

Globalisation and the Indian Economy

✓ (A) OBJECTIVE TYPE QUESTIONS

1 Mark Each



Stand Alone MCQs

(1 Mark Each)

AI 1. Read the given statements in context of 'globalization' and choose the correct option:

[CBSE SQP, 2020-21] **U**

- (A) It is the only way for economic development of the country.
- (B) Interlinks only production based activities in dispersed locations 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 one region to another.

Ans. Option (D) is correct.

Explanation: Due to intermingling of people from different parts of the world, not only does the spread of technology takes place but it also leads to the intermixing of culture and spread of diseases to various parts of the world.

AI 2. What is foreign investment? **R**

- (A) Investment made by the foreign governments.
- (B) Investment made by the foreign banks.

- (C) Investment made by the MNCs.
- (D) Investment made by the IMF and World Bank.

Ans. Option (C) is correct.

AI 3. An organization whose aim is to liberate international trade is: **R**

- (A) World Bank
- (B) International Monetary Fund (IMF)
- (C) World Trade Organisation (WTO)
- (D) United Nations Organisation (UNO)

Ans. Option (C) is correct.

Explanation: The World Trade Organization provides a common platform to negotiate trade agreements among member countries and to resolve any trade disputes.

AI 4. What is the idea behind the development of Special Economic Zones (SEZs) in India? **A**

- (A) To boost Indian industries.
- (B) To solve the problem of unemployment.
- (C) To produce handicrafts.
- (D) To attract foreign investment.

Ans. Option (D) is correct.

AI 5. Removing barriers or restrictions set by the government is known as: R

- (A) Privatisation (B) Liberalisation
(C) Globalisation (B) Industrialisation

Ans. Option (B) is correct.

6. When and where did the Ford Motors set up their large plant in India? R

- (A) In 1975 at Pune (B) In 1985 at Gurugram
(C) In 1995 at Chennai (D) In 2005 at Mumbai

Ans. Option (C) is correct.

7.	Column A	Column B
(i)	MNCs buy at cheap rates from small producers	(a) Automobiles
(ii)	Quotas and taxes on imports are used to regulate trade	(b) Garments, footwear, sports items
(iii)	Indian companies who have invested abroad	(c) Tata Motors, Infosys, Ranbaxy
(iv)	Several MNCs have invested in setting up factories in India for production	(d) Trade barriers

- (A) (i)-(a), (ii)-(b), (iii)-(c), (iv)-(d)
(B) (i)-(b), (ii)-(c), (iii)-(a), (iv)-(d)
(C) (i)-(b), (ii)-(d), (iii)-(c), (iv)-(a)
(D) (i)-(a), (ii)-(c), (iii)-(d), (iv)-(b)

Ans. Option (C) is correct.

Explanation: MNCs buy garments, footwear, sports items at cheap rates from small producers because it reduces their cost of production and using their brand value they sell them at high prices and earn profits. Quotas and taxes on imports are used to regulate trade items received through import.

8.	Column A	Column B
(i)	Tata Motors	(a) Nuts and Bolts
(ii)	Asian Paints	(b) IT
(iii)	Infosys	(c) Automobiles
(iv)	Sundaram Fasteners	(d) Paints

- (A) (i)-(c), (ii)-(d), (iii)-(b), (iv)-(a)
(B) (i)-(a), (ii)-(c), (iii)-(d), (iv)-(b)
(C) (i)-(d), (ii)-(a), (iii)-(c), (iv)-(b)
(D) (i)-(c), (ii)-(b), (iii)-(a), (iv)-(d)

Ans. Option (A) is correct.

9. Arrange the following in the correct sequence:

- (i) Meanwhile, the company's customer care is carried out through call centres located in India.
(ii) And then has the components manufactured in China.

- (iii) A large MNC, producing industrial equipment, designs its products in research centres in the United States.
(iv) These are then shipped to Mexico and Eastern Europe where the products are assembled and the finished products are sold all over the world.

Options:

- (A) (iv) - (iii) - (ii) - (i)
(B) (i) - (ii) - (iii) - (iv)
(C) (ii) - (iii) - (i) - (iv)
(D) (iii) - (ii) - (iv) - (i)

Ans. Option (D) is correct.

Explanation: The manufacturing process of industrial equipment begins with designing, manufacturing of components, assembling of the machine and then selling the finished product.

10. Arrange the following in the correct sequence:

- (i) A news magazine published for London readers is to be designed and printed in Delhi.
(ii) The designing is done on a Computer. After printing the magazines are sent by air to London.
(iii) The payment of money for designing and printing from a bank in London to a bank in Delhi is done instantly through the Internet (E-banking)
(iv) The text of the magazines is sent through is sent through Internet to the Delhi office. The designers in Delhi office get orders on how to design the magazine from the office in London using telecommunication facilities.

Options:

- (A) (iii) - (iv) - (i) - (ii)
(B) (i) - (iv) - (ii) - (iii)
(C) (iv) - (i) - (ii) - (iii)
(D) (ii) - (iv) - (iii) - (i)

Ans. Option (B) is correct.

Explanation: Technological advancements have reduced the costs of transportation and communication across nations and thereby, facilitate global sourcing of raw materials and other inputs. The technological advancement has helped a lot in creation and growth of global market.

11. Analyze the information given below, considering one of the following correct options:

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.

- (A) Trade and Commerce
(B) Agricultural products
(C) Trade barriers
(D) World Trade Organization

Ans. Option (D) is correct.

12. Analyze the information given below, considering one of the following correct options:

A news magazine published for London readers is to be designed and printed in Delhi. The text of the magazine is sent through Internet to the Delhi office. The designers in the Delhi office get orders on how to design the magazine from the office in London using telecommunication facilities. The designing is done on a computer. After printing, the magazines are sent by air to London. Even the payment of money for designing and printing from a bank in London to a bank in Delhi is done instantly through the Internet (e-banking)!

- (A) Using IT in globalisation
- (B) London readers
- (C) Publishing magazine
- (D) Telecommunication facilities

Ans. Option (A) is correct.

Explanation: Technology is the vital force in the modern form of business globalization. Technology has enabled the software experts to work collaboratively over the network with companies from around the world.

13. Find the incorrect option from the following:

- (A) Fair globalisation would create opportunities for all.
- (B) MNCs are playing a major role in the globalisation process.
- (C) Globalisation has led to improvement in living conditions of all the people.
- (D) MNCs have increased their investment in India over the past 20 years.

Ans. Option (C) is incorrect.

Explanation: Globalization has led to improvement in living condition of educated, skilled and wealthy people as now they have access to the best facilities available across the globe.

14. Find the incorrect option from the following:

- (A) MNCs play an important role in the liberalization process.
- (B) MNCs control production in more than one country.
- (C) MNCs compete with the local producers directly.
- (D) MNCs set up their production units close to market.

Ans. Option (A) is incorrect.

Explanation: MNCs are not only selling its finished products globally, but more important, the goods and services are produced globally. The production process is divided into small parts and spread out across the globe. Due to MNC's more and more technology, services, goods etc. are moving between countries.



Assertion and Reason Based MCQs
(1 Mark Each)

Directions : In the following questions, A statement of Assertion (A) is followed by a statement of Reason (R). Mark the correct choice as:

- (A) Both A and R are true and R is the correct explanation of A.
- (B) Both A and R are true but R is NOT the correct explanation of A.
- (C) A is true but R is false.
- (D) A is false and R is true.

1. **Assertion (A):** The Indian government, after independence, had put barriers to foreign trade and foreign investment.

Reason (R): The government considered it necessary to protect the producers within the country from foreign competition.

Ans. Option (A) is correct.

2. **Assertion (A):** The car manufacturing plant of Maruti Udyog Ltd. in India produces cars for Indian markets.

Reason (R): It also exports cars to other developing countries and exports car components for its many factories around the world.

Ans. Option (C) is correct.

Explanation: It was established with the objectives of producing indigenous utility cars for the growing needs of the Indian population.

3. **Assertion (A):** Global production has a complex structure.

Reason (R): Production of one good may take place in different parts of the world. For instance, an equipment may be formed by combining components produced in different countries.

Ans. Option (A) is correct.

Explanation: Globalization leads to connectivity of different countries and goods and services can be transported across the world. Goods, components produced in different parts of the world can be used for production in any country.

4. **Assertion (A):** Local businesses may set up joint production process with MNCs and earn higher profits.

