



in India.

### **Q.3 What is trade barrier? How governments can use trade barriers?**

Ans. Any kind of restrictions imposed on trade is called a trade barrier.

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. 4What is privatization and liberalization?**

Ans. Privatization means allowing the private sector to set up industries which were earlier reserved for the public sector. Removing barriers or restrictions set by the government on trade is called liberalization. Thus, privatization and liberalization results in freedom from closed and regulated economy.

### **Q. 5How MNCs can spread their production?**

Ans. MNCs can spread their production by:-

1. Setting up joint production units with local companies.
2. To Buy up local companies and expanding its production base.
3. Placing orders with small producers

### **Q.6 Mention three factors responsible for globalization.**

Ans. (i) Growth of MNCs.

(ii) Growth of technology.

(iii) Development in transport and communication technology.

## **LONG TYPE QUESTION ANSWERS**

### **Q.1What do you mean by Globalization? What are the effects of globalization in India?**

Ans. Globalization is the integration or interconnection between the countries through trade and foreign investments by multinational corporations (MNCs).

#### **Positive impacts:-**

- 1) Greater choice and improved quality of goods at competitive price and hence raises standard of living.
- 2) MNCs have increased investments in India.
- 3) Top Indian companies emerged as multinationals.
- 4) Created new opportunities for companies providing services like IT sector.
- 5) Collaborations with foreign companies help a lot to domestic entrepreneurs.

#### **Negative impacts:-**

- 1) Indian Economy faced the problem of brain drain.
- 2) Globalization has failed to mark its impact on unemployment and poverty.
- 3) Cut in farm subsidies.
- 4) Closure of small industries.

### **Q.2 What is WTO? What are the aims of WTO? What are the drawbacks of WTO?**

Ans. WTO is World trade organization. It is an organization which is in favour of increasing the world trade through globalization.

#### **The aims of WTO are:**

- (i) To liberalise international trade by allowing free trade for all.

(ii) To promote international trade among the countries of the world in an open uniform and nondiscriminatory manner.

(iii) Removal of both the import and export restrictions.

**The drawbacks of WTO are:**

- 1) WTO is dominated by the developed country
- 2) WTO is used by developed countries to support globalization in areas that are not directly related to trade.
- 3) Though WTO is supposed to allow free trade for all, in practice, it is seen that the developed countries have unfairly retained trade barriers.

**Q.3 What are MNCs? How the MNCs functions? What are the main guiding factors of MNCs?**

Ans. MNCs are Multinational corporations. It is a company that owns or controls production in more than one Nation. MNCs set up offices and factories for production in region where they can get cheap labour and other resources, closer to the markets. This is done to reduce the cost of production and the MNCs can earn greater profits. MNCs not only sell its finished products globally but also the goods and services are produced globally. The production process is divided into small parts and spread across the globe.

**The main guiding factors of MNCs are:**

- (i) Cheap production
- (ii) Closeness of production unit to the markets.
- (iii) Favourable government policies.

**Q.4 What are the ways through which MNCs spread their production and interact with local producers?**

Ans. There are a variety of ways in which MNCs spread their production and interact with local producers in various countries across the globe.

- (i) Setting up partnerships with local companies,
- (ii) Using the local companies for supplies
- (iii) Closely competing with the local companies or buying them up,
- (iv) MNCs are exerting a strong influence on production at these distant locations so that they could produce at cheapest price and earn profit.

(i)

**Answer Key of MCQ:**

- |       |        |        |         |      |       |
|-------|--------|--------|---------|------|-------|
| 1(i)  | 2(iii) | 3(iii) | 4(iv)   | 5(i) | 6(iv) |
| 7(ii) | 8(iv)  | 9(iii) | 10(iii) |      |       |