

Globalisation and the Indian Economy

Previous Years' CBSE Board Questions

Production Across Countries; Interlinking Production Across Countries; Foreign Trade and Integration of Markets

MCQ

1. Which one of the following is a major benefit to an MNC when it works on joint production with a local company? (2023)

- (a) MNC shares its latest technology with the local company.
- (b) MNC decides all parameters and prices of the product.
- (c) MNC shares its institutional policy with local company.
- (d) MNC built good and familial relations with the local company.

VSA (1 mark)

2. Why do MNCs set up their offices and factories in those regions where they get cheap labour and other resources? (AI 2016)

3. Differentiate between investment and foreign investment. (AI 2016)

4. What is the meaning of 'Investment'? (2015)

5. Why are MNCs setting their customer care centres in India? (2015)

6. What attracts the Foreign investment? (2015)

SAI (3 marks)

7. How is foreign trade interlinking markets of different countries? Explain with example. (Foreign 2017)

OR

How do multinational corporations (MNCs) interlink production across countries? Explain with examples. (AI 2017)



8. Examine any three conditions which should be taken care of by multinational companies to set up their production units. (Delhi 2017)
9. Explain by giving example that multinational corporations (MNCs) are spreading their production in different ways. (2016)
10. Elaborate any three disadvantages of multinational corporations. (2016)
11. How did Cargill Food become the largest producer of edible oils in India? Explain. (2014)
12. Why did Ford Motors Company want to develop Ford India as a component supplying base for its other plants across the globe? Explain. (2014)

LA (5 marks)

13. Explain any five steps taken by the developing countries to attract Foreign investment. (2023)
14. Why do multinational corporations (MNCs) set up their offices and factories in certain areas only? Explain any five reasons. (Delhi 2019, Foreign 2016)
15. How has foreign trade been integrating markets of different countries? Explain with examples. (2018)
16. How are Multinational Corporations (MNCs) controlling and spreading their productions across the world? Explain. (Delhi 2015)

What is Globalisation?; Factors that have Enabled Globalisation

MCQ

17. Why did the Indian government liberalize trade regulations in 1991? (2023)
 - (a) Government wanted foreign exchange equivalent to Indian Currency.
 - (b) Government wanted maintain good relations with Western Countries.
 - (c) Government wanted Indian producers to compete in the World Market.
 - (d) Government wanted to provide socio-economic justice to all.
18. Choose the correct statement about factors regarding globalisation in India: (2020)
 - (1) Improvement in transportation technology.



(II) Liberalisation of foreign trade and foreign investment.
(III) Favourable rules of WTO towards India in comparison to developed countries. Choose the correct options from the codes given below:

- (a) I and II only
- (b) I and III only
- (c) II and III only
- (d) III only.

19. Removing barriers or restrictions set by the government is known as (Foreign 2014) U

- (a) Globalisation
- (b) Privatisation
- (c) Nationalisation
- (d) Liberalisation

VSA (1 mark)

20. State any one example of 'Trade Barrier'. (AI 2019)

21. Why did the Indian Government remove barriers to a large extent on foreign trade and foreign investment? (Foreign 2015)

SAI (3 marks)

22. How is information technology connected with globalisation? in India. (2023)

23. Examine the steps taken by the Central and State governments to attract foreign companies to invest (Term-II, 2021-22)

24. What are the Special Economic Zones (SEZs)? Why is the government setting up SEZs? (2016)

25. "Information and communication technology has played a major role in spreading out production of services across countries." Justify the statement with examples. (Foreign 2016)

26. Why had the Indian government put barriers to foreign trade and foreign investments after Independence? Analyse the reasons. (AI 2016, 2015)

27. "Foreign trade is an important component of globalisation". Explain any three points in this regard. (2015)

LA (5 marks)

28. "Technology is the vital force in the modern form of globalisation". Explain the statement with suitable examples. (Term-II, 2021-22)
29. "Globalisation is the process of rapid integration between countries". Examine the statements. (Term-11, 2021-22 C)
30. What is liberalisation? Describe any four effects of liberalisation on the Indian economy. (AI 2017)
31. How has information and communication technology stimulated globalisation process? Explain with examples. (2017,2014)
32. What is globalisation? Describe the role of Multinational Corporations (MNCs) in promoting globalisation process. (Delhi 2016)
33. "Advancement of international trade of a country is an index to its prosperity." Support the statement with suitable example. (AI 2014)

MCQ

World Trade Organisation; Impact of Globalisation in India; The Struggle for a Fair Globalisation

