

**CBSE Test Paper - 01**  
**Chapter - 27 Globalisation**

---

1. The ruling body of world trade organisation is **(1)**
  - a. Ministerial conference
  - b. UNO
  - c. Trade policy review body
  - d. General council
2. Multinational corporations came into existence during **(1)**
  - a. The end of the 20th century.
  - b. middle of the 21st century.
  - c. end of the 21st century.
  - d. Middle of the 20th century.
3. In which year Government of India started to remove barriers on foreign trade and foreign investment **(1)**
  - a. 1995
  - b. 1994
  - c. 1991
  - d. 1992
4. Broadly speaking there are how many types of foreign investment? **(1)**
  - a. 1
  - b. 4
  - c. 3
  - d. 2
5. The director general of WTO is appointed for a period of **(1)**
  - a. Three years
  - b. Four years

- 
- c. Five years
  - d. Six years

6. In which year the demonstration against WTO held in Hong Kong? **(1)**
7. A Japanese company sells mobile phones which is not only cheap but of better quality. What should the Indian government do to protect domestic producers? **(1)**
8. Name the process which helps in rapid integration or interconnection between countries? **(1)**
9. What globalisation will result into? **(1)**
10. Suggest any three ways by which globalization can be made fairer so that it benefits all people. **(3)**
11. Explain with an example how the opening up of foreign trade results in connecting the markets of different countries. **(3)**
12. Why did the Government of India change the old economic policy in 1991? **(3)**
13. How do MNCs manage to keep the cost of production of their goods low? **(3)**
14. "Be careful! That's our world you are playing with! Someday you'll have to pay a price!" How would you prioritize the facts behind this warning? **(5)**
15. "WTO is not making rules fairly". Explain the term with an example. **(5)**

---

**CBSE Test Paper - 01**  
**Chapter - 27 Globalisation**

---

**Answers**

1. d. General council

**Explanation:** The General Council is the WTO's highest-level decision-making body in Geneva, meeting regularly to carry out the functions of the WTO. It has representatives (usually ambassadors or equivalent) from all member governments and has the authority to act on behalf of the ministerial conference which only meets about every two years.

2. a. The end of the 20th century.

**Explanation:** Until the middle of the 20th century, production was largely organised within countries and it was towards the end of the 20th century that multinational corporations emerged on the scene.

3. c. 1991

**Explanation:** Govt. of India adopted New Economic Policy in the year 1991. Its main aim was to remove restrictions on foreign trade and foreign investment. Thus it was the year 1991 when Government of India started to remove barriers on foreign trade and foreign investment.

4. d. 2

**Explanation:** Broadly speaking there are two types of foreign investment namely foreign direct investment (FDI) and foreign portfolio investment (FPI).

5. b. Four years

**Explanation:** The General Council appoints director-general for a term of four years after consultations among the member countries.

6. In 2005, the demonstration against WTO was held in Hong Kong.

7. The Indian government can impose import taxes on the mobile phones of Japan. Tax on imports is one type of trade barrier. In this way, the prices will rise making the domestic mobile phones cheaper.

The government could also place a limit on the number of goods that can be imported.

---

This is known as quotas.

8. The process which helps in rapid integration or interconnection between countries is Globalisation
9. As a result of globalisation, a nation can achieve the following:
  - i. Greater exchange of goods and services around the world.
  - ii. Transfer of technology and homogeneity of prices of similar products across the world.
10.
  - i. Government can ensure that labour laws should be properly implemented and the workers get their rights.
  - ii. It can support small producers to improve their performance till the time they become strong enough to compete.
  - iii. People can play an important role in the struggle for fair globalisation through massive struggle and movements.
  - iv. Government can put pressure on WTO to make policies fairer.
11. Foreign trade results in connecting the markets of different countries in the ways mentioned below:
  - Foreign trade provides opportunities for both producers and buyers to reach beyond the markets of their own countries.
  - Producers can sell their products not only in markets located within the country but also compete in markets located in other countries of the world.
  - Similarly, for the buyers, import of goods produced in another country is one way of expanding the choice of goods beyond what is domestically produced.
  - Goods travel from one country to another. Competition among producers of various countries as well as buyers prevails.
  - Thus, foreign trade leads to the integration of markets across countries. For example, during Diwali season, buyers in India have the option of choosing between Indian and Chinese decorative lights and bulbs. So, this provides an opportunity to expand the business.
12. The reasons for which the government of India changed the old economic policy in 1991 are:

- 
- i. The time had come for the Indian producers to compete with producers around the globe as competition would improve performance.
  - ii. Powerful international organizations like WTO and World Bank forced the government to take this step.
  - iii. Liberalization was adapted to encouraged free movement of goods, services and manpower across countries.

13. MNCs manage to keep their cost of production low due to the following reasons:-

- i. MNCs set-up their offices and factories in the region where the cost of skilled and semiskilled labour and other resources is low.
- ii. Besides, to keep the cost of production of their goods low, they also set-up their production units close to the market.
- iii. They establish factories and offices at a place where the government policies favour them.
- iv. They locate their production units or factories where the raw materials are easily available and are available at cheap rates.

14. “Be careful! That’s our world you are playing with! Someday you’ll have to pay a price!” These are the words said by a kid to the owner of MNCs when he said. “Globalization is fun”. Following are some of the facts behind this warning:

- i. This indicates that Globalisation is a process of earning huge profit by the MNCs. The main motive the MNCs is to earn huge profit. To achieve this motive, these MNCs exploit the resources of earth without caring environment.
- ii. MNCs put pressure on the governments of the developing countries to mend their policies according to them.
- iii. Some critics said globalisation is a form of neo-colonialism.
- iv. The manufacturing units of the MNCs are the major cause of spreading pollution in the environment.
- v. Globalisation widens the gap between rich and poor. One day all the effects of globalisation will bring disaster in the world. The people of the whole world will suffer from it.

15. i. World Trade Organisation is one such organization whose aim is to liberalize international trade.

- 
- ii. WTO is supposed to allow free trade for all, in practice, it is seen that the developed countries have unfairly retained trade barriers.
  - iii. On the other hand WTO rules have forced the developing countries to remove trade barriers and subsidy.
  - iv. For Example, The farmers of US receive massive sums of money from the US government for production and for exports to other countries. Due to this massive money that they receive, US farmers can sell the farm products at abnormally lower prices. Developed countries have reduced trade barriers as per WTO but the governments of developed countries have ignored the rules of WTO. These examples clarify "WTO is not making rules fairly".