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

Ans. Option (A) is correct.

Explanation: At times, MNCs set up production jointly with some of the local companies of the host countries. The benefit to the local company from such joint production is two-fold as MNCs can provide for additional investments and can bring in newer technology of production that result in fast-paced production.

5. **Assertion (A):** MNCs can exert a strong influence on production at distant locations.

Reason (R): MNCs set up partnerships with local companies, use local companies for supplies, compete with the local companies or buy them up.

Ans. Option (A) is correct.

Explanation: By setting up partnerships with local companies, by using the local companies for supplies, by closely competing with the local companies or buying them up, MNCs are exerting a strong influence on production at distant locations. As a result, production in widely dispersed locations is getting interlinked.

6. **Assertion (A):** Foreign trade creates an opportunity for the producers to reach beyond the domestic markets.

Reason (R): Foreign trade expands the choice of goods beyond what is domestically produced.

Ans. Option (B) is correct.

Explanation: Foreign trade creates an opportunity for the producers to reach beyond the domestic markets and thus expands the choices available for consumers.



Case-based MCQs

(1 Mark Each)

- I. Read the source given below and answer the questions that follows:

India has become a second home to many multinationals' over the years. 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. 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. But the most common route for MNC investments is to buy up local companies and then to expand production.

MNCs with huge wealth can quite easily do so. To take an example, Cargill Foods, a very large American MNC, has bought over smaller Indian companies such as Parakh Foods. Parakh Foods had built a large marketing network in various parts of India, where its brand was well-reputed. Also, Parakh Foods had four oil refineries, whose control has now shifted to Cargill. Cargill is now the largest producer of edible oil in India, with a capacity to make 5 million pouches daily.

Large MNCs in developed countries place orders for production with small producers. Garments, footwear, sports items are examples of industries where production is carried out by a large number of small producers around the world. The products are supplied to the MNCs, which then sell these under their own brand names to the customers. These large MNCs have tremendous

power to determine price, quality, delivery, and labour conditions for these distant producers. 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 Rs. 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.

Answer the following MCQs by choosing the most appropriate option:

1. In which regions MNCs set up offices and factories for production?

(A) Close to the market.
(B) Availability of skilled/unskilled labour at low cost.
(C) Favourable government policies.
(D) All of the above

Ans. Option (D) is correct.

Explanation: MNCs set up their offices and factories in those regions where they get cheap labour and other resources because they bring down the cost of production and ensure more profits for themselves.

2. Ford Motors entered the Indian automobile business in collaboration with which Indian manufacturer?

(A) Mahindra and Mahindra
(B) Tata Motors
(C) Maruti Suzuki
(D) None of the above

Ans. Option (A) is correct.

3. Investment made by MNCs is called:

(A) Investment
(B) Foreign trade
(C) Foreign investment
(D) Foreign direct investment

Ans. Option (C) is correct.

Explanation: Foreign investment refers to the investment in domestic companies and assets of another country by a foreign investor.

4. MNCs do not increase:

(A) Competition (B) Price war
(C) Quality (D) All of the above

Ans. Option (D) is correct.

- II. Read the extract given below and answer the questions that follow:

Globalization expands and accelerates the movement and exchange of ideas and commodities over vast distances. Globalisation has created more competitive environment in India. In the past two to three decades, more and more MNCs have been looking for locations around the world which would be cheap for their production. Foreign investment by MNCs in these countries has been rising. At the same time, foreign trade between countries has been rising rapidly. A large part of the foreign trade is also controlled by MNCs.

The result of greater foreign investment and greater foreign trade has been greater integration of production and markets across countries. Globalisation is this process of rapid integration or interconnection between countries. MNCs are playing a major role in the globalisation process. More and more goods and services, investments and technology are moving between countries. Besides the movements of goods, services, investments and technology, there is one more way in which the countries can be connected. This is through the movement of people between countries. People usually move from one country to another in search of better income, better jobs or better education.

Rapid improvement in technology has been one major factor that has stimulated the Globalisation process. Even more remarkable have been the developments in information and communication technology. 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. Globalisation has also created new opportunities for companies providing services, particularly those involving IT.

Answer the following MCQs by choosing the most appropriate option:

1. **Process of integration of different countries is called:**

(A) Liberalization (B) Privatization
(C) Globalization (D) None of the above

Ans. Option (C) is correct.

Explanation: Globalisation is the process of rapid integration. It integrates the country with other economies of the world through trade, capital flow and technology.

2. **Globalisation has led to higher standards of living of:**

(A) Well-off consumers (B) Poor consumers
(C) Big producers (D) None of the above

Ans. Option (A) is correct.

Explanation: There is greater choice before these consumers who now enjoy improved quality and lower prices for several products.

3. **Globalisation has created new opportunities of:**

(A) Employment
(B) Emerging multinationals
(C) Providing services
(D) All of the above

Ans. Option (D) is correct.

4. **Globalisation has posed major challenges for:**

(A) Big Producers (B) Small Producers
(C) Rural Poor (D) None of these

Ans. Option (B) is correct.

Explanation: Globalisation has posed a major challenge to the small scale producers having low capital investment and poor strategies to develop. They have been hit hard due to severe competition.

Several units have been shut down rendering many workers jobless.

- III. **Read the extract given below and answer the questions that follow:**

In the last twenty years, globalisation of the Indian economy has come a long way. What has been its effect on the lives of people? Let us look at some of the evidence.

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.

Among producers and workers, the impact of globalisation has not been uniform.

Firstly, 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.

Secondly, several of the top Indian companies have been able to benefit from the increased competition. They have invested in newer technology and production methods and raised their production standards. Some have gained from successful collaborations with foreign companies.

Moreover, globalisation has enabled some large Indian companies to emerge as multinationals themselves! Tata Motors (automobiles), Infosys (IT), Ranbaxy (medicines), Asian Paints (paints), Sundaram Fasteners (nuts and bolts) are some Indian companies which are spreading their operations worldwide.

Globalisation has also created new opportunities for companies providing services, particularly those involving IT. The Indian company producing a magazine for the London based company and call centres are some examples. Besides, a host of services such as data entry, accounting, administrative tasks, engineering are now being done cheaply in countries such as India and are exported to the developed countries.

Answer the following MCQs by choosing the most appropriate option:

1. Why have MNCs increased their investments in India over the past 20 years?

(A) To attract costumers
(B) To evade taxes
(C) To make use of the market potential
(D) To do social service

Ans. Option (C) is correct.

Explanation: India's market potential, skilled workforce and political stability are the three key reasons that make India a favoured MNC destination.

2. Why do people have a preference for foreign products?

(A) They think foreign products are of better quality.
(B) They think it will improve their social status.
(C) They think the product is much cheaper than Indian product.
(D) None of the above.

Ans. Option (A) is correct.

Explanation: Various companies and brands make similar products and this has made the consumer very confused. But people prefer to buy foreign products thinking that it is of better quality.

3. How several of the top Indian companies have been able to benefit from the increased competition?

(A) They have invested in newer technology.
(B) They have no rivals in the market.
(C) They get to travel the world.
(D) They can work in isolation.

Ans. Option (A) is correct.

Explanation: Investment in newer technology has helped in increasing the efficiency of the companies.

4. Globalisation has been advantageous to:

(A) Consumers
(B) Producers
(C) Consumers and producers
(D) Limited sector of the society

Ans. Option (C) is correct.

Explanation: Consumers now enjoy numerous choices as well as better quality since it is now an international market. Many domestic companies have improved technology and production methods due to competition from MNCs.

✓ (B) SUBJECTIVE QUESTIONS



Very Short Answer Type Questions

(1 Mark Each)

1. Analyse the contribution of fast transport in globalization. [CBSE Delhi, 2019]

Ans. Fast transportation has enabled easy reach of goods in the market thereby enabling a high increase in demand. It benefits the economy on a large scale increasing the revenue. With the lower reduction in cost, fast transportation increases profit.

OR



Topper's Answer, 2019

6. Fast transport contributed greatly in the process of globalisation by carrying large amount of goods to far off location in less time. They have lead to the integration of the markets.

2. What is the meaning of investment? [U] [O.E.B.]

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

3. What is foreign investment? [U] [O.E.B.]

Ans. Investment made by MNCs is called foreign investment.

4. What attracts the foreign investment? [A] [O.E.B.]

Ans. Infrastructural facilities.