34. Which one of the following has been the major source of foreign exchange for I.T. Industry? (Delhi 2014)
- (a) Bharat Heavy Electricals Limited
 - (b) Oil India Limited
 - (c) Steel Authority of India Limited
 - (d) Business Process Outsourcing

VSA (1 mark)

35. Due to which reason the latest models of different items are available within our reach? (Foreign 2016)

SAI (3 marks)

36. Examine the debate that took place in the World Trade Organisation for the developing countries. (Term-II, 2021-22)
37. Analyse any three factors that make globalisation more fair. (AI 2019)

38. Analyse the impact of globalisation on Multi-national Corporations (MNCs) in India. (AI 2019)

39. "A wide ranging choice of goods are available in the Indian Markets." Support the statement with examples in context of globalisation. (2016)

OR

In recent years how our markets have been transformed? Explain with examples. (Delhi 2015)

SA II (4 marks)

40. Read the source given below and answer the questions that follow:
We have seen that the liberalisation of foreign trade and investment in India was supported by some very powerful international organisations. These organisations say that all barriers to foreign trade and investment are harmful. There should be no barriers. Trade between countries should be 'free'. All countries in the world should liberalise their policies. World Trade Organisation (WTO) is one such organisation whose aim is to liberalise international trade. Started at the initiative of the developed countries, WTO establishes rules regarding international trade, and sees that these rules are obeyed. 149 countries of the world are currently members of the WTO (2006). Though WTO is supposed to allow free trade for all, in practice, it is seen that the developed countries have unfairly retained trade barriers. On the other hand, WTO rules have forced the developing countries to remove trade barriers. An example of this is the current debate on trade in agricultural products.

(i) Which among the following organisations establishes the rules regarding international trade?

- (a) WHO
- (b) WTO
- (c) UPU
- (d) IMF

(ii) Which of the following is the aim of World Trade Organisation?

- (a) To liberalise international trade
- (b) To provide loans to the developing countries



- (c) To help countries economically
- (d) To resolve the political disputes between countries

(iii) Which one of the following options defines 'Liberalisation'?

- (a) Impose the tax on economic activities
- (b) To set barriers by the government in the economic field
- (c) To remove barriers set by the government
- (d) Self-control on all economic activities

(iv) Who among the following had initiated to start the World Trade Organisation (WTO)?

- (a) European Union
- (b) Non-Aligned countries
- (c) Developing countries
- (d) Developed countries (2021 C)

LA (5 marks)

41. 'Liberalisation of foreign trade involves policy framework at National and International level. Explain the statement. (2023)

42. Explain the rapid transformation in the communication sector in the modern times. (2023)

43. Explain the characteristics of International trade of India. (2023)

44. "The impact of globalisation has not been uniform". Explain the statement with suitable examples. (Term-11, 2021-22, 2020)

45. Read the sources given below and answer the questions that follow:

Source A: Production across countries Until the middle of the twentieth century, production was largely organised within countries. What crossed the boundaries of these countries were raw material, food stuff and finished products. Colonies such as India exported raw materials and food stuff and imported finished goods. Trade was the main channel connecting distant countries. This was before large companies called multinational corporations (MNCs) emerged on the scene. Source B: Foreign trade and integration of markets Foreign trade creates an opportunity for the producers to reach beyond the domestic markets, i.e., markets of their own countries. Producers

can sell their produce not only in markets located within the country but can 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.

Source C: Impact of globalisation in India

Globalisation and greater competition among producers both local and foreign producers - has been of advantage to consumers, particularly the well-off sections in the urban areas. There is greater choice before these consumers who now enjoy improved quality and lower prices for several products. As a result, these people today, enjoy much higher standards of living than was possible earlier. Source A: Production across countries

(i) How are MNCs a major force in connecting the countries of the world?

Source B: Foreign trade and integration of markets

(ii) How does foreign trade become a main channel in connecting countries?

Source C: Impact of globalisation in India

(iii) How is globalisation beneficial for consumers? (2020)

46. How do we feel the impact of globalisation on daily life? Explain with examples. (2018)

47. Analyse any five positive effects of globalisation on the Indian economy. (AI 2017)

48. Describe the impact of globalisation on Indian economy with examples. (AI 2016)

49. Describe the major problems created by the globalisation for a large number of small producers and workers. (Foreign 2016)

50. What steps should be taken to make trade more fair between the countries? (2016)

51. "Globalisation and greater competition among producers has been advantageous to consumers." Support the statement with examples. (AI 2015)



52. "Fair globalisation would create opportunities for all and also ensure that benefits of globalisation are shared better." Support the statement. (Foreign 2015)

