



Multiple Choice Questions

1. Which of the following is the most important principle on which WTO has been founded?
 - (a) Promotion of fair competition
 - (b) Stability in the trading system
 - (c) Non-discrimination
 - (d) Special concern for developing countries
2. MNCs set up their production unit at a place where they get cheap labour and other resources because:
 - (a) They want to protect that area
 - (b) They want to help the people of that place
 - (c) They want to interact with the people of that place
 - (d) They increase their profit
3. MNCs are also known as:
 - (a) Transnational Corporations
 - (b) Public limited companies
 - (c) Transitional corporations
 - (d) Foreign Corporations
4. Which of the following is not a feature of a Multinational Company?
 - (a) It sets up factories where it is close to the market.
 - (b) It organises production in complex ways.
 - (c) It employs labour only from its own country.
 - (d) It controls production in more than one nation.
5. The Indian government, after Independence, imposed trade barriers to protect _____ from foreign competition.
 - (a) Investors
 - (b) Producers
 - (c) Consumers
 - (d) Exporters
6. Which one of the following is the objective of International Monetary Fund?
 - (a) To provide guarantee on capital investment
 - (b) To minimize imbalances in quantum and duration of international trade
 - (c) To rehabilitate war ruined economies
 - (d) To provide long term loans for promoting economic development
7. Which one of the following is a challenge of Globalisation?
 - (a) International Recruitment
 - (b) Disproportionate Growth
 - (c) Access to New Talent
 - (d) Access to New Markets

8. **Removing unnecessary trade restrictions and making the economy more competitive is known as:**
(a) Privatisation (b) Liberalisation
(c) Globalisation (d) Socialisation
9. **Globalisation has made India a:**
(a) Buyers market (b) Sellers market
(c) Monopoly market (d) Monopsony
10. **What is the current membership of WTO?**
(a) 167 (b) 165
(c) 164 (d) 166

Fill in the blanks :

11. _____ is the headquarter of IMF
12. Full form of SEZ is _____.

True / False

13. Trade between two nations is called foreign trade.
14. WTO headquarter is Geneva, Switzerland.

Very Short Type Questions

15. What is the main aim of Special Economic Zones (SEZ) developed by the Government of India?
16. Define the term Liberalisation.

Short Type Questions

17. Explain the functions and importance of World Trade Organisation (WTO).
18. "The impact of globalisation has not been uniform". Explain this statement.

Essay Type Questions

19. Can you illustrate the features of the New Economic policy introduced in 1991?
20. Explain any five effects of globalization

21. **Assertion (A)** : Multinational corporations (MNCs) play a significant role in globalization.
Reason (R) : MNCs operate in multiple countries, driving economic growth and job creation.
- (a) Both A and R are true, and R is the correct explanation of A.
 - (b) Both A and R are true, but R is not the correct explanation of A.
 - (c) A is true, but R is false.
 - (d) A is false, but R is true.

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**Chapter-4 | Globalization
and the Indian Economy****Worksheet-1**

Answer & Solution

**1. (c)**

Non-discrimination means that no discrimination will be done by a member state between different trading states who are also members of WTO. Further foreign goods, services, trademarks, and copyrights should be given the same treatment as is given to nationals of a country.

2. (d)

The main motive of the MNCs is to earn profits due to which they prefer that place for production where they get cheap resources. This lowers their cost of production and ensures more profit.

3. (a)

Transnational means operating across nations, since MNCs extend their business operations beyond the boundaries of the country in which they were originally established, therefore these are also known as transnational corporations.

4. (c)

It employs labour only from its own country.

5. (b)

The Indian government, after Independence, had put barriers to foreign trade and foreign investment.

This was considered necessary to protect the producers within the country from foreign competition.

6. (b)

In accordance with the above, to shorten the duration and lessen the degree of disequilibrium in the international balance of payments of members. The other three are the objectives of the World Bank.

7. (d)

Globalization can lead to uneven economic development, with some regions and individuals benefiting more than others. This can result in income inequality, where a few become wealthier while many others struggle to improve their living standards.

8. (b)

By definition, liberalisation means to remove the trade restrictions and to free it from direct or physical controls imposed by the government.

9. (a)

The Buyer's market is one where goods are plentiful and buyers have a lot of choices. Prices in such cases tend to be low. As a result of globalisation, more and more foreign products are entering Indian markets, also many foreign

producers have started their production units in India due to which supply of the goods has increased considerably and thus making India a buyers market.

10. (c)

WTO started with 125 countries, however, the membership keeps on increasing and at present, there are 164 members since 29 July 2016, with dates of WTO membership.

11. Geneva, Switzerland

12. Special Economic Zone

13. True

14. True

15. The main aim of Special Economic Zones (SEZs) is to attract foreign companies to invest in India.

16. Liberalisation means removing or lessening of barriers or restrictions in an economy which had been set earlier by the government.

17. The following points state functions and importance of World Trade Organisation:

- i. World Trade Organisation deals with regulation of trade between participating countries.
- ii. World Trade Organisation provides a forum for negotiations and for settling disputes.
- iii. It is also a centre of economic research and analysis.
- iv. It looks after the promotion of free and fair trade amongst nations.
- v. It is an organisation that intends to supervise and liberalise international trade.

iv. It is an organisation that intends to supervise and liberalise international trade.

v. It oversees the implementation, administration and operations of the covered agreements.

vi. It promotes an environment that is encouraging to its member countries to come forward to WTO in mitigating their grievances

18. It is true that the impact of globalisation has not been uniform. This can be explained through the following points:

- i. Globalisation has some negative impacts on employment and real wages. Due to ushering in of new technologies, output increases, but employment opportunities are not much, especially in rural areas where over 60% of the population lives.
- ii. Globalisation is mainly beneficial to large capitalists, industries and large companies. Consequently, it increases the concentration of economic power and leads to inequalities. In India, during 1990-91 more than 33% of national product originated in the agricultural sector, but this share has come down to 23% in 2004-05.
- iii. Globalisation and greater competition among producers-both local and foreign producers have been of advantage to consumers, particularly the well-off sections in the urban areas.

There is a greater choice before these consumers who now enjoy the improved quality and lower prices for several products. As a result, these people today, enjoy much higher standards of living than was possible earlier.

- iv. Government has also allowed flexibility in the labour laws to attract foreign investment. Instead of hiring workers on a regular basis, companies hire workers 'flexibly' for short periods when there is intense pressure of work. This is done to reduce the cost of labour for the company.

19. Following are the features of New Economic Policy introduced in 1991:

- a. Liberalized policy towards foreign trade and foreign investment.
- b. Introduction of foreign capital investment.
- c. Removal of trade barriers.
- d. Reduction in the role of Public sector.
- e. Promotion to private sector.
- f. Reforms in the financial sector.
- g. Liberalization of import licensing.
- h. Freedom is given to the MNCs to set up their industrial units.

20. Five effects of Globalization:

1. Increased investments by MNCs: Multinational corporations (MNCs) often invest in various countries, bringing in capital, technology, and expertise.

2. New opportunities for companies: Globalization opens up new markets, allowing companies to expand their reach and increase their customer base.
3. Emergence of local companies as MNCs: Some local companies, like Tata and Infosys in India, have grown to become global players.
4. Raised standards of living: Access to a wider variety of goods and services, along with job creation, has improved living standards in many regions.
5. Increased competition: While competition can drive innovation and efficiency, it can also lead to the downfall of companies that cannot keep up.
6. Job losses: Industries that cannot compete with cheaper imports or more efficient foreign companies may shut down, leading to job losses.

21. (a)

Both A and R are true, and R is the correct explanation of A.