

## CHAPTER-4 | Globalisation and The Indian Economy

QUIZ  
PART-01

## 1. What are MNCs?

- A. Small local businesses
- B. Government organisations
- C. Large companies operating in multiple countries
- D. Non-profit organisations (C)

**Explanation:** MNCs or Multinational Corporations are large companies that operate in more than one country.

## 2. Why do MNCs set up production in developing countries?

- A. Higher labor costs
- B. Stricter regulations
- C. Lower labor costs and favorable government policies
- D. Lack of technology (C)

**Explanation:** MNCs prefer countries with low labor costs and supportive policies to minimize production expenses.

## 3. Which of the following is a strategy used by MNCs to expand?

- A. Opening schools
- B. Setting up NGOs
- C. Placing orders with small producers
- D. Distributing free goods (C)

**Explanation:** MNCs place orders with local producers for goods like garments, footwear, etc., to expand their production.

## 4. What is the benefit of joint production with local companies for MNCs?

- A. Political power
- B. Avoiding taxes
- C. Access to local markets and resources
- D. Engaging in charity (C)

**Explanation:** Joint production provides MNCs with access to local infrastructure, technology, and marketing networks.

## 5. How does foreign trade help consumers?

- A. Reduces imports
- B. Limits choices
- C. Increases prices
- D. Offers more variety and competitive prices (D)

**Explanation:** Foreign trade brings more goods to the market and leads to better choices and competitive prices.

## 6. What is one result of increased foreign trade?

- A. Disconnected markets
- B. More local employment
- C. Integration of markets
- D. Rise in taxes (C)

**Explanation:** Increased foreign trade connects producers and buyers across countries, integrating markets.

## 7. Which example shows the effect of foreign trade on Indian producers?

- A. Increase in Indian toy prices
- B. Growth of Indian toy industry
- C. Increased competition from Chinese toys
- D. Government ban on exports (C)

**Explanation:** Foreign trade introduced Chinese toys to Indian markets, increasing competition for Indian manufacturers.

## 8. Which factor does NOT attract MNCs to a country?

- A. Low labor cost
- B. Good infrastructure
- C. Political instability
- D. Favorable policies (C)

**Explanation:** Political instability discourages MNCs, while other factors help them reduce costs and increase profits.

## 9. What does the integration of markets mean?

- A. Reducing foreign trade
- B. Making markets independent
- C. Connecting markets of different countries
- D. Focusing only on local trade (C)

**Explanation:** Integration of markets refers to connecting economies through trade and production links.

## 10. Why do MNCs place orders with small producers?

- A. To donate goods
- B. To get government benefits
- C. To produce goods at lower cost and control quality
- D. To encourage self-employment (C)

**Explanation:** MNCs place orders to reduce costs while controlling quality, deadlines, and prices.