53. "Globalisation has been advantageous to consumers as well as to producers." Support the statement with suitable examples. (AI 2014)

CBSE Sample Questions

Production Across Countries; Interlinking Production Across Countries;
Foreign Trade and Integration of Markets

SA II (4 marks)

1. Read the source given below and answer the following questions:

Ford Motors, an American company, is one of the world's largest automobile manufacturers with production spread over 26 countries of the world. Ford Motors came to India in 1995 and spent 1700 crore to set up a large plant near Chennai. This was done in collaboration with Mahindra and Mahindra, a major Indian manufacturer of jeeps and trucks. By the year 2004, Ford Motors was selling 27,000 cars in the Indian markets, while 24,000 cars exported from India to South Africa, Mexico and Brazil. The company wanted to develop Ford India as a component supplying base for its other plants across the globe. (2020-21)

(i) The passage given above relates to which of the following options?

- (a) Increased employment
- (b) Foreign investment
- (c) Foreign collaboration
- (d) International competition

(ii) According to the given passage, Ford Motors can be termed as a Multi-national Company based on which of the following options?

- (a) Production of different types of automobiles.
- (b) Largest automobile manufacturer in the world.
- (c) Because of large scale export of cars across globe.
- (d) Industrial and commercial ventures across globe.

(iii) By setting up their production plants in India, Ford Motors wanted to

- (a) collaborate with a leading Indian Automobile company

- (b) satisfy the demands of American, African, and Indian markets
 - (c) tap the benefits of low-cost production and a large market
 - (d) take over small automobile manufacturing units in India
- (iv) 'Ford Motors' wish to develop Ford India as a component supplying base for its other plants across the globe is an evidence of
- (a) promoting local industries of India
 - (b) merging trade from different countries
 - (c) supplying jobs to factory workers in India
 - (d) interlinking of production across countries

What is Globalisation?; Factors that have Enabled Globalisation

MCQ

2. Identify the correct statements about globalisation.

- I. Removal of barriers by the government.
- II. Foreign companies are allowed to set up factories
- III. Has enabled all companies to increase their investments.
- IV. Has lessened foreign investment and foreign trade.

- (a) I and II only
- (b) II and III only
- (c) I and III only
- (d) II and IV only (2022-23)

3. Read the given statements in context of globalisation' and choose the correct option. (2020-21)

- (a) It is the only way for economic development of the country.
- (b) Interlinks only production based activities in dispersed location in the world.
- (c) It has always given only positive results in all the countries.
- (d) Leads to spread of technology, cultures and diseases from a region to another.

SAI (3 marks)

4. In what ways, Multi National Corporation (MNCs) different from other companies? Explain with an example. (2022-23)

LA (5 marks)

5. Examine the role of Information Technology in stimulating the process of globalisation. (Term-II, 2021-22) An

World Trade Organisation; Impact of Globalisation in India; The Struggle for a Fair Globalisation

MCQ

6. Which of the following international agencies allow free trade and work on mutual trade between countries? (2022-23)

- (a) WTO
- (b) IMF
- (c) UPU
- (d) FAO

LA (5 marks)

7. Assess the impact of globalisation on India and its people. (Term-II, 2021-22)

ANSWERS

Previous Years' CBSE Board Questions

1. (a): MNC shares its latest technology with the local company.
2. Multinational companies usually set up their offices and factories in regions (countries) where they get land, labour and raw materials at a cheaper rate. This makes them more competitive in the world market and can lead to greater profitability.
3. Investment by any person or entity is the money spent for buying building, land or other assets with a motive to earn a profit in future by selling it or in any other fashion. Foreign investment is any investment made by a foreign business entity such as a MNC, or an individual or a foreign government in India for buying assets with the motive to earn a profit from it.
4. The money that is spent to buy assets such as land, building, machines and other equipment is called an investment.
5. Due to the availability of cheap skilled labour and good English speaking workforce.



6. Infrastructural facility and the possibility of making more profits in near future to attract the foreign investment.

7. (i) Through the trade, goods travel from one market to another.

(ii) Choice of goods in the markets increases and prices become competitive.

(iii) Producers in the two countries now compete against each other and best products become successful.

8. The MNCs must ensure that

(a) Cheap raw material is available.

(b) Cheap yet skilled labour is available.

(c) The overall production cost is low.

(d) Availability of large consumer base.

9. Multinational Corporations are spreading their productions in different ways.

(i) By setting up partnership with local companies.

(ii) By placing order with local companies. For example, garments, footwear, sports items, etc.

