

Very Short Answer Questions

Q. 1. What is Globalisation? [CBSE (F) 2017]

Ans. Globalisation is the process of rapid integration or interconnection between countries.

Q. 2. How are Indian markets transformed with Globalisation?

Ans. The latest models of digital cameras, mobile phones and televisions made by the leading manufacturers of the world are within everyone's reach. We would not have found such a wide variety of goods in Indian markets even two decades back. In a matter of years, our markets have been transformed.

Q. 3. What is an MNC?

Ans. A multinational company is a company that owns or controls production in more than one nation.

Q. 4. How are MNCs able to gain greater profits?

Ans. MNCs set up offices and factories for production in regions where they can get cheap labour and other resources. This is done so that the cost of production is low and the MNCs can earn greater profits.

Q. 5. Which regions are favourable for MNCs to set up production?

Ans. MNCs 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.

Q. 6. What do you understand by the term 'Investment'?

Ans. The money that is spent to buy assets such as land, buildings, machines and other equipments is called 'Investment' which would later fetch them profits.

Q. 7. What is the most common route for MNC's investment?

Ans. The most common route for MNC's investment is to buy up local companies and then expand the production. MNCs with huge wealth can do so quite easily.

Q. 8. How were Parakh foods purchased by an American MNC?

Ans. Cargill Foods, a very large American MNC, has taken over a smaller Indian company Parakh Foods. Parakh foods had five oil refineries, whose control has now shifted to Cargill, who is now the largest producer of edible oils.

Q. 9. Give examples of industries where production is carried out by a large number of small producers around the world.

Ans. Garments, footwear and sports items are examples of industries where production is carried out by a large number of small producers around the world.

Q. 10. How are MNCs interacting with local companies in spreading their production?

Ans. There are variety of ways—By setting up partnerships with local companies, by using the local companies for supplies and by closely competing with the local companies or buying them up.

Q. 11. What is the basic function of foreign trade? [CBSE (Comptt.) 2017]

Ans. 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.

Q. 12. Why are Chinese toys so popular in India?

Ans. Buyers in India now have the option of choosing between Indian and Chinese toys. Because of the cheaper prices and new designs, Chinese toys became more popular in the Indian markets.

Q. 13. Give one advantage to China and disadvantage to India with import of Chinese toys.

Ans. For Chinese toy makers, this provides an opportunity to expand business. Whereas Indian toy makers face losses, as their toys are selling much less.

Q. 14. How does foreign trade connect markets?

Ans. Choice of goods in the market rises. Prices of similar goods in the two markets tend to become equal. 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.

Q. 15. Explain the role of MNCs in globalisation.

Ans. MNCs are playing a major role in the globalisation process. More and more goods and services, investment and technology are moving between countries.

Q. 16. What is the contribution of improvement in transport technology to stimulate the era of globalisation?

Ans. For the past fifty years, there have been several improvements in transportation technology. This has made much faster delivery of goods across long distances possible at lower costs.

Q. 17. What is the contribution of information and communication technology in the era of globalisation?

Ans. In recent times, technology in the areas of telecommunication, computers, internet has been changing rapidly. Telecommunication facilities like telegraph, telephone, mobile, fax, etc., help to communicate in remote areas also.

Q. 18. If Indian Government puts a tax on import of toys, how would it affect the import of Chinese toys?

Ans. Those who wish to import these toys will have to pay tax on this. Because of the tax, buyers will have to pay a higher price on imported toys. Chinese toys will no longer be as cheap in the Indian markets and imports from China will automatically reduce. Indian toy makers will prosper in this situation.

Q. 19. What is a 'trade barrier'?

Ans. Tax on imports by the Government is called 'trade barrier'. It is called a barrier because some restrictions have been set up.

Q. 20. Why do Governments use trade barriers?

Ans. Governments can use trade barriers to increase or decrease (regulate) foreign trade and to decide what kinds of goods and how much of each should come into the country.

Q. 21. Why did Indian Government after Independence put barriers to foreign trade and foreign investment?

Ans. This was considered necessary to protect the producers within the country from foreign competition. Industries were just coming up and competition from imports at that stage would not have allowed these industries to come up.

Q. 22. After independence, which items were allowed to be imported?

Ans. After independence, imports of only essential items such as machinery, fertilisers, petroleum, etc., were allowed to be imported.

Q. 23. What does the term 'liberalisation' mean?

Ans. Removing barriers or restrictions set by the government is known as 'liberalisation'.

