

# GOVERNMENT POLICIES FOR BUSINESS

## GROWTH



### Introduction

Every nation defines its mode of governance through a number of policies. These policies are described as public policies in the national and international parlance; public policies are as old as government.

In fact, all large corporate houses align their corporate policies according to the set government policies of the host nations.

### The Economic change process

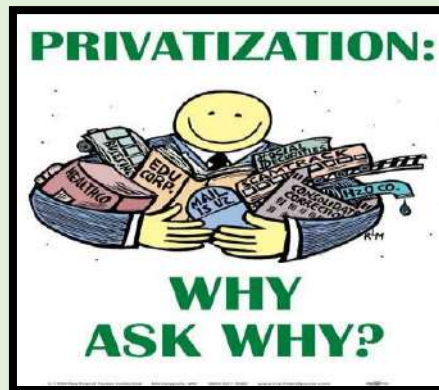
Industrial policy was reformed first through the New Industrial Policy .1991 it opened up the foreign capital inflow. The removal of restrictions on investment in project helped many business sector to expand This change in policy also allowed increased access to foreign technology and funding on the other.

A series of measures which were taken Toward liberalizing foreign included:

- There is dual route of approval of FOI. The Reserve Bank of India articulated the areas of automatic route and the union government outlined the process of approval through government route.

	<ul style="list-style-type: none"> <li>• Automatic permission was granted for.</li> <li>• technologies agreement in high priority</li> <li>• Industries</li> <li>• Permission was granted to Non – Resident Indian (NRIs) and overseas Corporate bodies (OCBs) to invest up to 100 percent capital in high priorities sectors.</li> <li>• Hike in the foreign equity participation limits to</li> <li>• 51 percent for existing companies and liberalization of the use of foreign “brands name”</li> </ul>
<p><b>Policy Decision and Goal</b></p>	<p>A policy emanates from decision and decision is taken in line with goal. In order to take a decision, there must be more than one course of action. Thus a decision is the act of making a choice. The entire act of decision – making has been developed on the condition that can improve this activity of finding multiple choice.</p>
<p><b>Privatization</b></p>	<p>India initiated its mammoth privatization program in 1991 as a part of its policy stance to usher in macroeconomic stabilization and structural reform effort to cope with stagnation, slow growth in an extremely difficult economic condition. The two main objective of privatization in India were:</p> <ul style="list-style-type: none"> <li>• to raise revenues to ease the fiscal crunch and:</li> </ul>

- to improve the profitability and



efficiency of the divested enterprises.

Privatization may be conceptualized in following prominent types;

- Delegation Government keeps hold of responsibility and private enterprises handles fully or partly of product and services there is active involvement by government.
- Divestment: Government surrenders partial ownership and responsibility and sell the majority stake to one or more private entities in course of time
- Displacement; the private enterprise expands and gradually displaces the government entity.
- Disinvestment: Selling a portion of ownership (stake) in a public enterprise to private parties.

Foreign Direct  
Investment In India  
(FDI)

Foreign Direct Investment (FOi) may be described as a flow of capital investment to an enterprise in a nation by another enterprise located in a different nation by capturing a majority stake in ownership in a

company in the target country or by expanding operations of an existing business in that country.

Permission for foreign Direct Investment (FOI) is not uniform for all sectors, some sectors are opened up for 100% and in some sector, it is allowed only up to 26%, 49%, or 51%.

Here are a few sectors where FDI is prohibited under both the Government route as well as the Automatic Route:

1. Atomic Energy
2. Lottery Business
3. Gambling and Betting
4. Business of Chit Fun
5. Agriculture (excluding floriculture, horticulture, Pisciculture and cultivation of vegetables, mushrooms, etc. under controlled condition and services related to agro and allied sector) and plantation activities (other than tea plantation)
6. housing and real estate business (except development of township, construction of residential/commercial premises, roads or bridges to the extent specified)
7. Trading in transferable Development right (IDRs)
8. Manufacturing of cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes.



### Foreign Institutional Investors (Flis)

Flis are large foreign group with substantial investible funds. Flis are registered abroad with a view to investing in other nations to invest equity market, hedge funds pensions funds pension funds and mutual funds. Flis have strong research them which speculate to investment in a country with a possibility of strong return in equitymarket.



These funds park their funds to fuel a bullish market.