(iii) By closely competing with the local companies.

(iv) By buying local companies. Example, Cargill Foods, a very large American MNC has taken over smaller Indian company such as Parakh Foods.

10. The disadvantages of MNCs are:

(i) Small manufacturers like - makers of capacitors, plastic toys, tyres, dairy products and vegetable oil became victims of competition.

(ii) Closing down of small units rendered many workers jobless.

(iii) Most employers prefer to employ workers 'flexibly', this mean that workers jobs are no longer secure. Small Indian companies were hard hit because of Government's changed policies such as allowing import of the goods which were previously not allowed.

11. (i) Cargill Foods is a very large American MNC. It has bought over smaller Indian companies such as Parakh Foods and expanded the range of its production of edible oil in India.

(ii) Parakh Foods had built a large marketing network in various parts of India, where its brands was well-reputed. Also, Parakh Foods had four oil



refineries whose control has now shifted to Cargill. It has become the largest producer of edible oils in India. It refines and markets various edible oil, for the food industry.

(iii) Many popular brands like Sweekar, Nature Fresh, and Gemini have become part of Cargill Foods.

12. Ford Motors wanted to develop Ford India as a component supplying base for its other plants across the globe due to following reasons:

(i) A number of local manufacturers are supplying component to their Chennai plant and the MNC feels that they can supply component to other plants across the globe.

(ii) Cost of labour and material is very low in India.

(iii) The components can be easily supplied to other MNC car manufacturers in India and China.

13. Steps taken by developing countries to attract foreign trade are as follows:

(i) Some governments have set up Special Economic Zones with best facilities of electricity, water etc.

(ii) Companies who set up their units in SEZs don't need to pay taxes for the first five years.

(iii) The government has allowed flexibility in labour laws so that the companies find it profitable.

(iv) Companies can hire workers without the security of jobs that is for the time when there is the intense pressure of work.

(v) The government provides various legal concessions to attract companies to invest in India.

14. The Multinational Corporations set up offices and factories in certain areas because of the following reasons:

(i) MNCs set up production where it is close to the markets; where there is skilled and unskilled labour available and where the availability of other factors of production is assured.

(ii) MNCs set up offices and factories for production in regions they can get factors of production at cheaper rate.

(iii) This is done so that the cost and other resources of the production is low and the MNCs can earn greater profits.

(iv) MNCs also look for government policies that take care of their interests.

Any investment is made with the hope that these assets will earn profits.

(v) At times, MNCs set up production jointly with local companies. The benefit to the local company can be

(a) MNCs can provide money for additional investments, like buying new machines for faster production.

(b) MNCs might bring with them the latest technology for production.

15. (i) Foreign trade has increased substantially with globalisation. It has led to integration of the economy of a country with the economies of other countries under conditions of free flow of trade, capital and movement of persons across borders.

(ii) Integration of markets has led people in one country to use and appreciate products and culture of other countries. The markets now behave like one huge 'world market'!

(iii) MNCs are playing a major role in the process of rapid integration or interconnection between countries. For example, if we take the case of automobiles, we find that an Indian citizen can select to buy from a large number of international brands, that are made in India. This has been possible only because of integration of markets.

(iv) Now, more regions of the world are in closer contact with each other than a few decades back. This has been possible with the increased flow of goods and services.

(v) MNCs play an important role in the Indian economy by setting up production jointly with some of the local companies.

(vi) Rapid improvement in information and communication technology has been one major factor that has stimulated the Globalisation process.

16. The multinational corporations (MNCs) are controlling and spreading their production across the world in the following ways:

(i) MNCs set-up their production units close to market.

(ii) They set-up units jointly with local companies.

(iii) They set-up units where the labour is available at low cost.

(iv) Large MNCs place orders for productions with small producers.

(v) They have tremendous power to control price, quality, delivery and labour conditions for distant producers.

(vi) By purchasing local companies.

17. (c): Government wanted Indian producers to compete in the world Market.



18. (a): I and II only

19. (d): Liberalisation

20. Tax on imports is an example of trade barrier.

21. To protect the Indian industries from competition of superior foreign goods.

22. Information technology has fastened the pace of globalization. It has revolutionized the way interaction is done. Owing to its development, people can get connected to anyone, in every corner of the world, instantly. Except physical movement of products, every other transaction is possible through internet. Without it, Globalisation would have taken many more years to spread out, as the required information for taking any decision, would have taken more time to be communicated and thus would have delayed the pace of integration among countries.