- [AI] 5. Why had the Indian Government put barriers to foreign trade and foreign investment after Independence? [A] [O.E.B.]

Ans. To protect the producers within the country from foreign competition.

6. Why are MNCs setting up their customer care centers in India? [A] [O.E.B.]

Ans. Due to availability of cheap skilled labour and good English speaking people.

7. Due to which reason the latest models of different items are available within our reach? [U] [O.E.B.]

Ans. Due to globalisation



Short Answer Type Questions

(3 Marks Each)

AI 1. Assess any three advantages of globalization.

[CBSE Delhi, 2019]

Ans. The advantages of globalization are as follows:

- (i) Under the globalization process, goods and services along with capital, resources and technology can move freely from one nation to another.
- (ii) It has increased the movement of people between countries. People usually move from one country to another in search of better income, better jobs or better education. Earlier the movement of people between countries was less due to various restrictions.
- (iii) Rapid improvement in technology has been one major factor that has stimulated the globalization process. For instance, advancement in transportation technology has made much faster delivery of goods across long distances possible at lower costs. Container services have led to huge reduction in port handling costs. The cost of air transport has fallen which has enabled much greater volumes of goods being transported by airlines.
- (iv) Developments in information and communication technology has brought a revolution in telecommunications. It has made e-banking, e-commerce, e-learning, e-mail and e-governance a reality.
- (v) Globalization has resulted in greater competition among producers and has been of advantage to consumers, particularly the well-off section. Rich people now enjoy improved quality and lower prices for several products. **(Any three)**

OR



Topper's Answer, 2019

Sol.

The advantages of globalisation are

(i) It has allowed the producers to reach beyond their domestic market. They can sell their services and goods in the markets of other countries besides their own country.

(ii) It has increased the choice of products for the consumers especially the well-off section of the society.

(iii) It has improved the quality of product due to increased competition. Also the price of similar goods tend to equilibrate in different markets.

2. Evaluate the role of MNCs in the economic development of a country. [U] [SQP, 2018-19]

Ans. Role of MNCs in the economic development:

- (i) MNCs place order for production with small producers.
- (ii) MNCs are setting up partnerships with local companies.
- (iii) They are interlinking the markets all over the world.
- (iv) Any other relevant point.

(Any three to be explained) $1 \times 3 = 3$

[CBSE Marking Scheme, 2018]

Detailed Answer:

- (i) **MNCs place order for production with small producers:** Due to this, small producers are able to get a global exposure as well as a huge customer base.
- (ii) **MNCs are setting up partnerships with local companies:** The local companies are able to expand themselves at a global level.
- (iii) **They are interlinking markets all over the world:** Interlinking of markets all over the world has led to the exchange of foreign currency and thereby providing a boom to the economy.

3. Differentiate between foreign trade and foreign investment. [U] [Board Term-II, 2016]

Ans. Foreign Trade: The process of buying and selling goods and services between two or more than two countries is known as foreign trade.

Foreign Investment: Foreign investment involves capital flows from one country to another, granting extensive ownership stakes in domestic companies and assets.

[AI] 4. Explain by giving examples that Multinational Corporations (MNCs) are spreading their production in different ways.

[U] [Board Term-II, OD Set-II, 2016]
OR

[AI] Explain any three ways in which Multinational Companies have spread their production and interaction with local producers in various countries across the globe.

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

- (i) By setting up a 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. To take an example, Cargill Foods, a very large American MNC has bought over smaller Indian companies such as Parakh Foods. Parakh Food had built a large marketing network in various parts of India, where its brand was well-reputed. (Any three) $1 \times 3 = 3$

[CBSE Marking Scheme, 2016]

COMMONLY MADE ERROR

- ➔ The students should mention about partnership with local companies.

ANSWERING TIP

- ➔ Few students have not given any examples of collaboration of Indian companies with MNCs.

5. "A wide ranging choice of goods are available in the Indian markets." Support the statement with examples in context of Globalisation.

[A] [Board Term -II, Delhi Set-II, 2016]

Ans. A wide ranging choice of good:

- (i) We have a wide variety of goods and services before us in the market.
- (ii) The latest models of the digital cameras, mobile phones and televisions made by leading manufacturers of the world are available in the market.
- (iii) Every season, new models of automobiles can be seen on Indian roads.
- (iv) Today Indians are buying cars produced by nearly all the top companies in the world.

- (v) A similar explosion of brands can be seen for many other goods. $1 \times 3 = 3$

[CBSE Marking Scheme, 2016]

[AI] 6. Where do MNCs setup their production units? Explain. [R] [O.E.B.]

- Ans.** (i) MNCs setup production units at such a place where they can produce their goods at a minimum cost.
- (ii) The place where markets are closer.
 - (iii) The place where skilled and unskilled labour are available at low cost.
 - (iv) Other factors of production are assured.
 - (v) Government policies are favourable. (Any three)

[AI] 7. Enumerate any three features of Multinational Corporations. [A] [O.E.B.]

Ans. Multinational Corporations (MNCs) are the companies that own or control the production of their goods in more than one country.

The main features of MNCs are:

- (i) They setup their factories and offices in more than one country.
- (ii) They setup their units where the cost of production is low and higher profits can be earned.
- (iii) They set up their units where they can get cheap labour and other resources.

COMMONLY MADE ERROR

- ➔ The students write about the advantages of MNC's instead of writing the features.

ANSWERING TIP

- ➔ Students have to write about their features or functioning.

[AI] 8. Explain with three examples how top Indian companies have been benefited from Globalisation. [U] [O.E.B.]

Ans. Several top Indian companies have been able to benefit from Globalisation:

- (i) They have invested in newer technology and production methods and raised their production standards.
- (ii) Some have gained from successful collaborations with foreign companies.
- (iii) Globalisation has enabled some large Indian companies to emerge as multinational themselves. For example, Tata Motors and Infosys.

[AI] 9. How has Globalisation created new opportunities for companies providing services in India? Explain. [U] [O.E.B.]

- Ans.** (i) Globalisation has created new opportunities for companies providing services particularly those involving IT.
- (ii) The Indian company producing a magazine for the London based company and call centres are some examples.

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

[AI] 10. How can the benefits of globalisation be shared better? Explain. [U] [O.E.B.]

Ans. The benefits of Globalisation can be shared better in the following ways:

- The government policy must protect the interest, not only of the rich and the powerful, but of all the people in the country.
- The government can ensure that labour laws are properly implemented and workers get their rights.
- It can support small producers to improve their performance till they become strong enough to compete.
- It can use trade and investment barriers.
- It can negotiate at the WTO for 'fairer rules'.

(Any three)

[AI] 11. "The impact of globalization has not been uniform." Explain with examples. [OD Set-I, 2020]

Ans. 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.

Removal of trade barriers and liberalisation policies of the governments to facilitate globalisation have hit the local producers and manufactures hard.

Globalisation and the pressure of competition have 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. e.g., MNCs and workers, MNC's and local manufactures/industries, withdrawal of subsidies, etc.

[AI] 12. How has globalisation affected the life of Indians? Explain with examples. [A] [OD Set-II, 2019]

Ans. Effects of Globalisation:

- Advantage to consumers particularly well of sections in the urban areas.
- Wider choice before the consumer.
- Improved quality and lower prices for several products.
- Any other relevant point.

(Any three)

[CBSE Marking Scheme, 2019]

Detailed Answer:

Globalisation has affected the life of Indians in the following ways:

- Increase in foreign investment:** Over the past twenty years, the foreign investment has increased.
- Emergence of Indian companies as multinational:** Several top Indian companies like Tata Motors, Infosys, Ranbaxy have been able to get benefit from the increased competition created as a result of Globalisation.
- Creation of new opportunities:** Globalisation has created new opportunities for Indian companies, particularly providing services like IT.

- (iv) **Creation of new jobs:** Globalisation has created new jobs specifically for IT professionals and has helped in reducing unemployment rate to an extent.

- (v) A host of services such as data entry, accounting, administrative tasks, engineering, etc. are now being performed at lesser costs in India.

COMMONLY MADE ERROR

- ⇒ Creation of new job opportunities in IT and services such as data entry, engineering, etc. should be discussed here.

ANSWERING TIP

- ⇒ Answers are written without quoting examples of top Indian companies.