### Question 1

**Gradual decrease in government command and control over the economic policies is**

- (a) Privatization
- (b) Globalization
- (c) Demonetization
- (d) Liberalization

**Answer: d**

**Explanation:**

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Liberalization (or liberalization) is a general term for any process where by a state lifts restriction on some private individual activities. Liberalization occurs when something which used to be banned is no longer banned, or when government regulation is relaxed.

### **Question 2**

**Taking off restriction on export and import of goods and services is.**

- (a) Privatization (b) Globalization  
(c) Demonetization (d) Liberalization

**Answer: b**

**Explanation:**

Globalization is the free movement of goods, service and people across the world. in this article we discuss the meaning and importance of globalization.

### **Question 3**

**Transfer of government ownership to private hands is**

- (a) Privatization (b) Globalization  
(c) Demonetization (d) Liberalization

**Answer: a**

**Explanation:**

Definition: The transfer of ownership, property or business from the government to the private sector is termed privatization The government ceases to be the owner of the entity or business. The process in which a publicity company is taken over by a few people is also called privatization.

### **Question 4**

**Chanakya authored the book**

- (a) chanakyashastra (b) Arthashastra  
(c) Kautilyashastra (d) Bhumishastra

**Answer: b**

**Explanation:**

The Arthashastra is an ancient Indian treatise on statecraft, economic policy, and military strategy, written in Sanskrit. Likely to be the work of several author over centuries, Kautilya, also identified as Vishnu gupta and chanakya

### **Question 5**

**FEMA replaced FERA as legislation in:**

- (a) 1991 (b) 1992  
(c) 1999 (d) 2006

**Answer: c**

**Explanation:**

It was passed in the winter session of parliament in 1999, replacing the Foreign Exchange Regulation Act (FERA). This act makes offence related to foreign exchange civil offenses.

### **Question 6**

**Hyundai India Limited came to India through the FDI route. It followed the path of:**

- (a) Divestment in Public Sector Unit (b) Joint Venture  
(c) By creating a 100% Indian subsidiary (d) Replacement of a government sector business

**Answer: c**

**Explanation:**

The path followed by Hyundai India Limited is by creating a 100 percent Indian subsidiary. Though it entered through FDI or Foreign direct investment route.

### **Question 7**

**Public Policies are always \_\_fill in the gap by taking the appropriate expression from the following:**

- (a) Goal oriented (b) Minutely defined  
(c) Pro - rich (d) For the poor

**Answer: a**

**Explanation:**

Public policy is a purposeful and consistent course of action taken as a response to a perceived problem of a nation, formulated by a specific political process and adopted, implemented and enforced by a public agency.

### **Question 8**

**Which of the following institutions been scrapped recently?**

- (a) Minerals and Metals Regulatory Commission (b) Coal India Limited  
(c) Planning Commission (d) FIPB

**Answer: c**



**Explanation:**

Planning Commission with a new institution having a new...as the government's go - to think - tank for policy prescriptions.

**Question 9****OCBs mean:**

- |                               |  |
|-------------------------------|--|
| (a) Overseas Corporate Bodies | (b) Ordnance Commission<br>bilateral's |
| (c) Oversees civic boards     | (d) None                               |

**Answer: a****Explanation:**

overseas corporate body (OCB) means a company, partnership firms, society and other corporate body located outside India but owned directly or indirectly by non- resident Indians at least percent and it also includes overseas trust in which not less than sixty percent beneficial interest is held by non - resident.

**Question 10**

**Sale of 50% stake in a PSU to a single private sector company is an example of:**

- |                           |  |
|---------------------------|--|
| (a) Displacement of stake | (b) Decentralization of authority            |
| (c) Delegation of stake   | (d) Disinvestment to from a Joint<br>Venture |

**Answer: d****Explanation:**

Disinvestment can also be defined as the action of an organization (or government) selling or liquidating an asset or subsidiary, it is also referred to as 'disinvestment' or 'divestiture'

**Question11**

**The form of privatization, where government keeps hold of responsibility and private enterprise handles the management of it fully or partly is known as:**

- |                   |                      |
|-------------------|----------------------|
| (a) Disinvestment | (b) Delegation       |
| (c) Deregulation  | (d) Decentralization |

**Answer: b****Explanation:**

Delegation is the assignment of any responsibility or authority to another person/ to carry out specific activities. It is one of the core concepts of



management leadership. However, the person who delegated the work remain accountable for the outcomes of the delegated work.

