

CBSE Test Paper - 02
Chapter - 27 Globalisation

1. Fair globalisation means **(1)**
 - a. benefits of globalisation must be shared equally
 - b. globalisation is not fair.
 - c. benefits of globalisation must be taken away by the rich section of the people
 - d. benefits of globalisation must be shared unequally
2. Trade between countries: **(1)**
 - a. makes a country dependent on the other
 - b. determines prices of products in different countries
 - c. decreases competition between countries
 - d. none of these
3. Which of the following is true? **(1)**
 - a. Underdeveloped countries export primary commodities
 - b. Underdeveloped countries export industrial products
 - c. Underdeveloped countries do not export any commodity
 - d. Underdeveloped countries export fertilizers
4. A company that owns or controls production in more than one nation is called **(1)**
 - a. Multinational corporation
 - b. private limited company
 - c. Global company
 - d. Joint stock company
5. Which of the following companies has been constituted for promoting foreign direct investment in the country. **(1)**
 - a. TCS
 - b. Invest India

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- c. RIL
 - d. ONGC

6. What will happen if the trade barriers are removed from the import of Chinese toys to India? **(1)**
7. Why are the Chinese toys popular in the world? **(1)**
8. Due to which reason the latest models of different items are available within our reach? **(1)**
9. What is the main aim of Special Economic Zones (SEZ) developed by the Government of India? **(1)**
10. Why the MNCs are interested to set up their manufacturing units in developing countries. **(3)**
11. What do you understand by liberalization of foreign trade? Give any two benefits of adopting liberalization of trade and investment policies. **(3)**
12. Explain the functions and importance of World Trade Organisation (WTO). **(3)**
13. How globalisation has helped to improve living conditions of workers in developing countries? **(3)**
14. "Globalisation and greater competition among producers has been advantageous to consumers." Support the statement with examples. **(5)**
15. How would flexibility in labour laws help Multinational Companies? **(5)**

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Answers

1. a. benefits of globalisation must be shared equally

Explanation: Fair globalisation means that the benefits of globalisation must be shared by all equally for that govt. has a role to play.

2. b. determines prices of products in different countries

Explanation: With the opening of trade, goods travel from one market to another. Choice of goods in the markets rises. Prices of similar goods in the two markets tend to become equal. And, producers in the two countries now closely compete against each other even though they are separated by thousands of miles. Foreign trade thus results in connecting the markets or integration of markets in different countries and helps in determines prices of products in different countries.

3. a. Underdeveloped countries export primary commodities

Explanation: Underdeveloped countries depend for their export earnings on a few primary commodities. These countries export raw materials of agricultural origin and import manufactured industrial products.

4. a. Multinational corporation

Explanation: Multinational corporations are those companies that own or control production in more than one nation. A multinational company is a business that operates in many different countries at the same time. In other words, it's a company that has business activities in more than one country.

5. b. Invest India

Explanation: Invest India is a joint company of public and private sectors which has been constituted for promoting FDI in the country. This company works on 'no profit-no loss basis.

6. The price of Chinese toys will decrease and the demand for Indian toys will also decrease. The sale of Chinese toys in India will increased due to less price as

comparison to the price of Indian manufactured products.

7. Chinese toys are comparatively cheaper than the domestic toys and also they come up with new innovative ideas of toys. That is why they are popular in the world.
8. The latest models of digital camera, mobile phone, TV etc. are available with us due to Globalisation.
9. The main aim of Special Economic Zones (SEZs) is to attract foreign companies to invest in India.
10.
 - i. MNCs set up production where it is close to the markets, so that skilled and unskilled labour can be availed at low costs.
 - ii. In developing countries, labour laws are not properly followed and the labour is available at very low cost in these countries.
 - iii. In developing countries, the availability of other factors of production is assured. Raw material is also available at lower price.
11. Liberalization: Liberalization of foreign trade means the removal of trade barriers or restrictions set by the government to attract foreign investment. Following are the benefits of adopting liberalization of trade and investment policies:
 - i. With liberalization of trade, businesses are allowed to make **decisions freely** about what they wish to import or export.
 - ii. Foreign companies could **set up factories and offices** in other countries.
12. 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.
 - vi. It oversees the implementation, administration and operations of the covered

agreements.

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

13.
 - Globalisation has helped creating new jobs in MNCs units in developing countries. Globalisation guarantees increased employment opportunities.
 - More employment and more economic growth would create a better quality of life for the people.

Thus, it has helped in the improvement of living conditions of workers in these units.

14. Globalisation and greater competition among producers have been advantageous to consumers in the following ways:

- i. Globalization and greater competition among local and foreign producers have been advantageous to consumers, especially to the population residing in urban areas.
 - ii. There is a greater choice before these consumers who now enjoy an improved quality of goods and services at lower prices. This would not have been possible without globalization.
 - iii. Due to globalization, people enjoy higher standards of living than before. It has increased the purchasing power of people.
 - iv. Globalization has benefited the consumers as it has led to employment generation.
 - v. Wide-ranging choice of goods in our markets is a recent phenomenon and has brought changes in the lives of people.
15.
 - i. In the absence of strict laws most of the companies employ workers on temporary basis so that they do not have to pay workers for the whole year.
 - ii. Workers also have to put in very long working hours and work night shifts on a regular basis during the peak seasons.
 - iii. Wages are low and workers are forced to work overtime to make both ends meet.
 - iv. To earn huge profits employers try to cut the labour cost by different ways.
 - v. Flexibility in labour laws have helped the companies to increase their income granted by not paying reasonable wages and other benefits such as provident fund insurance etc.