13. Critically examine the impacts of globalization in India. [E] [CBSE SQP, 2018-19]

OR

[AI] Analyse any three impacts of globalization in India. [E]

Ans. Impacts of Globalisation in India:

- Stiff competition for local producers and manufacturers.
- No job security.
- Workers are denied their fair share of benefit.
- Long working hours and low wages to the workers.
- Expansion of unorganized sector.
- New opportunities for IT sector.
- Increase in investment and foreign trade.
- Any other relevant point

(Any three to be explained)

[CBSE Marking Scheme, 2018]

Detailed Answer:

Impacts of globalization in India are as follows:

- Globalization improves the productivity and efficiency in the use of resources through the process of competition.
 - Due to Globalization, growth rate of economy has gone up with an increase in foreign investment and foreign technology in India.
 - It allows the consumers to enjoy a wider range of goods and services at a lower cost.
- 14. How does foreign trade integrate the markets of different countries? Explain with example.**

[U] [Board Term-II, 2016]

OR

"Foreign trade integrates the markets in different countries." Support the statement with arguments.

[U] [Board Term-II, OD, Delhi Set, 2015]

Ans. Refer to Ans. of Long Answer 11.

Q. 15. What are the Special Economic Zones (SEZs)? Why is the government setting up SEZs?

[R] [Board Term-II, 2016]

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

- (i) Companies who setup units in SEZs are exempted from tax for 5 years.
- (ii) They are setup to attract foreign investment.

[CBSE Marking Scheme, 2016]

[AI] 16. "Foreign trade is an important component of globalization". Explain any three points in this regard.

[U] [Board Term-II, 2015]

Ans. (i) Foreign trade implies the exchange of goods and services across the countries.

- (ii) It helps to expand the size of the 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.

(Any three) $1 \times 3 = 3$

[CBSE Marking Scheme, 2015]

17. Describe any three ways in which countries can be linked through globalisation.

[A] [Board Term-II, 2015]

Ans. (i) By movement of goods.

(ii) By movement of services.

(iii) By movement of investments.

(iv) By movement of technology.

(v) By the movement of people between countries.

(Any three) $1 \times 3 = 3$

[CBSE Marking Scheme, 2015]

[AI] 18. How can the Government of India play a major role to make globalisation more fair? Explain with examples.

[A] [OD Set-I 2019]

Ans. Role of Government in making Globalisation fairer :

- (i) The Government policies must protect the interest of not only the rich but all citizens of the country.
- (ii) It can ensure the proper implementation of labour laws.
- (iii) Small producers should be supported to improve their performance.
- (iv) Use of trade & investment barriers to protect the small producers.
- (v) Any other relevant to be explained. **(Any three)**

[CBSE Marking Scheme, 2019]

Detailed Answer :

Government can play an important role in making Globalisation a success :

- (i) **Protection of interests :** The Government should prepare such policies that may protect the interests not only of the rich and the powerful but also of all the common people in the country.
- (ii) **Labour laws :** Government should ensure that labour laws are properly implemented and the workers get their rights.

(iii) **Reserved item :** Government can reserve some items exclusively for small scale and local producers.

(iv) **Investment barriers :** If necessary, the government can employ trade and investment barriers like quota system, import duty etc.

COMMONLY MADE ERROR

- ➔ Few answers do not have any points on investment and trade barriers, which is lacking.

ANSWERING TIP

- ➔ Government policies should ensure proper implementation of labour laws and rights.

[AI] 19. "Barriers on foreign trade and foreign investment were removed to a large extent in India since 1991." Justify the statement.

[E] [Board Term-II, Delhi Set-I, 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 setup factories and offices here.
- (iv) Indian producers got opportunities to compete with producers around the globe.

(Any three) $1 \times 3 = 3$

[CBSE Marking Scheme, 2016]

20. Why had the Indian government put barriers to foreign trade and foreign investment after independence? Analyse the reasons.

[E] [Board Term-II, OD Set-I 2016]

Ans. 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 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. **$1 \times 3 = 3$**

[AI] 21. Elaborate any three disadvantages of Multi-national Corporations.

[A] [O.E.B.]

Ans. The disadvantages of MNCs are :

- (i) Small manufacturers like—batteries, capacitors, plastic toys, tyres, dairy products and vegetable oil are victims of competition.
- (ii) Closing down of small units rendered many workers jobless.
- (iii) Most employers prefer to employ workers 'flexibly', this means that workers jobs are no longer secure.

Small Indian companies are hard hit because of government's changed policies such as allowing import of the goods which were previously not allowed.



Long Answer Type Questions

(5 Marks Each)

AI 1. Describe the role of technology in promoting globalisation process. [CBSE SQP, 2020-21]

Ans. Technology in promoting globalisation process

Rapid improvement in technology has stimulated the globalisation process.

- (i) This has made much faster delivery of goods across long distances possible at lower costs.
- (ii) Even more remarkable have been the developments in information and communication technology.
- (iii) Technology in the areas of telecommunications, computers, Internet has been changing rapidly.
- (iv) Telecommunication facilities (telegraph, telephone including mobile phones, fax) are used to contact one another around the world, to access information instantly, and to communicate from remote areas.
- (v) This has been facilitated by satellite communication devices.

(Any other relevant point) [5]

COMMONLY MADE ERROR

- ➔ Students give vague answers and did not mention that technology also covers satellites, internet services, communication etc. in their answers.

ANSWERING TIP

- ➔ Students have to mention the names of telecommunication facilities like fax, mobile phones etc.

AI 2. Why do multinational corporations (MNCs) set up their offices and factories in certain areas only? Explain any five reasons. [A] [Delhi Set-I, 2019]

Ans. Offices and factories of MNC's .

- (i) Availability of raw material.
- (ii) Availability of skilled and unskilled labour at low costs.
- (iii) Availability of other factors of production is assured like electricity etc.
- (iv) Smaller companies are available.
- (v) Where government policies are favourable to investors.
- (vi) Any other relevant point. (1×5=5)

(Any five points to be explained)

[CBSE Marking Scheme, 2019]

Detailed Answer:

Following are five reasons why multinational corporations set up their offices and factories in certain areas only:

- (i) MNCs set up their companies in areas where they get cheap labour.
- (ii) A large industry or a company means far more productivity so they need more labour and it will be just their benefit to get cheap labour .
- (iii) While they select areas with high level of resources so that they can cut off the rate of transportations to an extent.
- (iv) By choosing an area which is full of natural resources they can easily set up plants.
- (v) By this, they can also provide their products to their consumers more efficiently and with more profit while cutting the costs involved in this.

COMMONLY MADE ERROR

- ➔ Government policies, transportation is not mentioned in few answers.

ANSWERING TIP

- ➔ Availability of raw material, skilled and unskilled labour at low cost, etc., should be discussed here.

AI 3. How have our markets been transformed in recent years? Explain with examples.

[E] [CBSE Compartment, 2018]

OR

How have our markets been transformed? Explain with examples. [E] [Board Term-II, 2016]

OR

In recent years how our markets have been transformed? Explain with examples.

[E] [Board Term-II, Delhi Set 2015]

Ans. Markets have been transformed in recent years:

- (i) We have a wide choice of goods and services before us.
- (ii) The latest models of digital cameras, mobile phones and televisions made by the leading manufacturers of the world are within our reach now.
- (iii) **Example:** every season new models of automobiles can be seen on Indian roads.
- (iv) Today, Indians are buying cars produced by nearly all the top companies in the world.
- (v) A similar explosion of brands can be seen for many other goods; from shirts to televisions to processed fruit juices.
- (vi) Any other relevant point.

(Any five points to be explained) 1 × 5 = 5

[CBSE Marking Scheme, 2018]

4. Describe any five factors that promote the Multinational Corporations (MNCs) to setup their production units in a particular place.

[A] [Board Term-II, 2016]

Ans. Factors that promote MNCs:

- (i) Close proximity to the market.

- (ii) Availability of skilled and unskilled labour at low cost.
- (iii) Assured production.
- (iv) Government's liberalised policies.
- (v) Developed infrastructure.
- (vi) Safety measures.

(Any five) $1 \times 5 = 5$

[CBSE Marking Scheme, 2016]

Q. 5. What steps should be taken to make trade more fair between the countries?

[A] [Board Term-II, 2016]

Ans. The following steps should be taken:

- (i) Before imposing a trade barrier, the interest of the developing countries should be taken care of.
- (ii) Rules and regulations 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.