### **Question 12**

**GST was implementing in India with effect from**

- |                |                |
|----------------|----------------|
| (a) 1.01.2017  | (b) 01,04.2017 |
| (c) 01.07.2017 | (d) 01.08.2017 |

**Answer: C**

**Explanation:**

The GST was launched at midnight on 1 July 2017 by the president of India, Pranab Mukherjee, and the Prime Minister of India Narendra Modi. The launch was marked by a historic midnight (30 June – 1 July) session of both the house of parliament convened at the central hall of the parliament.

### **Question 13**

**David Easton propounded a model on politics' relationship known as\_\_model**

- |               |              |
|---------------|--------------|
| (a) Black Box | (b) Red Box  |
| (c) White Box | (d) Blue Box |

**Answer: a**

**Explanation:**

It is a model system analysis popularized by Davis Easton (1965). Black Box denotes the process, where by the processing of inputs takes place to produce outputs/ outcomes. It applies the logic of cybernetics, propounded by Norbert Weiner to understand political process and behavior. The cybematics it the science of control system theory – via feedback relationship.

### **Question 14**

**The method of FDI other automatic route is called:**

- |                         |                      |
|-------------------------|----------------------|
| (a) NRI Route           | (b) Government Route |
| (c) Institutional Route | (d) Priority Route   |

**Answer: a**

**Explanation:**

FDI under sectors is permitted either through Automatic route or Government route. Under the Automatic route, the non-resident or Indian company does not require any approval from GOI.

### **Question 15**

**SEBI, RBI and IRDA ARE:**

- (a) Regulatory Institution (b) Policy institution  
(c) Satellite Institutions (d) Goal setting bodies

**Answer: a****Explanation:**

A regulatory agency (also regulatory authority, regulatory body or regulator) is a Public authority or government agency responsible for exercising autonomous authority over some area of human activity in a regulatory or supervisory capacity. An independent regulatory agency is a regulatory agency that is independent from other branches or arms of the government.

**Question 16****FDI is allowed in all of the following except:**

- (a) Lottery business (b) Banking operations  
(c) Insurance (d) Air transport service

**Answer: a****Explanation:**

Lottery business (including government/private lottery, online lotteries etc.) is prohibited under FDI

**Question 17****Public policies are of \_\_\_ types.**

- (a) Three (b) Four  
(c) Five (d) One

**Answer: a****Explanation:**

Public policies are three types:

- Restrictive
- Regulatory
- Facilitating

**Question 18****About \_\_\_ of the population was below the poverty line in 1951.**

- (a) 45% (b) 40%  
(c) 47% (d) 50%

**Answer: c****Explanation:**

If we look at the Indian economy at the time independence, it showed all signs of stagnation. About 47% of the population was below the poverty line in 1951.

### **Question 19**

**Some policies are called which policies, which are meant for specific segments of society.**

- (a) Regulatory (b) Distributive  
(c) Both (d) One

**Answer: b**

**Explanation:**

Some policies are called distributive policies, which are meant for segment of society. It can be in the area of public distribution to people below poverty line (BPL), public welfare, justice for women, health services etc.

### **Question 20**

**Government surrenders partial ownership and responsibility and sells the majority stake in which case?**

- (a) Delegation (b) Displacement  
(c) Disinvestment (d) Divestment

**Answer: d**

**Explanation:**

Divestment: Government surrenders partial ownership and responsibility and sells the majority stake to one or more private entities in course of time.

### **Question 21**

**Which of the following statement regarding privatization is correct?**

- (a) Privatization is panacea for all economic problems. (b) Privatization always leads to attaining social and economic efficiency  
(c) Privatization may result in lopsided development of industries in the country (d) None of these

**Answer: c**

**Explanation:**

Privatization may result in lopsided development of industries in the country this statement is true regard Privatization.

### **Question 22**

**FDI is the 100% permitted on Atomic Energy This Statement is true?**

- (a) YES (b) No  
(c) Partly Yes (d) None

**Answer: b**

**Explanation:**

Atomic Energy is a sector where FDI is prohibited under both the Government Route as well as the Automatic Route.