Q. 24. How does liberalisation policy help in trade?

Ans. With liberalisation of trade, businesses are allowed to make decisions freely about what they wish to import or export. The government imposes much less restrictions than before and is, therefore, said to be more liberal.

Q. 25. What is WTO?

Ans. It is World Trade Organisation which monitors the liberalisation of trade at international level.

**Q. 26. What was the main aim of formation of World Trade Organization?
[CBSE (Comptt.) 2017]**

Ans. The main aim of formation of WTO is to liberalise international trade.

Q. 27. What role does WTO play to liberalise trade?

Ans. WTO was started at the initiative of the developed countries. WTO establishes rules regarding international trade, and sees whether rules are obeyed or not.

Q. 28. What is tariff? Why is it imposed on goods?

Ans. Tariff is a tax imposed on imported goods and services. Tariffs are used to restrict trade, as they increase the price of imported goods and services, making them more expensive to consumers.

Q. 29. How has globalisation benefited well-off buyers?

Ans. 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.

Q. 30. In which specific industries are MNCs interested?

Ans. MNCs have been interested in industries such as cell phones, automobiles, electronics, soft drinks, fast food or services such as banking in urban areas.

Q. 31. What are the advantages of products and services produced by MNCs?

Ans. These products have a large number of well off buyers. In these industries and new services, new jobs have been created. Also, local companies supplying raw material to these industries have prospered.

Q. 32. What are SEZs?

Ans. SEZ is a special economic zone of a country that is subject to unique economic regulations that differ from other areas in the same country. These regulations tend to be conducive to foreign direct investment. Conducting business in an SEZ typically implies that the company will receive tax incentives and the opportunity to pay lower tariffs.

Q. 33. What are the advantages of SEZ to MNCs?

Ans. Companies who set up production units in the SEZs do not have to pay taxes for an initial period of five years. Government has allowed flexibility in the labour laws to attract foreign investment.

Q. 34. Why are 'Special Economic Zones' being set up by Central and State Governments in India? [CBSE (Comptt.) 2017]

Ans. Special economic zones are being set up by central and state government to attract foreign companies to invest in India.

Q. 35. How have top Indian Companies been benefitted in competition from MNCs?

Ans. They have invested in newer technology and production methods and raised their production standards. Some have gained from successful collaborations with foreign companies.

Q. 36. In which products, small manufacturers were hit hard?

Ans. Batteries, capacitors, plastics, toys, tyres, dairy products and vegetable oil are some examples of industries where the small manufacturers have been hit hard due to competition.

Q. 37. How can you say that workers' jobs in MNCs are not secured?

Ans. 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.

Q. 38. How can government ensure fair globalisation in India?

Ans. The government can play a major role in making this possible. The government can ensure that labour laws are properly implemented and the workers get their rights. If necessary, government can use trade and investment barriers.

Q. 39. Which is the most common route for investment by MNCs in countries around the world? [CBSE Sample Paper 2017]

Ans. To buy up local companies and then to expand production.

Q. 40. Differentiate between investment and foreign investment. [CBSE (Delhi) 2016]

Ans. Difference between investment and foreign investment: The money that is spend to buy assets (land, building, machines and other equipment) is called investment, while the investment made by the MNCs is called **foreign investment**.

Q. 41. Why do MNCs set up their offices and factories in those regions where they get cheap labour and other resources? [CBSE (AI) 2016]

Ans. MNCs set up their office and factories in those regions where they get cheap labour and other resource because of—

(i) Low cost of production.

(ii) They can earn greater profits.

Q. 42. Due to which reason the latest models of different items are available within our reach? [CBSE (F) 2016]

Ans. Due to globalization, the latest models of digital camera, mobile phone, TV, etc are available with us.

Short Answer Questions

Q. 1. Under what conditions do MNCs set up production units?

OR

Examine any three conditions which should be taken care of by multinational companies to set up their production units. [CBSE Delhi 2017]

OR

Describe any five factors that promote the Multinational Corporations (MNCs) to setup their production units in a particular place. [CBSE (F) 2016]

Ans. MNCs set up production units on the basis of:

- (i) Proximity to the markets;
- (ii) Availability of skilled and unskilled labour at low cost;
- (iii) Availability of other factors of production is assured; and
- (iv) Government policies that look after their interests.
- (v) Developed infrastructure
- (vi) Safety measures. (Any five)

Q. 2. What are the basic functions of foreign trade?

Ans. Foreign trade creates an opportunity for the produces to reach beyond the domestic markets.