The steps taken by the Central and State governments to attract foreign companies to invest in India are:-

1. SEZs: Special Economic Zones have been developed in the country. They are to have world-class facilities of water, electricity, education, labour, etc. Industries established in these regions do not have to pay taxes for an initial period of five years.
2. FLEXIBILITY IN LABOUR LAWS: Governments allowed flexibility in labour laws i.e. workers were employed on a temporary basis. This meant that workers' jobs were no longer secure. They had to put in long working hours and ~~meagre~~^{night} shifts during the peak season. Their income was meagre and the working conditions were poor.
3. LIBERALISATION: Starting around 1991, some far-reaching changes were made in the trade policy of India, which attracted foreign investment.

[Topper's Answer, 2022]

24. SEZs or Special Economic Zones are industrial areas with world class facilities.

(i) Companies who set-up units in SEZs are exempted from tax for initial 5 years.

(ii) They are set-up to attract foreign investment.

(iii) Government has allowed flexibility in labour laws to attract foreign investment.

25. Rapid improvement in information and communication technology has stimulated the globalisation process.

- (i) While transportation technology has made much faster delivery of goods across long distances at lower costs, this would not have been possible without IT.
- (ii) There have been remarkable development in information and communication technology.
- (iii) Telecommunication and interest facilities are used to contact one another around the world, to access information instantly, and to communicate from remote areas.
- (iv) Through internet, one can obtain and share information. It also allows to send e-mail and talk across the world at negligible costs.
- (v) For example, a news magazine published for Mumbai readers can be designed and printed in Delhi office. The designers in the Delhi office get order on how to design the magazine from the office in Mumbai using internet facilities. The designing is done on a computer and sent to Mumbai. The printing is done in Mumbai. Even the payment of money for designing from a bank in Mumbai to a bank in Delhi is done instantly through net- banking.

26. Reasons for putting trade barriers to foreign trade and investment by the Indian government after Independence are:

- (i) To protect local producers and goods from foreign competition.
- (ii) Industries needed protection in early stages so that they could grow and develop in order to be ready to compete with developed countries later on.
- (iii) It imposed restrictions on the import of certain goods.

27. (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.

28. Globalisation and technology are intimately intertwined. The movement of people, goods and ideas is accelerated and broadened by new forms of transport and communication. Technological development is, in turn, enhanced by the diversity of ideas and the increased scale that comes from global reach. Technology is the vital force in the modern form of globalisation. Technology has revolutionised the global economy and has become critical competitive strategy. Globalisation has led to new markets and information



technologies fostered to the new market in this increasing competitive world. Technology has helped us in overcoming the major hurdles of globalisation and international trade such as trade barrier, lack of common ethical standard, transportation cost and delay in information exchange, thereby changing the market place. Technology has enabled the software experts to work collaboratively over the network with companies from around the world.

Ex. Improvement in transportation technology made faster delivery of goods across long distance possible at lower costs.

29. Globalisation means integrating the economy of a country with the economies of other countries under conditions of free flow of trade, capital and movement of persons across borders. For a long time foreign trade has been the main channel connecting different countries. Integration of markets occur through foreign trade, when goods from the market of one country travels to the market of another country, thus connecting them. Since earlier times, foreign trade has been connecting the different countries. Early trade routes helped in connecting Asia to the rest of the world. These trade routes not only facilitated the movement of goods, but also the movement of people and ideas. Later on, trading interests attracted various trading companies such as the East India Company got attracted towards India. Thus, foreign trade creates opportunities for producers to reach beyond the domestic markets and compete in markets located in other countries of the world. Similarly, the buyers have more choices of goods, beyond domestically produced goods. With the opening of trade, goods travel from one market to another and choices of goods in the markets rises. Prices of similar goods in the two markets tend to become equal. And, producers in the two countries compete against each other even though they are separated by thousands of miles. Thus, foreign trade results in connecting the markets or integration of markets in different countries.

30. Liberalisation means the opening of the country for foreign investments and capitals. Trade barriers are often used by countries to protect the domestic industries from the products of other countries. It has led to dismantling of the trade barriers. Free trade benefits consumers through increased choices and reduced prices. On the other hand, free flow of capital ensures that any country can make investments in other countries.



Impacts:

- (i) Increase in the foreign trade leading to better foreign reserves.
- (ii) Increase in foreign investment.
- (iii) Exchange of technology between countries, has led to improvement in production in domestic companies. Also, competition from MNCs makes the Indian companies perform better.
- (iv) Foreign companies (MNCs) can now setup factories and offices in India to boost their production for the global markets. Many MNCs now export products that has been manufactured in India.
- (v) Better means of communication have developed alongside globalisation, which facilitates trading activities.