(1 × 5 = 5)

[CBSE Marking Scheme, 2016]

[AI] 6. "Information and Communication technology has played a major role in spreading out production of services across countries." Justify the statement with examples.

[E] [Board Term-II, 2016]

OR

Technology has stimulated the Globalisation process." Support the statement with examples.

[E] [Board Term-II, 2015]

Ans. Rapid improvement in technology has stimulated the globalisation process:

- (i) Transportation technology has made much faster delivery of goods across long distances possible at lower costs.
- (ii) There are even more remarkable developments in information and communication technology.
- (iii) Telecommunication facilities are used to contact one another around the world, to access information instantly, and to communicate from remote areas information instantly and to communicate from remote areas.
- (iv) Through the internet, one can obtain and share information on almost anything. It also allows sending e-mail and talking across the world at negligible costs.
- (v) For example, a news magazine published for London readers is to be designed and printed in Delhi. The text of the magazine is sent through the internet to the Delhi office. The designers in the Delhi office get orders on how to design the magazine from the office in London using telecommunication facilities. The designing is done on a computer. After printing, the magazines are sent by air to London.

Even the payment of money for designing and printing from a bank in London to a bank in Delhi is done instantly through the internet.

$1 \times 5 = 5$

Q. 7. How are Multinational Corporations (MNCs) controlling and spreading their productions across the world? Explain.

[U] [Board Term-II, Delhi Set-I, 2015]

Ans. The Multinational Corporations (MNCs) are controlling and spreading their production across the world in the following ways:

- (i) MNCs setup their production units close to market.
- (ii) MNCs setup production units jointly with local companies.
- (iii) They setup units where there is skilled and unskilled labour available at low cost.
- (iv) Large MNCs in developed countries place orders for production with small producers.
- (v) They have tremendous power to determine price, quality, delivery and labour conditions for distant producers.
- (vi) By purchasing local companies.

(Any five) $1 \times 5 = 5$

[CBSE Marking Scheme, 2015]

[AI] 8. Explain any five effects of globalization.

[A] [Delhi Set-II 2019]

Ans. Five effects of Globalization:

- (i) Increased investments by MNCs.
- (ii) It created new opportunities for companies.
- (iii) Some large local companies like in India emerged as Multinational Companies.
- (iv) Standards of living have been raised.
- (v) Several companies hit hard due to competition.
- (vi) Several workers rendered jobless due to shut down of industries.
- (vii) Any other relevant point.

(Any five points to be explained.) $1 \times 5 = 5$

[CBSE Marking Scheme, 2019]

Detailed Answer:

Five effects of globalization are as follows:

- (i) International product launches simultaneously across the entire world.
- (ii) Access to international commercial best practices and alignment of local laws with international laws.
- (iii) Higher foreign investments in fields like IT, manufacturing and other service sectors and lowering of restrictions on Foreign Direct Investments.
- (iv) Increasing Investment in research and development innovative products.
- (v) Growth in startups funded by international venture capital firms and angel investors.
- (vi) Gradual death of regional languages as native speakers feel the need to switch to English and reduce the usage of their mother tongues.
- (vii) Loss of cultural and social identity much to the detriment of national progress.

(Any five points)

COMMONLY MADE ERROR

- ⇒ Answer should contain both positive and negative effects of globalisation.

ANSWERING TIP

- ⇒ Only negative impacts like shut down of industries, unemployment issues are discussed.

AI 9. Explain any five facilities available in the special economic zones developed by the Central and State Governments to attract foreign investment.

A [Delhi Set-III, 2019]

Ans. Facilities available in the special economic zones developed by the Central and State governments are:

1. Special Economic Zones (SEZs) are to have World Class Facilities; electricity, water, roads, transport etc.
2. Government provides recreational and educational facilities.
3. Companies who set up production units in the SEZs do not have to pay taxes for an initial period.
4. Government has allowed flexibility in labour laws to attract foreign investment.
5. Instead of hiring workers on a regular basis, companies hire workers flexibly for short periods when there is intense pressure of work.
6. Any other relevant point.

(Any five points to be explained.) $1 \times 5 = 5$

[CBSE Marking Scheme, 2019]

Detailed Answer:

Five facilities available in the Special Economic Zones (SEZs) by the central and state governments to attract foreign investment:

- (i) Duty free import and domestic procurement of goods for the development, operation and maintenance of your company.
- (ii) 100 percent income tax exemption on export income for first five years, 50 percent for five years thereafter, and 50 percent of the export profit reinvested in the business for the next five years.
- (iii) Exemption from the Goods and Services Tax (GST) and levies imposed by state government. Supplies to SEZs are zero rated under the IGST Act, 2017, meaning they are not taxed.
- (iv) External commercial borrowing (ECB) is allowed up to US\$500 million a year without restriction. For developers of an SEZ, the ECB channel may be availed after receiving government approval, and only for providing infrastructure facilities in the zone. However, ECB will not be permissible for development of integrated township and commercial real estate within the SEZ.

- (v) Permission to manufacture products directly, as long as the goods you are producing fall within a sector which allows 100 percent FDI.

COMMONLY MADE ERROR

- ⇒ Some of these facts and figures should be written in the answers. (like import duty, GST etc.)

ANSWERING TIP

- ⇒ Special features of SEZs are written very briefly.

10. How do we feel the impact of globalisation on our daily life? Explain with examples.

A [Delhi & OD, 2018]

Ans. Impact of Globalisation:

- (i) Globalisation and greater competition among producers has been of advantage to consumers.
- (ii) Greater choice before consumers.
- (iii) Availability of standard quality products at lower price.
- (iv) Improvement in living standard.
- (v) Foreign investments have increased in many areas like cell phones, automobiles, electronics, soft drinks etc.
- (vi) New jobs have been created.
- (vii) Several of the units have shut down rendering many workers jobless.
- (viii) Globalization has also created insecurity of job.
- (ix) Any other relevant point.

(Any five points to be mentioned.) $1 \times 5 = 5$

[CBSE Marking Scheme, 2018]

Detailed Answer:

Effect of globalisation on the lives of people are:

- (i) There has been an increased investment in industries such as cell phones, automobiles, electronics, soft drinks, fast food or services such as banking in urban areas.
- (ii) A lot of new jobs have been created.
- (iii) Local companies supplying raw materials to these industries have experienced a boom.
- (iv) Several top Indian companies have been able to benefit from the increased competition. Some have gained from successful collaborations with foreign companies.
- (v) New opportunities for service such as data entry, accounting, administrative tasks, engineering are now being done cheaply in countries such as India and are exported to the developed countries.

COMMONLY MADE ERROR

- ⇒ Some students have written the answer on the impact on Indian economy as a whole. It could be written on consumers, workers etc.

ANSWERING TIP

- ⇒ Advantages to the consumer can also be written.

AI 11. How does foreign trade integrate the markets of different countries? Explain with examples.

[Delhi & OD, 2018]

Ans. Foreign Trade is integrating markets of different countries:

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

- (ii) Producers can sell their products in the markets located in other countries.
(iii) It helps for expanding the choice of goods beyond domestic market.
(iv) It is a main channel connecting countries.
(v) Highly helpful for extensive trade.
(vi) The trading interest attracts various trading companies.
(vii) Any other relevant point. (Any five) $1 \times 5 = 5$

[CBSE Marking Scheme, 2018]

Detailed Answer:



Topper's Answer, 2018

Introduction: Foreign trade has been integrating the markets by:-

(a) Producers from one country go beyond the domestic market and compete globally.

(b) Producers from different countries come in close contact and closely competing with each other.

(c) The prices of ^{similar} goods in ^{different} similar markets tend to become equal.

(d) Manufacturing by Multinational companies operate production across various countries thus linking the consumers and producers.

(e) The producers supplying goods, consumers and products producers in widely dispersed locations become associated through the means of foreign trade and investment by MNCs. Consumers have greater choices available.

(f) eg:- multinational company that manufactures automobiles, gets parts by China, assembles in Mexico & Eastern Europe, gets call centre facilities from India.

Conclusion: Thus, globalisation is taken place and markets getting interlinked.

COMMONLY MADE ERROR

- ➔ Question is misunderstood by many students, they have written only about Indian producers.

ANSWERING TIP

- ➔ Producers point of view is essential.