**Question 23**

**To improve the profitability and efficiency of the divested enterprises is objective of:**

- (a) Liberalization (b) Privatization  
(c) Globalization (d) None

**Answer: b**

**Explanation:**

In this context, the two main objectives of privatization in India were:

- To raise revenues, the two ease the fiscal crunch and
- To improve the profitability and efficiency of the divested enterprises

**Question 24**

**Government keeps hold of responsibility and private enterprises handles fully or partly the delivery of product and services in**

- (a) Delegation (b) Displacement  
(c) Both (d) None of these

**Answer: a**

**Explanation:**

Delegation: Government keeps hold of responsibility and private enterprises handles fully or partly the delivery of product and services.

There is active involvement by government Delegation may happen through contract, franchise, grant etc.

**Question 25**

**Privatization in India has taken place in all of the cases except**

- (a) CMC (b) BALCO  
(c) VSNL (d) None of the above

**Answer: d**

**Explanation:**

Privatization in India has taken place in all of the above cases therefore the correct is none.

**Question 26**

**Which are registered abroad with a view to investing in other nations is done under:**

- (a) Foreign Institutional Investors  
(b) Abroad Institutional Investors  
(c) Both  
(d) None

**Answer: a**

**Explanation:**

FII's which represent the foreign Institutional Investors. FII's are large foreign groups with substantial investible funds. FII's are registered abroad with a view to investing in other nations to invest in equity markets, hedge funds, pension funds and mutual funds.

**Question 27**

**This may be described as cash flow capital investment.**

- (a) Foreign direct investment  
(b) Foreign institutional investment  
(c) Both  
(d) None

**Answer: a**

**Explanation:**

Foreign direct investment (FDI) may be described as cash flow of capital investment to an enterprise in a nation by another enterprise located in a different nation by capturing a majority stake ownership in a company in the target country or by expanding operations of an existing business in that country.

**Question 28**

**Who curtail all benefits in some particular issue?**

- (a) Regulatory practices  
(b) Restrictive policies  
(c) Facilitating policies  
(d) None

**Answer: b**

**Explanation:**

Restrictive policies curtail all benefits in some particular issues for example, custom duties may be imposed to protect Indian products.

**Question 29**

**Simplifications of tax structure are benefits of**

- (a) Liberalization  
(b) Privatization  
(c) Localization  
(d) None

**Answer: a**

**Explanation:**

Liberalization of economic policy refers to the gradual decrease in government command and control over the economic policies simplification of tax structure, removing quota, bars and economic restriction are some example of Liberalization.

**Question 30**

**The Government of India followed which mixed economy path**

- (a) Social (b) Mixed  
(c) Capital (d) None

**Answer: b**

**Explanation:**

The Government of India followed a mixed economic path – a mix of policies borrowed from both capitalistic and communist economic policies

**Question 31**

**FDI in sector / activities which do not require any prior approval either of the Government or the Reserve Bank of India is defined as:**

- (a) Green Channel (b) Priority route  
(c) Non – commercial route (d) Automatic route

**Answer: d**

**Explanation:**

Automatic route: by this route FDI is allowed without prior approval by Government or Reserve Bank of India

**Question 32**

**A \_\_\_\_\_ emanates from decision and decision is taken in line with \_\_\_\_\_.**

**Identify the right expression in the bank:**

- (a) Policy ; Goal (b) Budget; Plan  
(c) Plan; Budget (d) Goal; Plan

**Answer: a**

**Explanation:**

A policy emanates from the decision and decision is taken in line with goal.

**Question 33**

**Liberalization made the rules of which trade simpler:**

- (a) Indian (b) Foreign  
(c) Both (d) None



**Answer: b**

**Explanation:**

Liberalization made the rules of foreign trade simpler: Foreign exchange related rules were simplified it becomes easier for Indian corporate houses to do business abroad.

**Question 34**

**FIPB stand for-**

- |  |  |
|--|--|
| (a) Foreign Institutional<br>Promotion Board | (b) Foreign Institutional<br>Preparatory Board |
| (c) Foreign Investment Priority<br>Board     | (d) Foreign Investment<br>Promotion Board      |

**Answer: d**

**Explanation:**

The Foreign Investment Promotion Board (FIPB) was a national agency of Government of India with the remit to consider and recommend foreign direct investment (FDI) which does not come under the automatic route.