31. Information and communication technology has been the most important factor in triggering globalisation. It has been the main catalyst for its advancement. For Example, the internet and information systems. Massive amounts of information and data are available via the World Wide Web. The obvious benefits have been as follows-

- (i) The world's banking systems have benefited from the ability to instantly transfer funds, simplifying long- distance transactions.
- (ii) Most global businesses use technology that has been available for many years, such as planes and ships. However, innovative navigation advancements, such as global positioning systems, have increased efficiency made travel safer.
- (iii) In cargo handling our ports have become safer and more efficient. With the improvement in infrastructure and better engineered vehicles domestic cargo movement (and passenger movement) has become safer and efficient.

32. Globalisation means integration of the domestic economy with the world economy through trade, capital and technology flows. MNC's play an important role in the globalisation process. They compete with the local producers thus integrating the markets. The role of MNCs in the process of globalisation can be understood through the following five examples:

- (i) MNCs have led to the availability of products from all over the world in any country. For example, in India, corporations like Toyota, Ford and Hyundai have led to availability of cars from other countries which are of high quality.
- (ii) MNCs from developing countries are also increasing their presence in developed countries. For example, Tata Tea purchased Tetley, a tea brand in

Britain a few years ago.

(iii) They have led to a greater movement of labour across the world. For example, Indian software engineers working in TCS go to the U.S. for work.

(iv) MNCs have increased the inflow of foreign capital across different countries. For example, when a corporation like General Electric invests in India, it brings

in capital from abroad.

(v) They have led to more transfer of technology across the countries. For example, Samsung brings in more advanced technology for manufacturing electronics into countries like India.

33. This statement is true due to following reasons:

(i) As the resources are always limited, international trade provides the opportunity for its best use.

(ii) Goods or resources of one country are required by other and vice-versa. These differences create conditions for international trade.

(iii) Foreign investment and trade has helped India to improve its productivity of manufactured goods. International trade contributes to India's economic growth, raising income levels of people. As more people in the world come to know about India it stimulates tourism and opens the door for business and earning of foreign exchange.

(iv) In the recent years, exchange of commodities and goods have been superseded by the exchange of services associated with information technology adding large sums to the foreign exchange reserves.

(v) India has emerged as a large data processing giant at the international level and it is earning large foreign exchange through the export of information technology. Thus, it can be concluded that advancement of international trade of a country is an index of its economic prosperity.

34. (d): Business Process Outsourcing

35. Due to globalisation, the latest models of different items are available within our reach.

36. All WTO agreements contain special provisions for developing countries, including longer periods to implement agreements and commitments, measures to increase their trading opportunities and support to help them

build the infrastructure for WTO work, handle disputes, and implement technical standards.

37. Globalisation is the trend of increasing interaction between people or companies on a worldwide scale due to advances in transportation and communication technology. However, it must be ensured that globalisation must benefit all the segments of the society only then it can be called fair globalisation. This can happen if we can ensure -

- (i) Proper implementation of labour laws.
- (ii) It must be ensured that the small businesses are adequately supported so that they do not lose out to large corporations.
- (iii) As and when needed trade barriers must be applied to protect new sectors.
- (iv) Our country must be able to join forces with other countries to fight domination of developed countries and negotiate with WTO for fair rules.

38. Globalisation has made a very positive effect on the Multi-National Corporations. The ways in which they have benefitted are:

- (i) MNCs have been able to set up production where it is close to the markets; where there is skilled and unskilled labour available at low costs; and where the availability of other factors of production is assured.
- (ii) MNCs also look for government policies that take care of their interests and thus they have been able to select beneficial bases for their business.
- (iii) Because of the prevailing rules, MNCs have been able to set up production jointly with local companies. The benefit to the local company can be in terms of capital and technology.
- (iv) Because of globalisation the MNC's have been able to bring better, safer, products to the people, that too at competitive prices.

39. With globalisation wide ranging choice of goods are available in the Indian markets. The various transformations in Indian market in recent years are:

- (i) There is availability of wide range of choice of goods and services.
- (ii) Products are of better quality and at competitive prices.
- (iii) We can easily avail the latest products with advanced technology, e.g. digital cameras, mobile phones, etc.
- (iv) Some Indian companies have become more competitive and have become multinationals with overseas production bases; such as Tata Motors, Tata Tea, Mahendra & Mahendra, Sun Pharma, etc.



(v) There has been a jump in foreign trade and the Indian markets are very well integrated with the world. Notable have been the growth of Information Technology industry with companies like TCS, Infosys, etc.