12. How can consumers and producers be benefited from 'foreign trade'? Explain with examples.

[U] [CBSE Compartment, 2018]

Ans. Consumers and producers are benefited from foreign trade:

- (i) Foreign trade creates an opportunity for producers to reach beyond the domestic market.
- (ii) Producer 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.
- (iii) For buyers import of goods produced in another country is one way of expanding the choice of goods.
- (iv) With the opening of trade goods travel from one market to another.
- (v) Choice of goods in the market rises.
- (vi) Prices of similar goods in the two markets tend to become equal.
- (vii) Producers in the two countries closely compete with each other.
- (viii) Any other relevant point. (Any five) $1 \times 5 = 5$
[CBSE Marking Scheme, 2018]

Q. 13. What is liberalisation? Describe any four effects of liberalisation on the Indian economy.

[R] [OD, Set-II, 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 making decisions freely.
- (v) The competition would improve the performance of producers within the country since they have to improve their quality.
- (vi) Any other relevant point.

(Any four effects to be described) 5
[CBSE Marking Scheme, 2017]

14. Describe the impacts of globalisation on Indian economy with examples.

[A] [Board Term-II, OD, 2016]

Ans. Impacts of globalization 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 the greater choice before the consumers who now enjoy the 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, Ranbaxy, Asian Paints, etc.
- (vi) Globalisation has also created new opportunities for companies providing services particularly those involving IT (Information Technology).
For example, the Indian company producing a magazine for the London based company and call centres.
- (vii) Local companies supply raw materials to foreign industries and have prospered.
However, for a large number of producers and workers, globalisation has posed major challenges.

(Any five) $1 \times 5 = 5$

[CBSE Marking Scheme, 2016]

15. Describe the major problems created by the globalisation for a large number of small producers and workers. [A] [Board Term-II, 2016]

Ans. Problems created by the globalisation for small producers and workers:

- (i) It has led to a widening of income inequalities among various countries.
- (ii) Workers jobs are no longer secure.
- (iii) Expansion of the 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 deprived from their fair share of benefits.

(Any five) $1 \times 5 = 5$

[CBSE Marking Scheme, 2016]

16. The impact of globalisation has not been uniform." Demonstrate with the help of illustrations".

[U] [CBSE SQP 2016-17]

- Ans. (i)** 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.
- (ii) Removal of trade barriers and liberalisation policies of the governments to facilitate globalisation have hit the local producers and manufactures hard.
 - (iii) Globalisation and the pressure of competition have substantially changed the lives of workers.

Faced with grow in competition, most employers these days prefer to employ workers 'flexibly'. This means that workers' jobs are no longer secure. Illustration : Any one case—either from the text book or beyond it, e.g., MNCs and workers, MNC's and local manufactures/ industries, withdrawal of subsidies, etc.

3 + 2 = 5 [CBSE Marking Scheme, 2016]

AI 17. "Fair globalisation would create opportunities for all and also ensure that benefits of globalisation are shared better." Support the statement. **A** [Board Term-II, 2015]

Ans. Fair globalisation creates opportunities :
Fair globalisation would create opportunities for all and also ensure that the 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.

(Any five) $1 \times 5 = 5$

[CBSE Marking Scheme, 2015]



SELF ASSESSMENT TEST - 4

Maximum Marks : 30

Timing: 1 Hour

(A) OBJECTIVE TYPE QUESTIONS

1 Mark Each



Stand Alone MCQs (1 Mark Each)

- Q. 1. Which one of the following Organisations lay stress on liberalisation of Foreign trade and Foreign investment?
- (A) International Monetary Fund
(B) International Labour Organisation
(C) World Health Organisation
(D) World Trade Organisation
- Q. 2. is the process of rapid integration.
- (A) Liberalization (B) Privatization
(C) Globalization (D) Industrialization
- Q. 3. How do Banks mediate between those who have surplus funds (the Depositors) and those who are in need of these funds (the Borrowers)?
- (A) Mutual funds (B) Share dividend
(C) Loans (D) Deposits
- Q. 4. is an asset that the Borrower owns (such as land, building, vehicle, livestock, Deposits with Banks) and uses this as a guarantee to a lender until the loan is repaid?
- (A) Debt trap (B) Guarantee
(C) Collateral (D) Warranty



Assertion and Reason Based MCQs (1 Mark Each)

Directions : In the following questions, A statement of Assertion (A) is followed by a statement of Reason (R). Mark the correct choice as:

- (A) Both A and R are true and R is the correct explanation of A.
(B) Both A and R are true but R is NOT the correct explanation of A.
(C) A is true but R is false.
(D) A is false and R is true.

- Q. 5. **Assertion (A):** Barter system was used in ancient times for the exchange goods.

Reason (R): Money eliminates the need for double coincidence of wants. Since money enables the exchange process, it is also called a Medium of exchange.

- Q. 6. **Assertion (A):** Globalisation has created more competitive environment in India.

Reason (R): In the past two to three decades, more and more MNCs have been looking for locations around the world which would be cheap for their production.



Case-based MCQs (1 Mark Each)

Read the given extract and answer any four of the questions that follows:

Banks are not present everywhere in rural India. Even when they are present, getting a loan from a bank is much more difficult than taking a loan from informal sources. As we saw for Megha, bank loans require proper documents and collateral. Absence of collateral is one of the major reasons which prevents the poor from getting bank loans. Informal lenders such as moneylenders, on the other hand, know the borrowers personally and hence are often willing to give a loan without collateral. The borrowers can, if necessary, approach the moneylenders even without repaying their earlier loans. However, the moneylenders charge very high rates of interest, keep no records of the transactions and harass the poor borrowers.

In recent years, people have tried out some newer ways of providing loans to the poor. The idea is to organise rural poor, in particular women, into small Self Help Groups (SHGs) and pool (collect) their savings. A typical SHG has 15-20 members, usually belonging to one neighbourhood, who meet and save regularly. Saving per member varies from Rs. 25 to Rs. 100 or more, depending on the ability of the people to save. Members can take small loans from the group itself to meet their needs. The group charges interest on these loans but this is still less than what the moneylender charges. After a year or two, if the group is regular in savings, it becomes eligible for availing loan from the bank. Loan is sanctioned in the name of the group and is meant to create self-employment opportunities for the members. For instance, small loans are provided to the members for releasing mortgaged land, for meeting working capital needs (e.g. buying seeds,

fertilisers, raw materials like bamboo and cloth), for housing materials, for acquiring assets like sewing machine, handlooms, cattle, etc. Most of the important decisions regarding the savings and loan activities are taken by the group members. The group decides as regards the loans to be granted — the purpose, amount, interest to be charged, repayment schedule etc. Also, it is the group which is responsible for the repayment of the loan. Any case of non-repayment of loan by any one member is followed up seriously by other members in the group. Because of this feature, banks are willing to lend to the poor women when organised in SHGs, even though they have no collateral as such.

- Q. 7. What prevents the poor from getting Bank Loans?
 (A) Absence of Collateral.
 (B) Very high rates of Interest.
 (C) Banks are not present everywhere in Rural India.
 (D) Poor people do not understand English.
- Q. 8. **Assertion (A):** Moneylenders are often willing to give a loan without collateral.

Reason (R): Moneylenders know the Borrowers personally. The Borrowers can, if necessary, approach the Moneylenders even without repaying their earlier loans.

- (A) Both A and R are true and R is the correct explanation of A.
 (B) Both A and R are true but R is NOT the correct explanation of A.
 (C) A is correct but R is wrong.
 (D) A is wrong and R is correct.
- Q. 9. What is the aim of the loans sanctioned to SHG?
 (A) To establish industries
 (B) To establish fisheries
 (C) To create self-employment opportunities
 (D) For the development of agriculture
- Q. 10. Most of the significant decisions regarding the savings and loan activities are taken by
 (A) the Bank officers
 (B) the Head of the village
 (C) the Head of the family
 (D) the group members

✓ (B) SUBJECTIVE QUESTIONS

SECTION – A



Very Short Answer Type Questions (1 Mark Each)

- Q. 11. Give one example of Money which is not in the form of Currency (Cash).
 Q. 12. Who started the Grameen Bank of Bangladesh and when?
 Q. 13. State the components of money supply.
 Q. 14. What is Special Economic Zones (SEZs)? Give one characteristic feature of a 'Special Economic Zone'?

SECTION – B



Short Answer Type Questions (3 Marks Each)

- Q. 15. State four functions of money. Explain any one of them.