**Question 35**

**Nidhi Company is prohibited under both Government & Automatic Route.**

- |                      |                    |
|----------------------|--------------------|
| (a) Correct          | (b) Incorrect      |
| (c) Partly Incorrect | (d) Partly correct |

**Answer: a**

**Explanation:**

Here are a few sectors where FDI is prohibited under both the Government Route as well as the Automatic Route:

1. Automatic Energy
2. Lottery Business
3. Gambling and Betting
4. Business of Chit Fund
5. Nidhi Company

**Question 36**

**Which is not the example of FDI presence in India during the post liberalization days?**

- |           |               |
|-----------|---------------|
| (a) Coke  | (b) Microsoft |
| (c) Honda | (d) None      |

**Answer: d**

**Explanation:**

The presence of Samsung, Sony, Coke, PepsiCo, HP, Microsoft, General, Motors, Hyundai, Toyota, Volkswagen, and Volvo are some example of FDI presence in India during the post liberalization days.

# Past Examination Question

## MAY - 2018

**Question 1**

**Government holds responsibility as private sector handles fully and partly the product and services.**

- (a) Delegation  
(b) Divestment  
(c) Displacement  
(d) Disinvestment

**Answer: a**

**Explanation:**

Delegation, which says government keeps hold of responsibility and private enterprise handles fully or partly the delivery of product and services, There is active involvement by government delegation may happen through contract, franchisee, grants etc.

**Question 2**

**Globalization means:**

- (a) Taking off restrictions in export and import of goods and services  
(b) Gradual decrease in government command and control over economic policies.  
(c) Transfer of government ownership to private lands  
(d) None of these.

**Answer: a**

**Explanation:**

Globalization is the free movement of goods, services and people across the world in a seamless and integrated manner. Hence it is about taking off restriction in Export of goods and services.

**Question 3**

**Which of the following is correct?**

- (a) Government looks for FII'S over FDI for investment purpose  
 (b) There is no restriction in any sector for FDI  
 (c) There is limitation on some sector for FDI  
 (d) All of these

**Answer: c**

**Explanation:**

There is limitation on FDI in some sectors this is correct FDI is not uniform for all sector. some sector are opened up for 100% and in some it is allowed up to 26% , 49% or 51% uncertain area, FDI limit has been capped like, the Insurance Business.

#### **Question 4**

**IFCI stand for:**

- (a) Industrial Foreign Corporation of India  
 (b) Industrial Financial Corporation of India  
 (c) Industrial Finance Corporation if India  
 (d) Indian Financial Corporation For Industries

**Answer: c**

**Explanation;**

IFCI stand for Industrial Finance Corporation of India

#### **Question 5**

**A \_\_\_\_\_ emanates from decision and decision is taken in line with \_\_ identify the right expression to fill in the blanks**

- (a) Policy, Goal  
 (b) Plan, Budget  
 (c) Goal, Plan  
 (d) Budget, Plan

**Answer: a**

**Explanation:**

A policy emanates from decision and decision is taken in line with goal many times the term like political goal, decision and policy are used interchangeably, but they mean the same.

**NOV - 2018**

#### **Question 6**

**NITI Aayog replaced:**

- (a) Planning Commission  
 (b) Election Commission  
 (c) MRTP Commission  
 (d) Financial Commission

**Answer: a**

**Explanation:**

Planning Commission was established to make economic plans for a period of five years. it may be noted that NITI Aayog has now replaced the planning commission.

**Question 7**

**\_\_\_\_\_ makes the trade between countries more difficult or expensive**

- (a) Barrier to entry (b) Barrier to trade  
(c) Custom (d) None

**Answer: b**

**Explanation:**

Barrier to trade makes the trade between two countries more difficult or expensive.

**Question 8**

**100% FDI is allowed in which years?**

- (a) 2010 (b) 2012  
(c) 2014 (d) 2004

**Answer: b**

**Explanation:**

In year 2012, 100% in India was allowed for some sector only

**Question 9**

**Gradual decrease in government command & controlled over the economic policies:**

- (a) Globalization (b) Privatization  
(c) Liberalization (d) None of these

**Answer: c**

**Explanation:**

Liberalization of economic policy refers to the gradual in gout command & control over the policies. simplification of tax structure, removing quotas, bars & economic restriction are some example of Liberalization

**MAY - 2019**

**Question 10**

**FEMA replaced FERA as legislation in:**

- (a) 1991 (b) 1999  
(c) 1992 (d) 2006

**Answer: b**

**Explanation:**

The Foreign Exchange Regulation Act (FERA) was passed in 1973; the main purpose of which was to ensure the use of foreign exchange; The FERA was created obstacles in the development of the country so government replaced it by FEMA in 1999.