40. (i)-(a): WHO

(ii)-(a): To liberalise international trade

(iii)-(c): To remove barriers set by the government

(iv)-d: Developed countries.

41. Removing barriers or restrictions set by the government is known as liberalisation. Liberalisation of foreign trade involves policy framework at national and international level. This statement can be described on the following grounds:

(i) Around 1991, some far reaching changes in policy were made in India. It felt that competition would improve the performance of producers within the country to improve their quality.

(ii) Barriers on foreign trade and foreign investment were removed to a large extent. This decision was supported by powerful international organisations.

(iii) This meant that goods could be imported and exported easily and also foreign companies could set up factories and offices in a particular country.

(iv) The government imposes much less restrictions than before and is therefore said to be more liberal.

42. In recent times technology in the telecommunications computer, internet has been changing rapidly. Telecommunication facilities (telegraph, telephone including mobile phones etc) are used to contact one another around the world to access information instantly and to communicate from remote areas. Information and communication technology has played a major role in spreading out production of services across countries. A news magazine published for London readers can also be designed and printed in Delhi. The text of the magazine is sent through internet to the Delhi office.

43. Some characteristics of International Trade of India are:

(i) Gross National product (GNP) of India is very significant for foreign trading as it is the value of nation's finished domestic goods and services owned by country's residents.

(ii) India's share in world trade be it import or export is slowly decreasing by every passing year.

(iii) Change in the composition of Imports and Exports, as in India Imports are increasing and exports are getting reduced.

(iv) Few ports in the country make them over busy and the trading little difficult.

(v) India's foreign trade is a lot dependent on foreign shipping companies and banks that need to be tackled down.

44. (i) While globalisation has benefitted the well off consumers and also producers with skills, education and wealth, but many small producers and workers have suffered as a result of the rising competition.

(ii) Removal of trade barriers and liberalisation of the government to facilitate globalisation have hit the local producers and manufacturers hard.

(iii) Globalisation and the pressure of competition have substantially changed the lives of workers. Faced with growing competition most employers these days prefer to employ workers flexibly. This means that workers jobs are no longer secure. Example - Developed countries took resources from underdeveloped countries at cheap rate and exported costly finished products to underdeveloped countries.

45. (i) Countries like India exports raw material, food stuff and finished products through multinational companies to the other countries. Hence, MNCs a major force in connecting the countries of the world.

(ii) Foreign trade creates an opportunity for the producers to reach beyond the domestic markets, i.e., foreign countries.

(iii) For consumers there is a greater choice than before who enjoy improved quality and lower priced for several products.

46. (i) There is a wide choice of goods and services before them in the market. The latest models of digital camera, mobile phones and televisions made by the leading manufactures of the world are within our reach.

(ii) Every season new model of automobile can be seen on Indian roads that are produced by the top companies of the world.

(iii) A similar explosion of brands can be seen for many other goods such as clothes or foods.

(iv) Consumers now enjoy improved quality and lower prices for several products. As a result these people enjoy much higher standards of living.



47. Positive effect of the globalisation on Indian economy:

- (i) Availability of variety of products which has enabled the consumers to have greater choice and enjoy improved quality at lower prices for several products.
- (ii) This has led to better standards of living.
- (iii) This has led to increase in foreign direct investment.
- (iv) New jobs have been created in many industries.
- (v) Top Indian companies have been benefited by investing in new technology and production methods along with successful collaborations with foreign companies.

48. Impact of globalisation on Indian economy:

- (i) Higher standard of living in urban areas.
- (ii) The impact has not been uniform among producers and workers.
- (iii) There is greater choice before the consumers who now enjoy improved quality and lower prices for several products.
- (iv) MNCs have increased their investments in India leading to more job opportunities.
- (v) Globalisation has enabled some large Indian companies to emerge as MNCs themselves like Tata Motors, Infosys, Asian Paints, etc.
- (vi) Globalisation has also created new opportunities for companies providing services particularly those involving IT (Information Technology).
- (vii) Local companies that supply raw materials to foreign industries have prospered. However, for a large number of producers and workers, globalisation has posed major challenges.
 - (i) Small products were hit badly by globalisation
 - (ii) They could not stand the competition and had to shut down some industries like batteries, capacitors, plastics, toys, tyres, dairy products and vegetable oils are industry which have suffered a lot.
 - (iii) Due to this, a lot of people lost their jobs and faced unemployment.