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.

For the buyers, import of goods produced in another country is one way of expanding the choice of goods beyond what is domestically produced.

Q. 3. What do you mean by liberalisation of foreign trade?

Ans. (i) Removing barriers or restrictions set by the government is known as liberalisation.

(ii) With the liberalisation of trade, businesses are allowed to make decisions freely about what they wish to import or export.

(iii) The government imposes lesser restrictions than before and is therefore, said to be more liberal.

Q. 4. What is the role of WTO in international trade?

Ans. (i) WTO's aim is to liberalise international trade.

(ii) It establishes rules regarding international trade and sees that these rules are obeyed.

(iii) 164 countries of the world are its members currently.

(iv) It is seen that the developed countries have unfairly retained trade barriers. On the other hand, WTO rules have forced developing countries to remove trade barriers.

Q. 5. What changes do you find with the arrival of MNCs in the markets?

Ans. As consumers in today's world, some of us have wider choice of goods and services before us.

The latest models of digital cameras, mobile phones and televisions made by the leading manufacturers of the world are within our reach.

Every season, new models of automobiles can be seen on the Indian roads.

Q. 6. What are the effects of foreign trade?

Ans. Effects of foreign trade are as follows:

(i) Chinese have started exporting Chinese plastic toys to India.

(ii) Buyers in India now have the option of choosing between Indian and Chinese toys.

(iii) Because of the cheaper prices and new designs, Chinese toys have become more popular in the Indian markets.

In the competition between Indian and Chinese toys, Chinese toys prove better. With the result, Indian toy-makers face losses, as their toys are selling less.

Q. 7. What are MNCs?

Ans. (i) An MNC is a company that owns or controls production in more than one nation.

(ii) These companies set up offices and factories for production in regions where they can get cheap labour and other resources.

(iii) This is done to ensure that the cost of production remains low and MNCs can earn greater profits.

Q. 8. What is investment? How is foreign investment different from it?

Ans. The money that is spent to buy assets such as land, building, machines and other equipment is called investment.

Investment made by MNCs is called foreign investment. Every investment is made with the hope that the assets will earn profits for these companies.

Q. 9. What are the benefits of MNCs' production to the local companies?

OR

Which two benefits local companies get when they set up production in association with MNCs?

OR

How are 'local companies' benefited by collaborating with 'multinational companies'? Evaluate any three benefits. [CBSE Delhi 2017]

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

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

(iii) MNCs also buy some local companies to expand production, since they have wealth exceeding the entire budgets of some of the developing countries.

Q. 10. How are MNCs spreading their production across the globe?

Ans. There are variety of ways in which the MNCs are spreading their production across the globe such as:

(i) Setting up partnerships with the local companies;

(ii) Using the local companies for supplies; and

(iii) Closely competing with the local companies or buying them.

As a result, production in these widely dispersed locations is getting interlinked.

Q. 11. Why are trade barriers imposed on the foreign trade and investment in a country? Explain with the help of two illustrations. [CBSE Sample Paper 2017]

Ans. Trade barriers are used by the governments –

(i) To increase, decrease or regulate foreign trade.

(ii) To decide what kinds of goods and how much of each, should come into the country.

(iii) To protect the producers within the country from foreign competition.

Q. 12. What is the role of MNCs in the globalisation process?

Ans. (i) MNCs are playing a major role in the globalisation process.

(ii) More and more goods and services, investments and technology are moving between countries.

(iii) Most regions of the world are in closer contact with each other than a few decades back.

Q. 13. Besides the movement of goods, what are the ways in which countries can be linked?

Ans. (i) Besides the movement of goods, services, investment and technology, there is one more way in which the countries can be connected.

(ii) It is done through the movement of people between countries.

(iii) People usually move from one country to another in search of better income, better jobs or better education.

Q. 14. How is foreign trade interlinking markets of different countries? Explain with example. [CBSE (F) 2017]

Ans. Foreign trade has interlinked markets of different countries.

(i) Foreign trade has been the main channel connecting countries.

(ii) Foreign trade creates an opportunity for the producers to reach beyond the domestic markets.

(iii) Producers can sell their produce in local and foreign market.

(iv) It is one way of expanding the choice of goods.

(v) Choice of goods in the markets rises.