- Q. 16. Why do MNCs set up their offices and factories in those regions where they get cheap labour and other resources? Why have MNCs have increased their investments in India over the past 20 years? Briefly explain.

SECTION – C



Long Answer Type Questions (5 Marks Each)

- Q. 17. How does money overcome the problems of the Barter System?
 Q. 18. What steps should be taken to make trade more fair between the countries?

■ ■

PRACTICE TEST PAPER - 1*

Maximum Time: 3 Hours

MM: 40

General Instructions:

- (i) The question paper comprises of three sections, Section A, B & C.
- (ii) Section-A - has questions from Q.1 to Q.13. These questions contains multiple choice questions, assertion - reason and Case-based Questions carrying 1 mark each.
- (iii) Section-B has questions from Q.14 to Q.19. These questions contains Short Answer types & Long Answer Types.
- (iv) Section-C has questions from Q.20 to Q.24. These are map based questions.

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SECTION – A OBJECTIVE TYPE QUESTIONS



Stand Alone MCQs

(1 Mark Each)

- Q. 1. Which of the following was the reason for calling off the Non-cooperation Movement' by Gandhiji?
- (A) Pressure from the British Government
 - (B) Second Round Table Conference
 - (C) Gandhiji's arrest
 - (D) Chauri-Chaura incident
- Q. 2. Which of the following was a European managing agency?
- (A) Tata Iron and Steel Company
 - (B) Elgin Mill
 - (C) Andrew Yule
 - (D) Birla Industries
- Q. 3. Which one of the following states has the highest road density ?
- (A) Goa
 - (B) Karnataka
 - (C) Kerala
 - (D) Gujarat
- Q. 4. If all the decisions of a political party are made a single family and all other members are neglected, then what challenge is being faced by that party?
- (A) Challenge of alliance formation
 - (B) Challenge of dynastic succession
 - (C) Challenge of partial elections
 - (D) Challenge of power
- Q. 5. What is meant by economic inequality?
- (A) It is a situation of equal distribution of wealth.
 - (B) It is the unequal distribution of income and opportunity between different groups in society.

(C) It is the distribution of wealth on the basis of gender.

(D) It is the distribution of wealth on the basis of education.

Q. 6. A deposit with a bank that can be withdrawn whenever the depositor likes to do so, is termed as

- (A) a demand deposit
- (B) a time deposit
- (C) a fixed deposit
- (D) a legitimate deposit

Q. 7. Read the given statements in context of 'globalization' and choose the correct option :

- (A) It is the only way for economic development of the country
- (B) Interlinks only production based activities in dispersed locations 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 one region to another



Assertion and Reason Based MCQs

(1 Mark Each)

Directions : In the following questions, A statement of Assertion (A) is followed by a statement of Reason (R). Mark the correct choice as:

- (A) Both A and R are true and R is the correct explanation of A.
- (B) Both A and R are true but R is NOT the correct explanation of A.
- (C) A is true but R is false.
- (D) A is false and R is true.

Q. 8. Assertion (A): The Indian government, after independence, had put barriers to foreign trade and foreign investment

Reason (R): The government considered it necessary to protect the producers within the country from foreign competition.

Q. 9. Assertion (A): The handspun Khadi provides large scale employment to weavers in their homes as a cottage industry.

Reason (R): Mahatma Gandhi lay emphasis on spinning yarn and weaving khadi.

Q. 10. Assertion (A): The most dynamic industries in Britain were clearly Cotton and Metals.

Reason (R): By 1873, Britain was exporting iron and steel worth about £ 77 million, double the value of its cotton export.



Case-based MCQs

(1 Mark Each)

Case I:

Read the source given below and answer the questions that follows:

In the seventeenth and eighteenth centuries, merchants from the towns in Europe began moving to the countryside, supplying money peasants and artisans, persuading them to produce for an international market. With the expansion of world trade and the acquisition of colonies in different parts of the world, the demand for goods began growing. But merchants could not expand production within towns. This was because here urban crafts and trade guilds were powerful.

These were associations of producers that trained craftspeople, maintained control over production, regulated competition and prices, and restricted the entry of new people into the trade. Rulers granted different guilds the monopoly right to produce and trade in specific products. It was therefore difficult for new merchants to set up business in towns. So they turned to the countryside.

Answer the following MCQs by choosing the most appropriate option:

Q. 11. Merchants from the towns Europe began moving to the

- (A) Countryside (B) Villages
(C) Cities (D) Foreign countries

Q. 12. The Merchants persuaded peasants and artisans to produce for:

- (A) Local market
(B) State market
(C) International market
(D) National market

OR

With the expansion of World trade, the demand for goods began

- (A) slowing (B) growing
(C) falling down (D) increased

Q. 13. Associations of trained Craftspeople, maintained control over production, regulated competition and prices, and restricted the entry of new people into the trade.

- (A) Manufacturers (B) Customers
(C) Producers (D) Retailers

SECTION – B SUBJECTIVE QUESTIONS



Short Answer Type Questions

(3 Marks Each)

Q. 14. Analyse any three reasons for slowing down of Non-cooperation Movement in cities.

Q. 15. Why did the elite of Britain prefer hand made goods in the mid-nineteenth century? Explain.

Q. 16. Why is cotton textile industry the largest industry in India today? Give any three reasons.

Q. 17. What do you understand by the bi-party system? Write its one merit and one demerit.

OR

How has Globalisation created new opportunities for companies providing services in India? Explain.



Long Answer Type Questions

(5 Marks Each)

Q. 18. "Democracy is based on the idea of deliberation and negotiation". Examine the statement.

Q. 19. The First World War turned out to be a boon in disguise for the Indian industries.' Justify the statement with suitable arguments.

SECTION – C MAP BASED QUESTIONS



Map Questions

(5 Marks Each)

Five places A,B, C,D and E have been marked the given outline map of India. Identify them and write their correct names on the lines drawn near them.

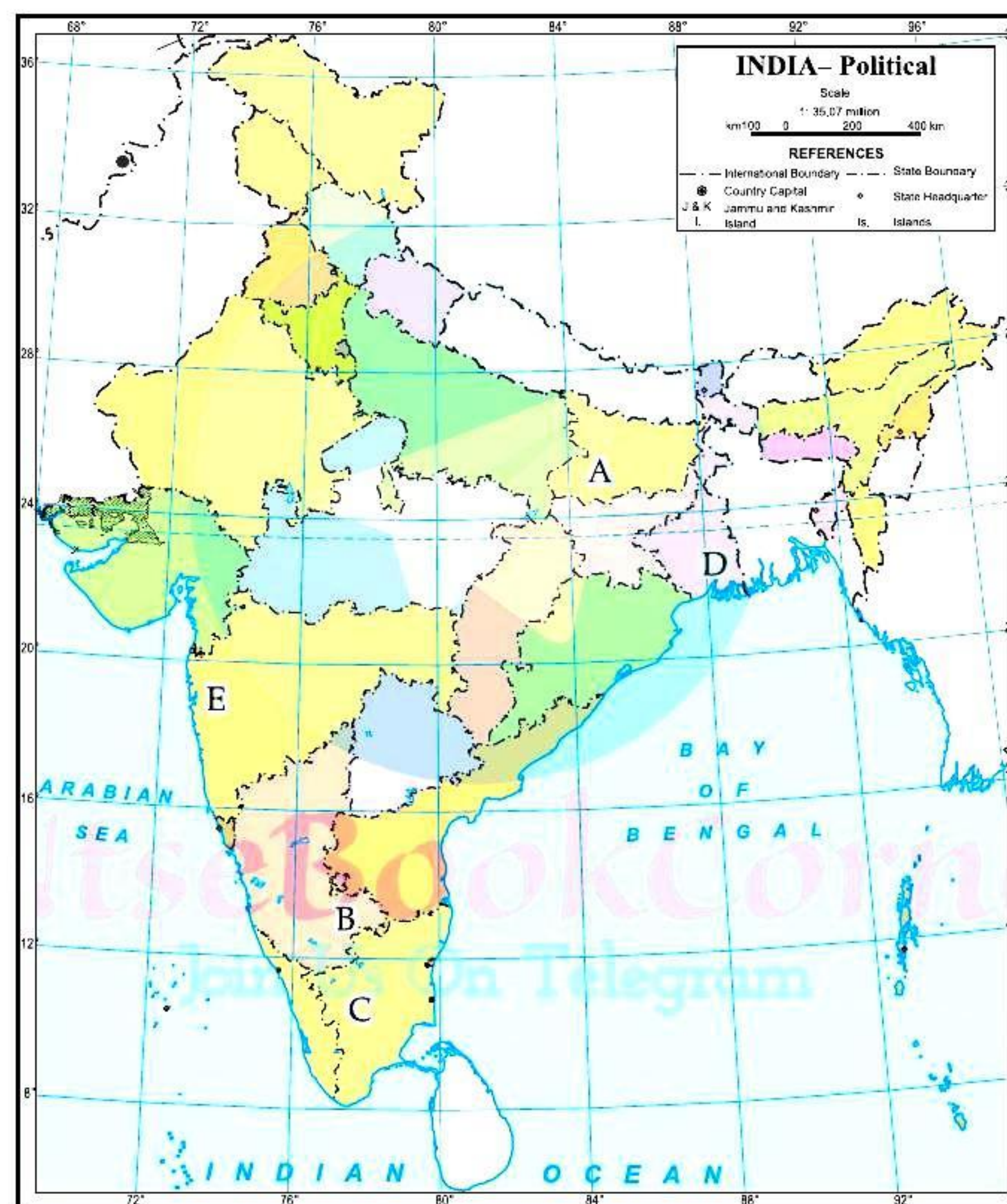
Q. 20. A is marked as the place where the movement of Indigo Planters was started.

