

Q.NO.	Answers	Marks (with split up)
1.	B	1
2.	The interest rate at which central bank gives short term loans to commercial bank.	1
3.	The commercial banks grant loan to borrowers against some collateral securities whose value is more than the value of loans granted. A margin is the difference between the amount of the loan and the market value of the security offered by the borrower against the loan. If the margin imposed by the central bank is 40%, then the bank is allowed to give a loan only up to 60% of the value of the security. By altering the margin requirements, the central bank can alter the amount of loans made against securities by the bank.	3
4.	Structural reform measures	1
5.	B	1
6.	The Industrial Policy Resolution (IPR) 1956 was adopted in order to achieve the aim of a socialist state with government controlling the major strategic industries of the economy. The government kept an indirect control on the industries in the private sector through the policy of industrial licensing.	3
7.	<ul style="list-style-type: none"> • Liberalization of foreign trade sector was initiated to increase international competitiveness of industrial production. • In order to increase the inflow of foreign exchange, foreign exchange was restructured. The Foreign Exchange Management Act is replaced by Foreign Exchange Regulation Act. • The trade policy is reformed by abolishing quantitative restrictions on imports and exports, reducing the tariff rates and by removing licensing procedure for imports. • Import licensing was abolished except for environmentally sensitive industries and export duties have been removed in order to ensure free trade mechanism. <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> • The role of RBI changed from regulator to the facilitator. • The reform measures led to the establishment of private sector banks both Indian and Foreign. • Foreign investment limit in banking sector raised up to 50%. • New branches of bank are allowed to be set up without the approval of RBI, if they fulfill certain conditions. • Foreign Industrial Investors like mutual funds and pensions are allowed to invest in Indian financial market. • Deregulation of various interest rates such as bank rate, repo rate and reverse 	3

	repo rate.	
8.	<p>Equity in agricultural sector called for institutional reforms or land reforms. Land reforms refer to change in the ownership of land- holdings (i.e., to abolish intermediaries and to make the tillers the owners of land) and fixing the maximum size of land which could be owned by an individual (i.e., land ceiling).</p> <p>Types of land reforms implemented in the agriculture The abolition of intermediaries (Zamindars) The ownership of landholdings Land ceiling</p>	3
9.	<p>Increase in marketed surplus: A good proportion of the rice and wheat produced during the green revolution period was sold by the farmers and income of the farmers increased.</p> <p>Decrease in price of food grains: The price of food grains declined relative to other items of consumption. The low income groups benefited from this decline in relative prices.</p> <p>Buffer stock: The spread of green revolution technology enabled the government to procure sufficient amount of food grains to build buffer stock which could be used in times of food shortage.</p> <p>Self-reliance: Indian agricultural productivity increased sufficiently to enable the country to be self- sufficient in food grains. We no longer had to be at the mercy of America, or any other nation, for meeting our nation's food requirements.</p> <p style="text-align: center;">OR</p> <p>Growth Modernization Self-reliance Equity</p> <p style="text-align: right;">with adequate explanation.</p>	4