(vi) Prices of similar goods in the two markets tend to become equal.

(vii) Close competition with each other.

Q. 15. What is the impact of globalisation on the consumers of India?

Ans. (i) Globalisation and greater competition among producers—both local and foreign—have been of advantage to consumers, particularly the well-off sections in the urban areas.

(ii) There is a greater choice before these consumers who now enjoy improved quality and lower prices for several products.

(iii) As a result, these people today enjoy much higher standards of living than was possible earlier.

Q. 16. Which Indian companies have become MNCs with the competition in globalisation?

Ans. (i) Several of the top Indian companies have been able to benefit from the increased competition.

(ii) They have invested in newer technology and production methods and raised their production standards.

(iii) Globalisation has enabled some large companies to emerge as multinationals themselves like Tata Motors (automobiles), Infosys (IT), Ranbaxy (Medicines), Asian Paints (paints), Sundaram Fastners (nuts and bolts) are some Indian companies which are spreading their operations worldwide.

Q. 17. Explain by giving examples that Multinational Corporations (MNCs) are spreading their productions in different ways. [CBSE (AI) 2016]

Ans. Multinational Corporations are spreading their productions in different ways:

(i) By setting up partnership with local companies.

(ii) By placing orders with local companies. For example, Garments, Footwear, Sports items, etc.

(iii) By closely competing with the local companies.

(iv) By buying local companies- For example, Cargill buying Parakh foods in India.

Q. 18. How are companies providing services benefitted by globalisation?

Ans. (i) Globalisation has also created new opportunities for companies providing services, particularly those involving IT.

(ii) There are Indian companies which are producing magazines for the London-based companies and call centres are also existing due to globalisation only.

(iii) Besides, a host of services such as data entry, accounting, administrative tasks, engineering are now being done cheaply in developing countries such as India and are exported to the developed countries.

Q. 19. Analyze the Impact of globalization. [CBSE Sample Paper 2017]

Ans. Positive

(i) Wide variety of good is now available to the consumers.

(ii) New jobs are created in industries.

(iii) Local companies have prospered through supplying raw materials to the industries.

(iv) Top Indian companies have benefitted for successful collaborations with foreign companies.

Negative

(i) Globalization has led to the annihilation of small producers who face stiff competition from cheaper imports.

(ii) Workers no longer have job security as they are employed 'flexibly'.

It may lead to greater dependence of underdeveloped countries on advanced countries.

Q. 20. Chinese toys have taken over the Indian toy market due to globalization and promotion of international trade leading to huge losses to Indian toy manufacturers. Do you think the mantra of “Boycott and Swadeshi” would be of any help today? Why or why not? [CBSE Sample Paper 2016]

Ans. We cannot deny the fact that Chinese toys have taken over the Indian toy market due to promotion of international trade and globalisation leading to huge losses to the Indian toy manufactures. In spite of this, ‘Boycott and Swadeshi’ mantra won’t help because

(a) With lifting of trade barriers, import and export of foreign goods have become easier and markets of native countries are flooded with foreign products.

(b) Prices of foreign products especially the Chinese items like toys are cheap and have a great variety to attract customers.

(c) Swadeshi and Boycott movements were relevant and worked because of the movement for Independence of our country. Today, the circumstances are different. Technology has made its mark. Foreign goods increase the revenue for the native countries. Moreover, free trade and marketing needs to be accepted for country’s economic growth.

Q. 21. Classify industries on the basis of capital investment. How are they different from one another? Explain with examples. [CBSE (Delhi) 2016]

Ans. Classification of the industries on the basis of capital investment:

(i) Small Scale industry

(ii) Large Scale industry

Difference:

(i) If the investment is more than one crore on any industry is considered as a large scale industry, for example, Iron and Steel Industry/Cement Industry.

(ii) While the investment is less than one crore on an industry is considered as a small scale industry, for example, Plastic industry, Toy industry.

Q. 22. ‘Barriers on foreign trade and foreign investment were removed to a large extent in India since 1991.’ Justify the statement. [CBSE (Delhi) 2016]

Ans. Removal of barriers on foreign trade and foreign investment:

(i) Barriers on foreign trade and foreign investment were partially removed.

(ii) Goods could be imported and exported easily.

(iii) Foreign companies could set up factories and offices here.

(iv) Opportunities for Indian producers to compete with producers around the globe.

