The reform policies introduced in and after 1991 removed many of these restrictions. Industrial licensing was abolished for almost all but product categories — alcohol, cigarettes, hazardous chemicals, industrial explosives, electronics, aerospace and drugs and pharmaceuticals. The only industries which are now reserved for the public sector are a part of atomic energy generation and some core activities in railway transport. Many goods produced by small-scale industries have now been dereserved. In most industries, the market has been allowed to determine the prices. Financial sector includes financial institutions, such as commercial banks, investment banks, stock exchange operations and foreign exchange market. The financial sector in India is regulated by the Reserve Bank of India (RBI). You may be aware that all banks and other financial institutions in India are regulated through various norms and regulations of the RBI. The RBI decides the amount of money that the banks can keep with themselves, fixes interest rates, nature of lending to various sectors, etc. One of the major aims of financial sector reforms is to reduce the role of RBI from regulator to facilitator of financial sector. This means that the financial sector may be allowed to take decisions on many matters without consulting the RBI.

1. **What is the term for removing government-imposed limits or restrictions?**

(A) Financial investment

(B) Affluent commerce

(C) Liberalisation

(D) Trade liberalisation

Ans: C

2. Many products from small-scale industries were _____ after the industrial sector was deregulated in 1991.

(A) Reserved

(B) Dereserved

(C) Depreciated

(D) Appreciated

Ans: B

3. Which of the following industries were reserved exclusively for the public sector after the economic reforms of 1991?

(A) Metro transport

(B) Communication

(C) Railways

(D) Airways

Ans: C

4. Which of the following is not correct with regard to the financial sector reforms taken under the purview of new economic policy, 1991?

a) Role of RBI shifted from regulator to facilitator of financial institutions.

b) Amount of money that the banks can keep with themselves

c) Banks can take decisions on many matters without consulting the RBI.

d) The financial sector in India is regulated by the State bank of India (SBI) .

Ans: D