Q. 21. B is marked as the software technology park in India.

Q. 22. C is marked as the iron and steel industries in India.

Q. 23. D is marked as the major sea port.

Q. 24. E is marked as the major international airport.



PRACTICE TEST PAPER - 2*

Maximum Time: 3 Hours

MM: 40

General Instructions:

- (i) The question paper comprises of three sections, Section A, B & C.
- (ii) Section-A - has questions from Q.1 to Q.13. These questions contains multiple choice questions, assertion - reason and Case-based Questions carrying 1 mark each.
- (iii) Section-B has questions from Q.14 to Q.19. These questions contains Short Answer types & Long Answer Types.
- (iv) Section-C has questions from Q.20 to Q.24. These are map based questions.

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SECTION – A OBJECTIVE TYPE QUESTIONS



Stand Alone MCQs

(1 Mark Each)

- Q. 1. From which of the following trade did the early entrepreneur make a fortune?
- (A) Textile trade (B) Trade in tea
(C) China trade (D) Share market
- Q. 2. In which of the following Indian National Congress Session, the idea Non-cooperation Movement was accepted?
- (A) Lahore Session (B) Calcutta Session
(C) Madras Session (D) Bombay Session
- Q. 3. Which one of the following means of transport is used for carrying solids in a slurry form?
- (A) Trucks (B) Pipeline
(C) Railways (D) Ships
- Q. 4. The Bahujan Samaj Party stands for what cause?
- (A) Securing the interest of the oppressed people
(B) Equal rights for women
(C) No discrimination on the basis of religion
(D) Economic emancipation of women
- Q. 5. Study the following picture and answer the question that follows :



Which of the following leaders is shown in this cartoon ?

- (A) Berlusconi (B) Kwame Nkrumah
(C) Putin (D) Mussolini

- Q. 6. Who issues currency notes in India ?
- (A) Reserve Bank of India
(B) State Bank of India
(C) Ministry of Finance
(D) Government of India
- Q. 7. Which of the following does not constitute a part of informal credit in India ?
- (A) Commercial Bank
(B) Moneylenders
(C) Friends and relatives
(D) Zamindars



Assertion and Reason Based MCQs

(1 Mark Each)

Directions : In the following questions, A statement of Assertion (A) is followed by a statement of Reason (R). Mark the correct choice as:

- (A) Both A and R are true and R is the correct explanation of A.
(B) Both A and R are true but R is NOT the correct explanation of A.
(C) A is true but R is false.
(D) A is false and R is true.

- Q. 8. **Assertion (A):** The car manufacturing plant of Maruti Udyog Ltd in India produces cars for Indian markets.

Reason (R): It also exports cars to other developing countries and exports car components for its many factories around the world.

Q. 9. Assertion (A): Railways have been a great integrating force for more than 150 years.

Reason (R): Railways in India bind to economic life of the country as well as accelerate the development of the industry and agriculture.

Q. 10. Assertion (A): European Managing Agencies, which dominated industrial production in India, were interested in certain kinds of products.

Reason (R): They established tea and coffee plantations, acquiring land at cheap rates from the Colonial Government; and they invested in mining, indigo and jute.



Case-based MCQs

(1 Mark Each)

Case I:

Read the source given below and answer the questions that follows:

The movement started with middle-class participation in the cities. Thousands of students left government-controlled schools and colleges, headmasters and teachers resigned, and lawyers gave up their legal practices. The council elections were boycotted in most provinces except Madras, where the Justice Party, the party of the Non-Brahmans, felt that entering the council was one way of gaining some power—something that usually only Brahmins had access to.

The effects of Non-cooperation on the economic front were more dramatic. Foreign goods were boycotted, liquor shops picketed, and foreign cloth burnt in huge bonfires. The import of foreign cloth halved between 1921 and 1922, its value dropping from ₹102 crore to ₹57 crore. In many places merchants and traders refused to trade in foreign goods or finance foreign trade. As the boycott movement spread, and people began discarding imported clothes and wearing only Indian ones, production of Indian textile mills and handlooms went up.

But this movement in the cities gradually slowed down for a variety of reasons. Khadi cloth was often more expensive than mass-produced mill cloth and

poor people could not afford to buy it. How then could they boycott mill cloth for too long? Similarly the boycott of British institutions posed a problem. For the movement to be successful, alternative Indian institutions had to be set up so that they could be used in place of the British ones. These were slow to come up. So students and teachers began trickling back to government, schools and lawyers joined back work in government courts.

Q. 11. What was the purpose of Justice Party to contest Elections to the Council in Madras? Select the appropriate option:

- (A) It wanted to contest elections to the council as it was one of the ways to gain some Income that usually only Brahmins had access to.
- (B) It wanted to contest elections to the council as it was one of the ways to gain some power that usually only Brahmins had access to,
- (C) It wanted to contest elections to the council as it was one of the way to gain more popularity that usually only Brahmins had access to.
- (D) It wanted to contest elections to the council as it was one of the ways to take revenge from Brahmins.

Q. 12. How was the effects of 'Non-cooperation on the economic front dramatic?

- (A) Merchants refused to trade in foreign goods or finance foreign trade.
- (B) The merchants imported goods from other countries.
- (C) The neighbouring countries were offering same goods at cheaper prices.
- (D) Public was not interested in buying foreign goods.

OR

The import of foreign cloth between 1921 and 1922 saw changes because :

- (A) Its value dropped from ₹100 crore to ₹97 crore
- (B) Its value dropped from ₹201 crore to ₹150 crore
- (C) Its value dropped from ₹102 crore to ₹57 crore
- (D) Its value dropped from ₹102 crore to ₹75 crore

Q. 13. Thousands of colleges and left government controlled schools and gave up their legal practices.

- (A) Teachers, Judges
- (B) Headmasters, Clerks
- (C) Students, Advocates
- (D) Students, lawyers

SECTION – B SUBJECTIVE QUESTIONS



Short Answer Type Questions

(3 Marks Each)

Q. 14. Describe the main features of 'Poona Pact'.

Q. 15. "In the eighteenth century Europe, the peasants and artisans in the countryside readily agreed to work for the merchants." Explain any three reasons.

Q. 16. Describe any three features of waterways in India.

OR

Analyse the three components of a political party.

Q. 17. What are demand deposits? Explain any three features of it?

interaction with local producers in various countries across the globe.



Long Answer Type Questions

(5 Marks Each)

Q. 18. Explain any three ways in which Multinational Companies have spread their production and

OR

Q. 19. Describe the life of workers during the nineteenth century in England.

SECTION – C MAP BASED QUESTIONS



Map Questions

(5 Marks)

Five places A,B,C,D and E have been marked the given outline map of India. Identify them and write their correct names on the lines drawn near them.

Q. 20. A is marked as the place where Salt Law was broken by Mahatma Gandhi.

Q. 21. B is marked as the place which is known for Cotton Mill Workers Satyagraha.

Q. 22. C is marked as the major cotton textile industries in India

Q. 23. D is marked as the iron and steel industries.

Q. 24. E is marked as the major seaport