Q. 23. “A wide ranging choice of goods are available in the Indian markets.” Support the statement with examples in context of globalisation. [CBSE (Delhi) 2016]

OR

“In a matter of years, Indian markets have been transformed with wide ranging choice of goods.” Support the statement with examples. [CBSE (Comptt.) 2017]

Ans. We have a wide variety of goods and services before us in the market.

(i) The latest models of the digital cameras, mobile phones and televisions made by leading manufacturers of the world are available in the market.

(ii) Every season, new models of automobiles can be seen on Indian roads.

(iii) Today Indians are buying cars produced by nearly all the top companies in the world.

(iv) A similar explosion of brands can be seen for many other goods.

Q. 24. “Cheap and affordable credit is crucial for the country’s development.” Assess the statement. [CBSE (Delhi) 2016]

Ans. Cheap and affordable credit is crucial:

(i) Many people want to start an enterprise by borrowing may not do because of high cost of borrowing.

(ii) Banks and cooperative societies need to lend more.

(iii) This would lead to higher income and many people could then borrow at cheap rates for a variety of needs.

(iv) They could grow crops, do business or set up small scale industries.

Q. 25. “Globalisation and greater competition among producers has been of advantage to consumers.” Justify the statement with examples. [CBSE (Delhi) 2016]

OR

Describe any five advantages to consumers due to globalisation and greater competition among producers. [CBSE (F) 2017]

Ans. Globalisation and competition among producers are beneficial to consumers:

Globalisation and greater competition among producers, both local and foreign producers have been of advantage to consumers.

(i) There is a greater choice before consumers along with competitive price.

- (ii) They enjoy improved quality and lower prices for several products.
- (iii) They enjoy much higher standards of living that was possible earlier.
- (iv) Strengthening of Consumer Rights like – Right to Information, Right to Choose, Right to be Heard, and Right to Seek Redressal has been given to consumers.
- (v) Legal rights of consumers have become more effective.

Q. 26. Why had the Indian government put barriers to foreign trade and foreign investments after independence? Analyse the reasons. [CBSE (AI) 2016]

Ans. Indian government has put barriers to foreign trade and foreign investments after independence because:

- (i) It wanted to protect the producers within the country from foreign competition.
- (ii) As the industries were just coming up in 1950s and 1960s, the competition from inputs at that stage would not have allowed these industries to come up.
- (iii) Indian allowed imports of only essential items such as machinery fertilizers, petroleum, etc.

Q. 27. How does foreign trade integrate the markets of different countries? Explain with examples. [CBSE (F) 2016]

Ans. Integration of Foreign markets:

- (i) Producers reach beyond the domestic market.
- (ii) Producers compete with markets located in other countries of the world
- (iii) There is expansion of choice of goods beyond the domestic market.
- (iv) Producers in the two countries closely compete against each other.

Long Answer Questions

Q. 1. Describe any four benefits of globalisation to the Indian economy.
[CBSE (F) 2017]

Ans. Globalisation has benefitted Indian economy:

(i) Local companies supplying raw materials, etc. to these industries have prospered. Several of the top Indian companies have been able to benefit from the increased competition.

(ii) Investment in newer technology and production methods has raised their production standards. Some industries have gained from successful collaborations with foreign companies. It has enabled some large Indian companies to emerge as multinationals.

(iii) It has also created new opportunities for companies providing services, particularly those involving IT and many new jobs have been created in industries.

(iv) Host of services such as data entry, accounting, administrative tasks, and engineering are now being done cheaply in countries such as India and are exported to the developed countries.

Q. 2. Which factors have stimulated the globalisation process?

Ans. The following factors have stimulated the globalisation process.

(i) Improvement in transportation: In the last fifty years, there have been a lot of improvements in transportation technology. This has made faster delivery of goods across long distances possible, at lower costs.

(ii) Development in information and communication technology: Technology in the areas of telecommunication and computers has been advancing rapidly.

(iii) Telecommunication: Telecommunication facilities like telephone, telegraph, mobiles, fax are used to connect people in the world. This has been made possible due to satellite communication devices.

(iv) Computers: They have now entered almost in every field of activity. In the amazing world of internet, we can obtain and share information on almost anything.

(v) Internet: Internet also allows us to send instant electronic mail (e-mail) and talk (voice mail) across the world at negligible cost. Even the payment of money from one bank to another can be made through e-banking.

Q. 3. How was the liberalisation policy gradually adopted in India?

Ans. After Independence, the Indian government had put barriers on foreign trade and foreign investment.