**Question 11**

**NITI Aayog has replaced which of the following:**

- |                          |                           |
|--------------------------|---------------------------|
| (a) MRTP Commission      | (b) Planning Commission   |
| (c) Financial Commission | (d) Population Commission |

**Answer: b**

**Explanation:**

NITI Aayog The new 'think - tank' to replace planning commission Government of India has replaced the old planning commission started in 1950 with a new institution called NITI Aayog on January 2015.

**Question 12**

**Permission has been granted to non- resident Indian (NRI) & Overseas percent in high priority sectors**

- |        |         |
|--------|---------|
| (a) 27 | (b) 49  |
| (c) 51 | (d) 100 |

**Answer: d**

**Explanation:**

100% permission has been granted to non - resident Indian (NRI) & Overseas percent in high priority sectors

**Question 13**

**In single hand retailing, 100% allowed in the year:**

- |          |          |
|----------|----------|
| (a) 2012 | (b) 2010 |
| (c) 1999 | (d) 1997 |

**Answer: a**

**Explanation:**

FDI was allowed in the year 2012

**Question 14**

**The decrease Government control and command in India business of.....**

- |                    |                   |
|--------------------|-------------------|
| (a) Liberalization | (b) Privatization |
| (c) Globalization  | (d) Delegation    |

**Answer: a**

**Explanation:**

The basic aim of liberalization was to put an end to those restrictions which became hindrances in the development and growth of the nation. The loosening of government control in a country and when private sector companies' start working without or with fewer restriction and government allow private player to expand for the growth of the country depicts Liberalization in a country.

## **DEC - 2020**

**Question 15**

**Government keeps hold of responsibility and private enterprise handle fully or partly the delivery of product and services. Such type of concept of privatization is known as \_\_\_\_\_**

- (a) Divestment (b) Displacement  
(c) Disinvestment (d) Delegation

**Answer: d**

**Explanation:**

Government keeps hold of responsibility and private enterprise handle fully or partly the delivery of product and services. Such type of concept of privatization is known as Delegation.

**Question 16**

**The formation of National Skills Development Corporation (NSDC) is an example of which of the following type of public policy?**

- (a) Restrictive (b) Social  
(c) Facilitating (d) Regulatory

**Answer: c**

**Explanation:**

The National Skill Development Corporation India (NSDC) was setup as a one of its kind, Public Private Partnership Company with the primary mandate of catalyzing the skills landscape in India. The main objective of the NSDC is to upgrade skill to international standards through significant industry involvement and develop necessary frameworks for standards, curriculum and quality assurance.

**Question 17**

**Organizing of immunization camps by government is an example of which policy?**



- (a) Restrictive  
(c) Distributive
- (b) Social  
(d) Regulatory

**Answer: c**

**Explanation:**

Distributive policies extend goods and services to members of an organization, as well as distributing the costs of the goods/services amongst the members of the organization.

**Question 18**

**Taking of restrictions in exports and imports of goods is \_\_\_\_**

- (a) Liberalization  
(c) Globalization
- (b) Privatization  
(d) Socialization

**Answer: a**

**Explanation:**

Trade liberalization is the removal or reduction of restrictions or barriers on the free exchange of goods between nations.

**Question 19**

**Gradual decrease in government command and control over economic policies is called \_\_\_\_**

- (a) Socialization  
(c) Globalization
- (b) Liberalization  
(d) Capitalization

**Answer: b**

**Explanation:**

Economic liberalization (or economic liberalisation) is the lessening of government regulations and restrictions in an economy in exchange for greater participation by private entities.

**Question 20**

**Selling of a portion of ownership from public enterprise to private parties is called**

- (a) Disinvestment  
(c) Delegation
- (b) Divestment  
(d) Deregulation

**Answer: a**

**Explanation:**

Disinvestment means an action of an organisation or a government selling or liquidating the assets. Example Sale of stake in HPCL. Divestment means that an action or process of selling off subsidiary business interests or investment. Disinvestment is an action and Divestment is a process.



**In order to take a decision, there must be \_\_\_\_\_ course of action. Fill in the blank space with appropriate expression**

- (a) One (b) Specific  
(c) Financial (d) More than one

**Answer: d**

**Explanation:**

In its simplest definition, decision-making is the act of choosing between two or more courses of action.

