

**CBSE Test Paper - 03**  
**Chapter - 27 Globalisation**

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1. Where is the headquarter of IMF? **(1)**
  - a. London
  - b. Geneva
  - c. New York
  - d. Washington D.C.
2. Which Indian company has been bought by Cargill Foods, an MNC? **(1)**
  - a. Parakh Foods
  - b. Britannia
  - c. Dabur
  - d. Amul
3. Organisation which does not facilitate the process of globalisation **(1)**
  - a. WTO
  - b. Asian Development Bank
  - c. IMF
  - d. World Bank
4. Trade between two or more nations is known as **(1)**
  - a. National trade
  - b. Exports
  - c. Foreign trade
  - d. Regional trade
5. India became the member of GATT in the year **(1)**
  - a. 1948
  - b. 1951
  - c. 1949

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d. 1950

6. What is the meaning of 'Investment'? **(1)**
7. Amit is using his money to buy assets like house, commercial land and machines. Write what is he actually doing? **(1)**
8. Where is the Head Office of WTO? **(1)**
9. What are the features of an MNC? **(1)**
10. Can you list any three different ways by which foreign trade results in connecting the markets or integration of markets in different countries? **(3)**
11. What is Globalisation? Explain. **(3)**
12. 'Kashish Garments' bagged a huge order of supplying jute fabric to US based MNC. To reduce its cost of production, it hired workers only on temporary basis. Which aspect of globalisation it shows? **(3)**
13. What are the Special Economic Zones (SEZs)? Why is the government setting up SEZs? **(3)**
14. Can you illustrate the features of the New Economic policy introduced in 1991? **(5)**
15. In what ways the globalisation affected the life of Sushila? **(5)**

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**Answer**

1. d. Washington D.C.

**Explanation:** The **International Monetary Fund (IMF)** is an international organization headquartered in Washington D.C. consisting of "189 countries.

2. a. Parakh Foods

**Explanation:** The most common route for MNC investments is to buy up local companies and then to expand production. MNCs with huge wealth can quite easily do so. To take an example, Cargill Foods, a very large American MNC, has bought over smaller Indian companies such as Parakh Foods.

3. b. Asian Development Bank

**Explanation:** Asian Development Bank tries to help the developing member countries in reducing the poverty and improve the quality of life of their people, it has nothing to do with globalisation.

4. c. Foreign trade

**Explanation:** Foreign trade or International trade is the trade between two or more countries. International trade is an integral part of Globalisation.

5. a. 1948

**Explanation:** GATT which was replaced by WTO was established in the year 1948 and India was one of its founding members.

6. The money that is spent to buy assets such as land, building, machines and other equipment so as to make a profit or to achieve a result is called investment e.g. Real Estate investments, Investments on modern technology etc.
7. He is investing his money on these assets. He hopes to earn profits from these assets in the future.
8. The head office of WTO (World Trade Organisation) is in Geneva, Switzerland
9. The main features of an MNC are as follows:
- i. It owns production units in several countries and operates through a network of branches, subsidiaries and affiliates in host countries.

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- ii. It employs labour from different countries in different production units.
10. a. Foreign trade creates an opportunity for the producers to reach beyond the domestic markets, i.e. markets of their own countries.
- b. Producers can sell their product not only in markets located within the country but can also compete in markets located in other countries.
- c. For the buyers, import of goods produced in another country is one way of expanding the choice of goods beyond what is domestically produced.
11. i. Globalisation is a process of rapid integration or interconnection between countries through foreign trade and foreign investments by Multinational Corporations (MNCs). This means that a business that had previously only sold its goods domestically can start selling products to other countries
- ii. With globalisation, more and more goods and services, investments and technology are moving between countries.
- iii. Globalisation describes the growing interdependence of the world's economies, cultures, and populations brought about by cross-border trade in goods and services, technology and flows of investment, people, and information.
12. It shows a negative aspect of globalisation as the benefits of foreign trade is not equally shared. The workers do not receive any benefit and major profit is shared between the MNC and the exporting company. Also, workers were only employed on a temporary basis as opposed to employing them permanently. Their wages will be low and had to work for long hours on a regular basis without getting any employment benefits.
13. SEZs or Special Economic Zones are industrial areas where world-class facilities like water, electricity, roads and transport, recreation, education are available. Companies who set-up units in SEZs are exempted from tax for 5 years. The government is setting up SEZs due to the following reasons:
- i. SEZs promote foreign companies to invest in India.
  - ii. They attract foreign investment.
14. Following are the features of New Economic Policy introduced in 1991:
- a. **Liberalized** policy towards foreign trade and foreign investment.
  - b. Introduction of **foreign capital investment**.

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- c. Removal of **trade barriers**.
  - d. Reduction in the role of **Public sector**.
  - e. Promotion to **private sector**.
  - f. Reforms in the **financial sector**.
  - g. Liberalization of **import licensing**.
  - h. Freedom is given to the MNCs to set up their **industrial units**.
15. Sushila has spent many years as a worker in garment export industry in Delhi. She was employed as a 'permanent worker' entitled to health insurance, provident fund, over time at durable rate.
- a. In 1990 her factory was closed due to the introduction of new economy policy which was introduced by the Indian Government. She becomes unemployed.
  - b. After searching a job for six months, she finally got a job 30 km away from her home.
  - c. Even working in this factory for several years, she was a temporary worker and earned less than half of what she was earning earlier.
  - d. She left her house every morning, seven days a week at 7:30 a.m. and returns at 10 p.m. A day off from work means no wage.
  - e. Sushila no longer got the protection and benefits she used to get earlier.