

GLOBALIZATION AND THE INDIAN ECONOMY

SECTION A

VERY SHORT ANSWER TYPE QUESTION

1. An MNC is a company that owns or controls production in
 - (a) one country
 - (b) more than one country
 - (c) only developing countries
 - (d) only developed countries
2. What was the main channel connecting countries in the past?
 - (a) Labour
 - (b) Religion
 - (c) Technology
 - (d) Trade
3. 'The impact of Globalisation has not been fair.' Who among the following people have not benefitted from globalisation?
 - (a) Well off consumers
 - (b) Small producers and workers
 - (c) Skilled and educated producers
 - (d) Large wealthy producers
4. "MNCs keep in mind certain factors before setting up production". Identify the incorrect option from the choices given below
 - (a) Availability of cheap skilled and unskilled labour
 - (b) Proximity to markets
 - (c) Presence of a large number of local competitors
 - (d) Favourable government policies
5. In which year did the government decide to remove barriers on foreign trade and investment in India?
 - (a) 1993
 - (b) 1992
 - (c) 1991
 - (d) 1990
6. The past two decades of globalisation has seen rapid movements in
 - (a) goods, services and people between countries.
 - (b) goods, services and investments between countries.
 - (c) goods, investments and people between countries.
7. _____ in the labour laws can attract foreign investment.

- (a) Stagnancy
- (b) Flexibility
- (c) Stringency

8. Which of the following is an example of Trade Barrier?

- (a) Tax on Imports
- (b) Custom Duty
- (c) Transit Permits
- (d) All of the above

9. Which organisation supports liberalisation of foreign trade and investments in India?

- (a) International Labour Organisation (ILO)
- (b) World Bank
- (c) World Trade Organisation (WTO)
- (d) International Monetary Fund (IMF)

10. The most common route for investments by MNCs in countries around the world is to

- (a) set up new factories.
- (b) buy existing local companies.
- (c) form partnerships with local companies.

Short answer questions

11. Mention three factors responsible for globalization.

12. How MNCs can spread their production?

13. Mention three factors responsible for globalization.

14. What do you understand by globalisation? Explain in your own words.

15. How would flexibility in labour laws help companies?

Long answer Questions

16. In spite of Globalization, creating good quality products and expanding market, how is it affecting the stability in jobs for the workers? (2014 OD)

17. How are Multinational Corporations (MNCs) controlling and spreading their productions across the world? Explain.

18. "Globalisation has been advantageous to both consumers as well as producers." Support the statement with suitable examples.

19. "Information and communication technology has played a major role in spreading out production of services across countries." Justify the statement with examples.

Or

Explain the factors that have enabled globalisation.

20. Explain the three types of movements or flows within international economic exchange. Mention any one example of any one type of flow from India and one from England.

ANSWER KEY

Ans.1(b)

Ans.2 (d)

Ans.3(b)

Ans.4(c)

Ans.5(c)

Ans.6(b)

Ans.7(b)

Ans.8 (d)

Ans.9(c)

Ans.10(b)

Ans.11. (i) Growth of MNCs. (ii) Growth of technology. (iii) Development in transport and communication technology

Ans.12. MNCs can spread their production by:- 1. Setting up joint production units with local companies. 2. To Buy up local companies and expanding its production base. 3. Placing orders with small producers

Ans.13. (i) Growth of MNCs. (ii) Growth of technology. (iii) Development in transport and communication technology.

Ans.14. MNC, transfer technology, development in foreign trade etc.

Ans.15. Flexibility in labour laws will help companies in being competitive and progressive. By easing up on labour laws, company heads can negotiate wages and terminate employment, depending on market conditions. This will lead to an increase in the company's competitiveness

Ans.16. 1 Employment of 'flexible workers.'

2. Increased competition, objective to lower costs, the axe falls on the 'labour costs'—temporary jobs given.

3. Longer working hours for labour to get suitable salaries.

Ans. 17. By directly setting up factories and offices for production.

By setting up production jointly with some of the local companies of other countries.

By buying up local companies and then expand productivity

By placing orders for production with small producers of the countries such as garments, footwear.

By buying mass produced goods of domestic industries and, then sell it under their own brand name at much higher rates in foreign countries.

Ans.18. Advantages of globalisation for consumers:

They have greater choice. Better quality of products are available for consumption due to competition. It has reduced the cost of goods and services considerably.

Advantages of globalisation to producers:

They now have access to international markets for their products.

They have easier access to foreign investment to enhance their production, (c) Collaboration with MNCs have added up their performance and profits.

Ans.19. 1. Technology (2) Information technology (3) Liberalisation of foreign trade and foreign investment policy

Ans.20 1. Flow of goods 2. Flow of labour 3. Flow of capital