Initially, Indian industries were just coming up after Independence, so competition from imports wouldn't have allowed these industries to come up.

In 1999, the government decided that the time had come for Indian producers to compete with the producers around the globe.

It was felt that competition would improve the performance of domestic producers since they would improve the quality of their products.

Thus, barriers on foreign trade and foreign investment were removed to a large extent.

Now, goods could be imported and exported easily and foreign companies could also set up factories and offices here.

Q. 4. How do MNCs manage the production in other countries?

Ans. (i) MNCs not only sell their finished products globally, but also produce the goods and services globally.

(ii) As a result, production is organised in increasingly complex ways.

(iii) The production process is divided into small parts and spread out across the globe.

(iv) For example, China provides the advantage of being a cheap manufacturing location. Mexico and Eastern Europe are useful for their closeness to the markets in the US and Europe.

(v) India has highly skilled engineers, who can understand the technical aspects of production. It also has educated English-speaking youth, who can provide customer care services. And all this probably can mean 50-60 per cent cost savings for the MNCs.

Q. 5. Describe the problems created by globalisation for small producers and workers.

[CBSE (F) 2017]

Ans. Problems created by globalizations for Small Producers and Workers

(i) Tough competition with the Big Companies.

(ii) Several small units are being shut down.

(iii) Unemployment of Workers.

(iv) In security of Job.

(v) Small producers and exporters try hard to cut their cost due to competition.

(vi) Workers are hired on temporary basis.

(vii) Workers have to put in long working hours and work night shifts.

(viii) Wages are low and forced to work overtime.

(ix) Workers are denied their fair share of benefits brought about by globalisation.

Q. 6. How did Ford Motors, an MNC, set its foot in India?

Ans. (i) Ford Motors, an American company, is one of the world's largest automobile manufacturers with production spread over twenty-six countries of the world.

(ii) It came to India in 1995 and spent ` 1,700 crore to set up a large plant near Chennai.

(iii) This was done in collaboration with Mahindra and Mahindra, a major Indian manufacturer of jeeps and trucks.

(iv) By the year 2014, Ford Motors was selling 77,000 cars in the Indian markets, while another 77,000 cars were exported from India to South Africa, Mexico and Brazil.

(v) The company wanted to develop Ford India as a component supplying base for its other plants across the globe.

Q. 7. What is globalisation? What is the role of MNCs in the globalisation process?

Ans. Globalisation is the process of rapid integration or interconnection between countries.

(i) MNCs are playing a major role in the globalisation process.

(ii) More and more goods and services, investments and technology are moving between countries.

(iii) Most regions of the world are in closer contact with each other than a few decades back.

Q. 8. What are the various ways in which countries can be linked?

Ans. Besides the movement of goods, services, investments and technology, there is one more way in which the countries can be linked.

(i) This is through the movement of people between countries.

(ii) People usually move from one country to another in search of better income, better jobs or better education.

(iii) In the past few decades, however, there has not been much increase in the movement of people between countries due to various restrictions.

Q. 9. How did rapid improvement in technology stimulate the globalisation process?

OR

Describe the contribution of technology in promoting the process of globalisation.

[CBSE Delhi 2017]

Ans. (i) For the past fifty years, several improvements in transportation technology have been made. It has helped in the faster delivery of goods across long distances at lower costs.

(ii) Even more remarkable have been the developments in information and communication technology. Technology in the areas of telecommunications, computers, internet has been changing rapidly.

(iii) Telecommunication facilities like telegraph, telephone including mobile phones or fax, etc., are used to contact one another around the world to access information instantly and to communicate from remote areas.

(iv) There is an amazing world of internet, where we can obtain and share information on almost anything we want to know. Internet also allows us to send instant electronic mail and talk across the world at negligible costs.

Q. 10. In what ways has competition affected workers, Indian exporters and foreign MNCs in the garment industry?

Ans. (i) Large MNCs in the garment industry in Europe and America get their products from Indian exporters.

(ii) These large MNCs with worldwide network look for the cheapest goods in order to maximise their profits.

(iii) To get these large orders, Indian garment exporters try hard to cut their own costs.

(iv) Earlier, a factory used to employ workers on permanent basis. Now they employ workers only on a temporary basis, so that they do not have to pay workers for the whole year.

(v) Workers also have to put in very long working hours. They have to work in night shifts on a regular basis during the peak season.

