

and globalisation.

7. What is liberalisation?

Liberalisation refers to a relaxation of previous government restrictions, usually in areas of social or economic policy.

8. What is Privatisation?

Privatisation is the process of transferring property, from public ownership and / or transferring the management of a service or activity from the government to the private sector.

9. What is Globalisation?

Globalisation refers to the growing interdependence of country world wide through the increasing volume and variety of cross-border transactions in goods and services, and also through the more rapid and widespread diffusion of technology.

10. Why are tariffs imposed?

Tariffs are imposed on imports to make them relatively costly as a measure to protect domestic production.

11. What do you mean by quantitative restrictions?

Quantitative restrictions are non-tariff barriers imposed on the amount of imports and exports.

12. What do you understand by devaluation of rupee?

The steps taken by the Central Bank to

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reduce the value of rupee relative to other currencies for the primary goal of increasing the prices of imported goods while decreasing the price of exported goods.

13. What do you mean by disinvestment?

Disinvestment refers to the selling of the government's stock in public sector undertakings. It is generally done to bring the private management to improve the company's performance and to add to the government's revenue.

14. What is Cash Reserve Ratio?

CRR is a bank regulation that sets the ratio of minimum reserve that each bank must hold to customer deposits. These reserves are designed to satisfy withdrawal demands of the depositor.

3/4 marks questions

1. How was Reserve Bank of India controlling the commercial banks before 1991?  
Before 1991, Reserve Bank of India controlled the commercial banks through various regulations like:
  - (i) Cash Reserve ratio and Statutory liquidity Ratio
  - (ii) Regulated interest rates through the bank rate
  - (iii) Lending to priority sectors