

Chapter 2: Key Concepts and Issues since 1991: Globalisation

EXERCISE 1 [PAGE 23]

Exercise 1 | Q 1.1 | Page 23

Choose the correct option.

Some of the important changes that occurred in the economic sphere in the age of globalisation are:

1. Free flow of finance capital
2. Creation of GATT
3. **Rise of Transnational Companies**
4. Focus on Intellectual Property rights

SOLUTION

Some of the important changes that occurred in the economic sphere in the age of globalisation are: **Rise of Transnational Companies**

Exercise 1 | Q 1.2 | Page 23

Choose the correct option.

The term 'socialist market economy' is used to describe the system in

1. India
2. **China**
3. France
4. United States

SOLUTION

The term 'socialist market economy' is used to describe the system in - **China**

Exercise 1 | Q 2 | Page 23

Find the odd one out.

1. Mobile
2. Satellite
3. Internet
4. **Gramophone**

SOLUTION

Gramophone (not functioning on modern technology)

Exercise 1 | Q 3.1 | Page 23

Suggest appropriate concept/word.

The international agency dealing with international trade -



SOLUTION

The international agency dealing with international trade - **World Trade Organization(WTO)**

Exercise 1 | Q 3.2 | Page 23

Suggest appropriate concept/word.

The companies that operate in several countries -

SOLUTION

The companies that operate in several countries - **Multi-National Companies**

EXERCISE 2 | PAGE 23|

Exercise 2 | Q 1 | Page 23

State whether the following statement is true or false with reason.

Globalisation brought in the concept of the market economy

1. True
2. False

SOLUTION

This statement is True.

(i) During the Cold War, the economic systems followed by countries, depended upon their ideology. For e.g., most West European nations and the USA were free democracies and followed a capitalist economy.

(ii) In the era of globalisation there is only 'market economy. However, the nature of the market economy is determined by the countries ideology for e.g., China has a socialist market economy, West European nations are described as 'welfare market economies' and the USA is considered as 'capitalist market economy'.

(iii) In most countries, the State has withdrawn from economic activities and the private sector and profit motive have propelled the economy.

Exercise 2 | Q 2 | Page 23

State whether the following statement is true or false with reason.

Non-state actors have become irrelevant in the age of globalisation

1. True
2. False

SOLUTION

This statement is False.

(i) Good governance and the participatory State focus on the role of the civil society which includes non-state actors such as NGOs.



(ii) International relations today, are not only between States but also include non-state actors. These sometimes also pose a challenge to the position of the State.

Globalization has made non-state actors relevant. This includes organizations which are beneficial e.g., NGOs working for humanitarian issues as well as threatening organisations e.g., terrorist outfits.

EXERCISE 3 [PAGE 23]

Exercise 3 | Q 1 | Page 23

Explain the co-relation between the following.

Globalisation and culture

SOLUTION

Globalisation refers to the rapid spread of goods and services, technology and information, ideas and culture, trade, and interactions across the world. It is the connection of different parts of the world resulting in the expansion of international cultural, informational, economic, and political activities. Events in one part of the world have an impact on other parts of the world. Changes have taken place economically and culturally.

Today a global cosmopolitan culture has emerged i.e movement of people across the world and public awareness of global issues. This is noticed in matters like values eg secularism, clothing food choices, ways of celebrating festivals, etc. There is international awareness of India's rich cultural and historical heritage. Similarly, westernisation and urbanisation have influenced Indian society eg breakup of the traditional joint family and the rise of individualism and materialism in the country.

Exercise 3 | Q 2 | Page 23

Explain the co-relation between the following.

GATT and WTO

SOLUTION

The General Agreement on Tariffs and Trade (GATT) was signed on 30th October 1947 by 23 countries with the purpose to promote international trade by reducing eliminating trade barriers such as tariffs or quotas. It came into force on 1st January 1948. It aimed to boost economic recovery after World War II through reconstructing and liberalizing global trade. It introduced the most favoured nation principle.

GATT was refined over 8 rounds of negotiations, leading to the creation of the World Trade Organization (WTO) which replaced GATT on 1 January 1995. WTO covers services and intellectual property also. It is the international agency overseeing the rules of international trade i.e., it promotes free trade agreements, organizes trade negotiations, settles trade disputes, etc. Its headquarters are in Geneva. It has 123



member States. The WTO dispute settlement system is faster, more automatic than the GATT system and its rulings cannot be blocked.

EXERCISE 4 [PAGE 23]

Exercise 4 | Q 1 | Page 23

Express your opinion of the following.

Participatory State is beneficial to the society.

SOLUTION

Participatory State advocates more involved forms of citizen participation and greater political representation than traditional representative democracy. It goes beyond traditional democratic practices wherein decisions are made by the majority. In a participatory State, all sections of the society are involved in the making of policy. Participatory State is beneficial as it gives citizens a central role in public policy through public discussion, negotiations, voting, etc. It emphasizes the importance of making citizens aware and providing for a form of communication that promotes political dialogue.

EXERCISE 5 [PAGE 23]

Exercise 5 | Q 1 | Page 23

Answer the following.

What are the positive and negative aspects of Globalisation?

SOLUTION

Globalisation refers to the rapid spread of goods and services, technology and information, ideas and culture, trade and interactions across the world. It is the connection of different parts of the world resulting in the expansion of international cultural, informational, economic and political activities.

In the early 1990s, the term globalisation was used to include economic, political, socio-cultural, technological and ideological changes that occurred in the world in the post-cold war era. The world has become more interconnected due to advances in technology and communication. Events in one part of the world have an impact on other parts of the world. Changes have taken place economically and culturally.

The Positive aspects of globalisation are -

- (i) It creates more employment opportunities.
- (ii) It encourages free trade.
- (iii) It leads to a better choice of goods and services to the consumer.



- (iv) It leads to wider investments in developing countries.
- (v) It enhances the efficiency of the tertiary sector i.e., banking and finance.
- (vi) It increases the purchasing power of citizens and enhances their standard of living.
- (vii) It increases labour productivity and reduces capital-output ratio.
- (viii) It helps to increase efficiency in the production system.

The negative aspects of globalisation are -

- (i) Globalization promotes technological adaption to increase productivity but has also resulted in the loss of jobs.
- (ii) Local/small scale industries cannot withstand competition from the MNC's and maybe bought off or shut down.
- (iii) Less developed countries may become dependent on the technologically superior countries.
- (iv) It has caused specialization of labour and so there are few employment opportunities for unskilled labour.
- (v) It has led to an increased gap between rich and poor nations.
- (vi) It may lead to overexploitation of resources and negatively impact the environment.
- (vii) It leads to the harmful effects of consumerism.
- (viii) It may lead to a reduction in social welfare schemes in both developed and developing countries.