**Question 25**

**Simplifications of trade restrictions related to import is an example of**

- (a) Globalization (b) Privatization  
(c) Disinvestment (d) Aggregative

**Answer: a**

**Explanation:**

Simplification of Trade Restrictions relating to Imports and Exports falls under Globalization.

**Question 26**

**Where there is no approval through automatic route for FDI The company has to seek permission form:**

- (a) RBI (b) MCA  
(c) Foreign Institutional Investors (d) Foreign Institutional Promotion board

**Answer: b**

**Explanation:**

The Foreign Investment Promotion Board (FIPB) was a national agency of Government of India, with the remit to consider and recommend foreign direct investment (FDI) which does not come under the automatic route.

**Question 27**

**Industrial Policy was first reformed through:**

- (a) The new industrial policy , 1991 (b) The new industrial Policy, 1991  
(c) The new Industrial Policy , 1990 (d) The new Industrial Policy

**Answer: b**

**Explanation:**

With the New Industrial Policy' 1991, the Indian Government intended to integrate the country's economy with the world economy, improving the efficiency and productivity of the public sector.

**Question 28**

**The private enterprise expends and gradually displaces the government entity in which of the following type?**

- (a) Delegation (b) Disinvestment  
(c) Divestment (d) Displacement

**Answer: d**

**Explanation:**

Economic Displacement arises when policy intervention which causes the expansion of one economic activity or activity in one location also has the effect of bringing about some degree of reduction in economic activity elsewhere.

**JULY - 2021****Question 29**

**Which of the following is one of the most significant macro policy indicators that impact business?**

- (a) International trade (b) Trade policy  
(c) Tax rate (d) Rural policy

**Answer: c**

**Explanation:**

There are 4 main macroeconomic variables that policymakers should try and manage: Balance of Payments, Inflation, Economic Growth and Unemployment. So, Tax rate is one of the most significant macro policy indicators that impact business?

**Question 30**

**In which of the following government holds authority and give partly & fully responsibility to private sector for delivery of goods and services in the name of contract, franchise, etc.?**

- (a) Divestment (b) Disinvestment  
(c) Displacement (d) Delegation

**Answer: c**

**Explanation:****Question 31**

**Which of the following sector, FDI is prohibited in India?**

- (a) Retail (b) Nidhi Company  
(c) Pharmaceutical (d) Electronics

**Answer: b**

**Explanation:**

The present policy prohibits FDI in the following sectors: Gambling and Betting. Lottery business (including government/ private lottery, online lotteries etc.) Activities /sectors not open to private sector investment (e.g. atomic energy /railways)

**Question 32**

**Fills prefer to park then funds to fuel which type of market?**

- |           |               |
|-----------|---------------|
| (a) Stock | (b) Bullish   |
| (c) Money | (d) Commodity |

**Answer: b**

**Explanation:**

A mid-cap fund is a type of investment fund that focuses its investments on companies with a capitalization in the middle range of listed stocks in the market.

**Question 33**

**Which policies are meant for specific segments of society, it can be in the area of public distribution to people below poverty line, justice for women etc.?**

- |                  |                  |
|------------------|------------------|
| (a) Financial    | (b) Distributive |
| (c) Facilitating | (d) Economic     |

**Answer: b**

**Explanation:**

Distributive policies are meant for specific segments of society. It includes all public assistance and welfare programmes. Some examples of distributive policies are adult education programme, food relief, social insurance, employability, etc.

**Question 34**

**Which of the following is an example of facilitating policy?**

- |                        |                                    |
|------------------------|------------------------------------|
| (a) Companies Act 2013 | (b) Income Tax Policy              |
| (c) Monetary Policy    | (d) Micro-Small-Medium enterprises |

**Answer: d**

**Explanation:**

Take for example the NABARD that facilitates rural credit policies. Another example is the EXIM Bank that implements policies to increase the import-export industry in our country.

**Question 35**

**Which of the following is not a source infusion of foreign funds in India?**

- (a) Listing of a company in NSE through IPO                      (b) Non-Resident Indians  
(c) Foreign Institutional Investors                      (d) Overseas Citizens of India

**Answer: a**

**Explanation:**

For a country where capital is not readily available, Foreign Direct Investment (FDI) has been an important source of funds for companies. Under FDI, overseas money, either by an individual or entity, is invested in an Indian company.



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