CHAPTER-4 | Globalisation And The Indian Economy

QUIZ-01

1. What is the most common route for MNCs to invest in a country?
   A. Setting up SEZs
   B. Buying existing local companies
   C. Providing loans to governments
   D. Investing only in agriculture (B)

Explanation : MNCs often buy up local companies as it allows them to quickly enter the market and expand production using existing networks.

2. What is foreign investment?
   A. Importing goods
   B. Sending money abroad
   C. Investment by MNCs in other countries
   D. Buying foreign goods online (C)

Explanation : Foreign investment refers to the money spent by MNCs in other countries to buy assets like land, machines, etc., to earn profit.

3. What led to the liberalisation of foreign trade in India?
   A. High agricultural production
   B. Pressure from international organisations
   C. Local protests
   D. Increase in oil prices (B)

Explanation : India removed trade barriers due to support and pressure from powerful international organisations after 1991.

4. Which of the following is NOT a benefit of foreign trade?
   A. Expands market choice
   B. Raises prices
   C. Integrates markets
   D. Encourages competition (B)

Explanation : Foreign trade typically reduces prices due to competition, not increases them.

5. What is one main role of technology in globalisation?
   A. Reducing wages
   B. Slowing trade
   C. Improving transport and communication
   D. Blocking MNCs (C)

Explanation : Technology, especially in transport and IT, makes global trade faster and cheaper.

6. What is the full form of WTO?
   A. World Technology Organisation
   B. World Trade Organisation
   C. Worldwide Transport Organisation
   D. World Tax Organisation (B)

Explanation : WTO stands for World Trade Organisation and it promotes free trade globally.

7. What is a Special Economic Zone (SEZ)?
   A. A zone for agriculture only
   B. An industrial area with no government rules
   C. An area with world-class facilities to attract investment
   D. A region reserved for defence (C)

Explanation : SEZs are created to attract foreign investment by offering tax relief and excellent infrastructure.

8. How are small producers affected by globalisation?
   A. They get subsidies
   B. They easily export their goods
   C. They often face tough competition and may shut down
   D. They control MNCs (C)

Explanation : Many small producers suffer due to cheaper imports and competition from MNCs.

9. Which industry in India faced competition due to imported Chinese toys?
   A. Textile B. Steel
   C. Toy manufacturing D. Software (C)

Explanation : Indian toy makers suffered losses when cheaper Chinese toys flooded the market.

10. Why do developed countries want developing countries to remove trade barriers?
    A. To help poor countries
    B. To dominate global trade
    C. To reduce pollution
    D. To stop globalisation (B)

Explanation : Developed countries benefit from open access to markets in developing nations.