

CBSE Test Paper - 04
Chapter - 27 Globalisation

1. Which of the following industries has a large number of well-off buyers in urban areas? **(1)**
 - a. Clothing and accessories
 - b. Automobiles
 - c. Footwear
 - d. Jewellery
2. New Economic Policy was adopted by government of India in the year **(1)**
 - a. 1991
 - b. 1990
 - c. 1993
 - d. 1992
3. The foreign trade of any country can be analysed in terms of how many components? **(1)**
 - a. Four components
 - b. Three components
 - c. Two components
 - d. Five components
4. From which country is the maximum foreign direct investment inflow to India **(1)**
 - a. China
 - b. Mauritius
 - c. Pakistan
 - d. USA
5. Globalisation has made India a **(1)**
 - a. Monopsony

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- b. Sellers market
 - c. Buyers market
 - d. Monopoly market
6. In which year, the government started to remove barriers on foreign trade and foreign investment. **(1)**
 7. The latest models of a digital camera, a tab or I-pad are available in India now. How is this possible? **(1)**
 8. What is 'Foreign Investment'? **(1)**
 9. Why are MNCs setting their customer care centers in India? **(1)**
 10. "Information and Communication Technology (ICT) has played a major role in spreading out products and services across countries". Support this statement. **(3)**
 11. 'Barriers on foreign trade and foreign investment were removed to a large extent in India since 1991.' Justify the statement. **(3)**
 12. "Foreign trade is an important component of globalization". Explain. **(3)**
 13. How does Government attract foreign investment? Explain different ways. **(3)**
 14. "Fair globalisation would create opportunities for all and also ensure that benefits of globalisation are shared better." Support the statement. **(5)**
 15. How has Information and Communication Technology played a big role in bringing the whole world close to each other? **(5)**

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Answers

1. b. Automobiles

Explanation: MNCs have been interested in industries such as cell phones, automobiles, electronics, soft drinks, fast food or services such as banking in urban areas. These products have a large number of well-off buyers.

2. a. 1991

Explanation: Economic policy adopted by the government of India since July 1991 is termed as New Economic policy or Economic reforms.

3. b. Three components

Explanation: The three components in terms of which foreign trade of a country can be analysed are composition of trade, volume of trade and direction of trade.

4. b. Mauritius

Explanation: The largest source of foreign investment in India is the island in Indian ocean namely mauritius. This is due to reason that Mauritius has low tax rates and a treaty for avoidance of double taxation with India.

5. c. Buyers market

Explanation: Buyer's market is one where goods are plentiful and buyers have a lot of choice. 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.

6. The government started to remove the barriers in foreign trade in the year 1991.

7. The latest models of a digital camera, a tab or I-pad are available now in India because of globalisation that has made foreign trade of goods and services easier.

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8. Investment made by MNCs from foreign countries is called foreign investment. In other words, foreign investment occurs when a company or individual from one nation invests in assets or ownership stakes of a company based in another nation.
 9. MNCs are setting up their customer care centres in India due to the availability of low cost and skilled labour. Also added to this is the fact that people in India are good and fluent in English which is prerequisite for working in the customer care centres of the MNCs.
 10.
 - The developments in information and communication technology have been changing rapidly. Rapid improvement in technology has been one major factor that has stimulated the globalisation process.
 - Telecommunication facilities (telegraph, telephone including mobile phones, fax) are used to contact one another around the world, to access information instantly and to communicate from remote areas. This has been facilitated by satellite communication devices. It has enabled to contact one another around the world, to access information instantly, and to communicate from remote areas.
 - Computers have ventured into the amazing world of the Internet, where one can obtain and share information on almost anything. Internet has allowed to send instant electronic mail and talk across the world at negligible costs. It also allows us to send instant electronic mail (e-mail) and talk (voice-mail) across the world.

Thus, it can be concluded that Information and Communication Technology (ICT) has played a major role in spreading out products and services across the countries.

11.
 - In 1991, the Government of India liberalised its policy and decided to remove the barriers on foreign trade and foreign investment around 1991 as it was realized that the time had come for Indian producers to compete with producers around the globe.
 - The removal of barriers meant that goods could be imported as well as exported easily and also foreign companies could set up their factories and offices in India.
 - The Government had an opinion that trade competition would improve the

performance of the local producers within the country since they will be forced to improve their quality.

- Another reason was the economic crises in India in 1990-91 and support of WTO and IMF led the government to remove trade barriers.

Thus, the Indian Government removed barriers to a large extent on foreign trade and foreign investment.

12. Foreign trade is an important component of globalization due to the following reasons:

- i. Foreign trade implies exchange of goods and services across the countries.
- ii. It helps to expand the size of market for producers.
- iii. Producers and consumers can get commodities produced in any part of the world.
- iv. It works to integrate markets in different countries.
- v. Foreign trade gives consumers a wide range of choice in choosing the products.

13. In recent years, the government has taken many steps to attract foreign investment into India. Some of them are as follows:

Special Economic Zones (SEZs) have been set up by the government and they have world-class facilities such as electricity, roads, transport, storage, recreational and educational facilities etc.

- i. The companies who set up their units in SEZs are exempt from payment of tax for an initial period of five years.
- ii. Labour laws are made flexible in order to attract foreign investment.
- iii. Instead of hiring workers on a regular basis, companies can now hire workers flexibly for a short period which reduces their costs of production.

14. Fair globalisation would create opportunities for all and also ensure that the benefits of globalisation are shared in a better way by all. This can be achieved in the following ways:

- i. Government should frame their policies in such a way that it must protect the interests not only the rich and powerful, but of all the people in the country.
- ii. Government can ensure that labour laws are properly implemented and the

workers get their rights. It should see that there is strict supervision on the proper implementation of these laws.

- iii. Government can support small producers to improve their performance till they become strong enough to compete with the global producers.
 - iv. If necessary the government can use trade and investment barriers to protect the local producers.
 - v. It can negotiate at the WTO for fairer rules.
 - vi. It can also align with other developing countries with similar interests to fight against the domination of developed countries in the WTO.
15. i. In recent times, technology in the areas of telecommunications, computers, and internet has been changing rapidly.
- ii. Telegraph, telephone, internet, mobile phone and fax are widely used to contact one another around the world, to access information instantly and to communication from remote areas.
 - iii. This has been facilitated by the satellite communication devices.
 - iv. Through internet, information can be shared and obtained anytime and anywhere.
 - v. Internet also allows us to send instant electronic mail and talk across the world at negligible costs thus bringing the whole world close to each other.