Petroleum Corporation Ltd (HPCL),
- 4) Oil and Natural Gas Corporation Ltd (ONGC),
- 5) Steel Authority of India Ltd (SAIL),
- 6) Indian Petrochemicals Corporation Ltd (IPCL),
- 7) Bharat Heavy Electricals Ltd (BHEL),
- 8) National Thermal Power Corporation (NTPC)
- 9) Videsh Sanchar Nigam Ltd (VSNL).