Q77

Which of the following has/have occurred in India after its liberalization of economic policies in 1991? 1. Share of agriculture in GDP increased enormously. 2. Share of India's exports in world trade increased. 3. FDI inflows increased. 4. India's foreign exchange reserves increased enormously. Select the correct answer using the codes given below: (a) 1 and 4 only (b) 2, 3 and 4 only (c) 2 and 3 only (d) 1, 2, 3 and 4 Official key: B.

UPSC Civil Services Prelims 2017 · General Studies · 2 marks · Economy

Indian economy, budget, schemes - Prelims GS Paper I.

Explanation

(a)

Option (a) is 1 and 4 only. Agriculture's share in GDP fell after 1991 as services and industry grew; it did not increase enormously. Statement 1 is false even though forex reserves did rise. This option is not the key.

(b) Official key

After 1991 liberalisation, India's share in world exports rose from a very low base, FDI inflows increased, and foreign-exchange reserves rose sharply from the 1991 crisis low. Agriculture's GDP share declined. Hence 2, 3 and 4 only is the official key.

(c)

Option (c) is 2 and 3 only. It omits the also-true reserves boom. This option is therefore incomplete and not the key.

(d)

Option (d) is all four. Statement 1 on agriculture's rising GDP share is the opposite of the structural shift. This option is not the key.

Summary

Official key is (b) 2, 3 and 4 only. Liberalisation opened trade and capital accounts relative to the licence-permit years. Export share, FDI and forex reserves increased; agriculture's GDP weight shrank. Statement 1 is the classic distractor. Only 2, 3 and 4 occurred as stated.

Related possible facts

These can be asked in a future Prelims paper.

1991 crisis

Forex barely covered weeks of imports; reforms followed

LPG
Liberalisation, privatisation, globalisation shorthand for 1991

Services share
Rose to dominate GDP after reforms

FDI policy
Progressive opening of sectors and automatic route

Agriculture employment
Still large even as GDP share declined - a separate fact