(vi) Wages are low and workers are forced to work overtime to make both ends meet.

(vii) While this competition among the garment exporters has allowed the MNCs to make large profits, workers are denied their fair share of benefits brought about by globalisation.

Q. 11. "The impact of globalization has not been uniform." Demonstrate with the help of illustrations. [CBSE Sample Paper 2016]

Ans. Since its introduction, globalisation of the Indian economy has come a long way. While globalisation has benefited well-off consumers and also producers with skill,

education and wealth, many small producers and workers have suffered as a result of the rising competition.

Now people have wide range of products with improved quality and lower prices. They are enjoying much higher standards of living than earlier.

Removal of trade barriers and liberalization policies of the governments to facilitate globalization have hit the local producers and manufacturers hard.

Illustration: MNCs have increased their investments in India over the past 20 years, which means investing in India has been beneficial for them. MNCs have been interested in industries such as cell phones, automobiles, electronics, soft drinks, fast food or services such as banking in urban areas. These products have a large number of well-off buyers. In these industries and services, new jobs have been created. Also, local companies supplying raw materials, etc. to these industries have prospered.

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.

Illustration: Batteries, capacitors, plastics, toys, tyres, dairy products, and vegetable oil are some examples of industries where the small manufacturers have been hit hard due to competition.

Several of the units have shut down rendering many workers jobless. The small industries in India employ the largest number of workers (20 million) in the country, next only to agriculture.

Q. 12. What is globalisation? Describe the role of Multinational Corporations (MNCs) in promoting globalisation process. [CBSE (Delhi) 2016]

OR

Analyse the importance of multinational companies in the globalisation process. [CBSE (Comptt.) 2017]

Ans. Globalisation is the process of rapid integration or interconnection between countries.

MNCs play an important role in the globalisation process.

They compete with the local producers directly even after being miles apart, thus integrating the markets.

Their working leads to exchange of investments and products which leads to interconnection between diverse countries.

MNCs control production in more than one country.

They collaborate with smaller industries helping them to be more profitable.

Being economically affluent they are able to make investments in various countries.

They are also technically advanced promoting globalization.

They offer higher income, better jobs and better education.

More goods are available globally at a cheaper rate and a good quality.

They provide greater opportunity of choices.

The role of MNCs in the process of globalisation can further 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 Ford and Hyundai have led to a greater availability of cars from other countries.

(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 U.S. for work.

(iv) MNCs have increased the inflow of education and 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 education and technology across the countries. For example, Samsung brings in more advanced technology for manufacturing electronics into countries like India.

Q. 13. Describe the impact of globalisation on Indian economy with examples. [CBSE (AI) 2016, CBSE (Comptt.) 2017]

OR

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

OR

Describe the impact of Globalisation on Indian economy. [CBSE (Comptt.) 2017]

Ans. Positive effects of Globalisation:

(i) Globalisation has brought greater competition among producers – both local and foreign producers have been of advantage to consumers particularly the well-off sections in the urban areas.

- (ii) There is greater choice before consumers. They enjoy improved quality at lower prices.
- (iii) People today, enjoy much higher standards of living.
- (iv) Local companies supplying raw material have prospered.
- (v) The top Indian companies have been able to benefit from increased competition.
- (vi) Some Indian companies have gained from successful collaboration with foreign companies.
- (vii) MNCs have increased their investments in India over the past 20 years, especially in cell phones, automobiles, electronics, soft drinks etc.
- (viii) Many Indian companies have emerged as Multi Nationals themselves. Example- Tata Motors, Infosys, Ranbaxy, Asian Paints etc.
- (ix) Globalisation has created opportunities for new jobs.
- (x) Wide variety of good are now available to the consumers.
- (xi) Improved quality of products.
- (xii) Lower prices of commodities.
- (xiii) Higher standard of living for people.
- (xiv) Globalization may not help in achieving sustainable development. It may lead to widening of income inequalities among various countries. It may lead to greater dependence of under developed countries on advanced countries.

Q. 14. Describe the major problems created by the globalization for a large number of small producers and workers. [CBSE (F) 2016]

Ans. Globalization for small producers and workers

- (i) It may lead to widening of income inequalities among various countries
- (ii) Workers jobs are no longer secure.
- (iii) Expansion of unorganized sector.
- (iv) Small manufacturers have been hit hard due to severe competition.
- (v) Several units have been shut down rendering many workers jobless.
- (vi) Lives of workers are on the whims of employers.
- (vii) Workers are denied their fair share of benefits.