49. Globalisation for small producers and workers have not always been beneficial they create some problems are:

- (i) It has led to widening of income inequalities among various countries.
- (ii) Worker's jobs are no longer secure.
- (iii) Expansion of unorganised sector.
- (iv) Small manufacturers are forced to hit hard due to severe competition.



- (v) Several units are forced to shutdown rendering many workers jobless.
- (vi) Lives of workers are on the whims of employers.
- (vii) Workers are denied their fair share of benefits.

50. The following steps should be taken to make trade more fair:

- (i) Before imposing trade barrier interest of the developing countries should be looked into.
- (ii) Rules and regulation should be uniform.
- (iii) Ensure that the developed countries do not retain trade barriers unfairly.
- (iv) Labour laws should be implemented properly.
- (v) Small producers should be supported to improve their performance till they become strong enough to compete.

51. Globalisation and greater competition among producers has been advantageous to consumers.

- (i) Globalisation and greater competition among producers both local and foreign has been advantageous to consumers, particularly the well off sections of urban areas.
- (ii) There is greater choice before these consumers who now enjoy higher standards of living.
- (iii) Producers have invested in newer technology and production methods and have raised their production standards leading to the availability of the better products for consumers.
- (iv) Wide ranging choice of goods in our markets is a recent phenomenon and have brought changes in lives of people. For example, consumers are buying cameras, mobiles, T.V. or many other daily life items with the latest technology made by leading brands.

52. Fair globalisation create opportunities for all and also ensure that benefits of globalisation are shared better.

- (i) Government policies must protect the interests not only of 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.
- (iii) Government can support small producers to improve their performance till they become strong enough to compete.
- (iv) If necessary the government can use trade and investment barriers.
- (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.

53. Globalisation has been advantageous to producers in the following ways:

(i) The producers now have access to the international markets.

(ii) Globalisation has also enabled fast movement of capital, via electronic transfers.

(iii) Globalisation has enabled access to foreign investment in capital and technology. Globalisation has been advantageous to consumers in the following ways:

(i) Globalisation has led to employment generation, as a result, benefited people.

(ii) Globalisation has also given rise to intense competition due to opening up of markets to foreign companies. As a result, this has led to the increase in product quality and decrease in the prices of the products.

(iii) The consumers have benefited from the arrival of MNCs as they have brought good quality products to India.

CBSE Sample Questions

1. (i) (b): Foreign investment

(ii) (d): Industrial and commercial ventures across globe.

(iii) (c): Tap the benefits of low-cost production and a large market.

(iv) (d): Interlinking of production across countries. (4x1)

2. (a): I. Removal of barriers by the government.

II. Foreign companies are allowed to set up factories. (1)

3. (d): Leads to spread of technology, cultures and diseases from a region to another. (1)

4. (i) An MNC operates production in more than one nation while other companies do not. Example, Infosys.

(ii) Foreign trade and foreign investment are essential features of an MNC while they are not in the case of other companies.

(iii) Multinational Corporation's (Infosys) financial management differs from domestic financial management.

(iv) Multinational Companies (Infosys) expand globally for many reasons, mostly to obtain new markets, cheaper resources and reduction in operational



costs, all of which significantly affect financial management. These benefits also increase the risks faced by multinational corporations.

(Any three points to be explained.) (3x1)

5. (i) Technology has been changing rapidly.

(ii) Telecommunication facilities (telegraph, telephone including mobile phones, fax) are used to contact and access information.

(iii) Helps to communicate from remote areas.

(iv) Development of satellite communication devices.

(v) Computers have now entered almost every field of activity.

(vi) One can obtain and share information through internet.

(vii) Electronic mail (e-mail) and talk (voice-mail) across the world at negligible costs.

(viii) Has played a major role in spreading out production of services across countries. (Any five points to be explained.) (5×1)

6. (a): World Trade Organisation (WTO) is an organisation whose aim is to liberate international trade. These organisations say that all barriers to foreign trade and investment are harmful. (1)

7. (i) Globalisation has resulted in more choices for the consumers.

(ii) This has improved the standard of living of people

(iii) MNCs have increased their investments in industries such as cell-phones, automobiles, electronics, soft drinks, etc.

(iv) New jobs have been created.

(v) Some local companies that supply raw materials to MNCs have also benefited.

(vi) Some local companies have been able to invest in newer technology and production methods.

(vii) Globalisation has enabled some large companies such as Tata Motors, Infosys to emerge as multi-national companies.

(viii) Companies providing services have also benefited by globalisation.

(ix) Flexibility in labour laws.

(x) Expansion of unorganised sector.

(xi) Stiff competition to the local producers.

(Any five points to be explained.) (5 x 1)