Hots (Higher Order Thinking Skills)

Q. 1. What is liberalisation? Describe any four effects of liberalisation on the Indian economy. [CBSE (AI) 2017]

Ans. Liberalisation means:

Removing barriers or restrictions set by the government is known as liberalisation:

Impacts of Liberalisation:

- (i) Competition would improve the performance of producers within the country.
- (ii) Barriers on foreign trade and foreign investment were removed to a large extent. This meant that goods could be imported and exported easily.
- (iii) Foreign companies could set up factories and offices to boost up production.
- (iv) It allows to make decisions freely.
- (v) The competition would improve the performance of producers within the country since they have to improve their quality.

Q. 2. In what ways do MNCs control production of local companies?

Ans. (i) Large MNCs in developed countries place orders for production with small producers.

(ii) Garments, footwear, sports items are examples of industries where production is carried out by a large number of small producers around the world.

(iii) The products are supplied to the MNCs, which then sell these products under their own brand names to the customers.

(iv) These larger MNCs have tremendous power to determine price, quality, delivery and labour conditions for these distant producers.

Q. 3. "Only fair globalisation can give, new shape to the world economy." Explain.

OR

How can globalisation be made more fair?

OR

Evaluate the measures to make globalisation more fair. [CBSE (F) 2017]

Ans. (i) Fair globalisation would create opportunities for all, and also ensure that the benefits of globalisation are shared better.

(ii) The government can play a major role in making this possible. It needs to frame policies for all.

(iii) Government can ensure that labour laws are properly implemented and the workers get their rights. Benefits of globalisation are shared better.

(iv) It can support small producers to improve their performance till the time they become strong enough to compete.

(v) It can negotiate at the WTO for fairer rules. Massive companies and representation related to trade and investment at WTO can be encouraged.

(vi) It can also align with other developing countries with similar interests to fight against the domination of developed countries in the WTO.

(vii) If necessary, the government use trade and investment barriers.

Q. 4. What is WTO? Why it has been formed?

Ans. The World Trade Organisation (WTO) is the only International Organisation that deals with the global rules of trade between nations. Its main role is to help producers of goods and services, exporters and importers protect and manage their businesses better. It was established in 1995 and its headquarters are in Geneva, Switzerland. At its heart are the WTO agreements, negotiated and signed by the bulk of the World's trading nations and ratified in their parliaments. Its purpose is to monitor WTO Trade agreements, facilitate trade negotiations, mediate trade disputes, monitor international trade policies and provide assistance to developing economies.

Q. 5. Mention any two factors that have enabled globalisation in India. How are Indians struggling for fair Globalisation? [CBSE (Comptt.) 2017]

Ans. Two factors that have enabled globalization are:

(i) Improved transport, making global travel easier. For example, there has been a rapid growth in air-travel, enabling greater movement of people and goods across the globe.

(ii) Improved technology which makes it easier to communicate and share information around the world. E.g. internet.

Struggle of Indians for fair globalization:

(i) Indian worker are struggling for their rights.

(ii) Workers are pressurizing the government to ensure that labour laws are properly implemented.

(iii) Smaller producers are struggling to compete with the MNCs.

(iv) Indians are pressurizing the government to negotiate at the WTO for the 'fairer rules'.

(v) Workers are struggling against lack of security of jobs.

(vi) Workers are fighting for more congenial working hours.

Q. 6. Why have MNCs increased their investment in India?

Ans. (i) MNCs have increased their investment in India over the past few years, which means investing in India has been beneficial for them.

(ii) MNCs have been interested in industries such as cellphones, automobiles, electronics, soft drinks, fast food or services such as banking in urban areas, as these products have a large number of well-off buyers.

(iii) Since these MNCs are earning profits by selling their products and services, they are increasing their investment in India.

Q. 7. Explain with an example as to how information technology is connected with globalisation.

Ans. (i) Information and communication technology has played a major role in spreading out production of services across countries.

(ii) For example, a news magazine published for London readers to be designed and printed in Delhi.

(iii) The text of the magazine is sent through internet to the Delhi office.

(iv) The designers in the Delhi office get orders on how to design the magazine from the office in London using telecommunication facilities.

(v) The designing is done on a computer. After printing, the magazines are sent by air to London.

(vi) Even the payment for designing and printing from a bank in London to a bank in Delhi is made instantly through e-banking.