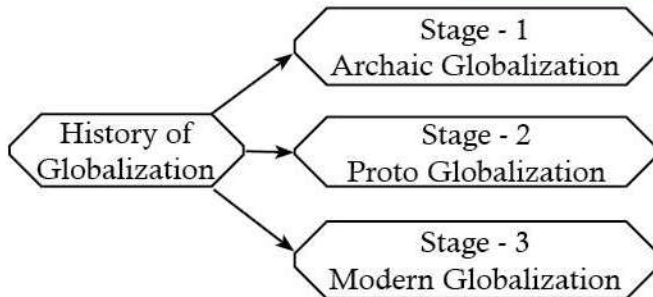


MIND MAP



Trade and Traders in South India

1. Early Traders
2. European Traders
3. The Portuguese
4. The Dutch
5. The British Company (UK)
6. The Danes
7. The French

MNC



Growth due to



1. Expansion of Market territory
2. Marketing Superiorities
3. Financial Superiorities
4. Technological Superiorities
5. Product innovations

POINTS TO REMEMBER

- Globalization is the integration of country with the world economy.
- MNC is otherwise called Trans-National Corporation (TNC) and Multi-National Enterprises (MNE)
- WTO'S headquarters is at Geneva, Switzerland.
- India was one of the founder members of GATT
- FERA is the Act referred directly to the operations of MNCs in India
- Foreign Investment Policy (FIP) was announced in July - Aug 1991
- The Danish settlements were established at Tranguebar in 1620.
- Cochin was the early capital of the Portuguese in India.
- The term 'Globalization' was introduced by Pro. Theodore Levitt.

ABBREVIATIONS

◆ LPG	-	Liberalization, Privatization and Globalization.
◆ GATT	-	General Agreement on Tariffs and Trade
◆ WTO	-	World Trade Organization.
◆ MNCs	-	Multi National Corporations
◆ TNC	-	Transnational Corporation
◆ MNE	-	Multinational Enterprise.
◆ SLR	-	Statutory Liquidity Ratio
◆ FIP	-	Foreign Investment Policy
◆ FERA	-	Foreign Exchange Regulation Act 1974
◆ FEMA	-	Foreign Exchange Management Act 1999
◆ FCRA	-	Foreign Contribution (regulation) Act, 2010
◆ TRIPs	-	Trade Related aspects of Intellectual Property Rights
◆ TRIMs	-	Trade Related Investment Measures

I. Choose the correct answer:**TEXTUAL QUESTIONS**

- Who is the head of the World Trade Organisation (WTO)?**
 - Ministerial conference
 - Director General
 - Deputy Director General
 - None of these
- How many countries were membership in WTO at present?**
 - 159
 - 164
 - 148
 - 128
- Colonial advent in India**
 - Portuguese, Dutch, English, Danish, French
 - Dutch, English, Danish, French
 - Portuguese, Danish, Dutch, French, English
 - Danish, Portuguese, French, English, Dutch
- Who first came to India for trading purpose?**
 - Roman Empire
 - Portuguese
 - Dutch
 - Danish
- When did the Portuguese colonize India?**
 - 1600 BC
 - 1602 BC
 - 1498 AD
 - 1616 BC
- GATT's first round held in**
 - Tokyo
 - Uruguay
 - Torquay
 - Geneva
- India signed the Dunket proposal in**
 - 1984
 - 1976
 - 1950
 - 1994

8. **Who granted the English "golden Fireman" in 1632?**
a) Jahangir b) Sultan of Golconda c) Akbar d) Aurangzeb
9. **Foreign Investment policy (FIP) was announced in**
a) June 1991 b) July 1991 c) July- Aug-1991 d) Aug 1991
10. **Indian government introduced _____ in 1991.**
a) Globalization b) World Trade Organisation
c) New Economic Policy d) none



ADDITIONAL QUESTIONS

11. **An early form of globalization in the trade link was between the _____ .**
a) Roman Empire, Parthian Empire and the Han Dynasty
b) Roman and Parthian Empire
c) Parthian and Han Dynasty
d) Roman and Han Dynasty
12. **India's coastal and maritime trade was monopolized by the _____ .**
a) Mongols b) Europeans c) East Asia d) Nakaras
13. **The Portuguese trading station at Calicut was established due to the arrival of _____ .**
a) Vasco do Gama and Pedro Alvarez Cabral
b) Pedro Alvarez Cabral and Pro Theodore Levitt
c) Vasco do Gama and Danes
d) Pro Theodore Levitt and Admiral Van Der Hagen
14. **Dutch Factory at Masulipatnam was established by _____ .**
a) The French b) The Danes
c) The Portuguese d) Admiral Van Der Hagen
15. **The first French factory in India was established in _____ .**
a) 1658 b) 1668 c) 1701 d) 1742
16. **The headquarters of the SBI is at _____ .**
a) Chennai b) Mumbai c) Delhi d) Pune
17. **GATT was signed by _____ countries in 1947.**
a) 25 b) 21 c) 23 d) 20
18. **The present membership of WTO is _____ Countries.**
a) 162 b) 163 c) 164 d) 165

ANSWER

- | | | |
|--|------------------------------|----------------------------|
| 1. b) Director General | 2. b) 164 | |
| 3. a) Portuguese, Dutch, English, Danish, French | | 4. a) Roman Empire |
| 5. c) 1498 AD | 6. d) Geneva | 7. d) 1994 |
| 8. b) Sultan of Golconda | 9. c) July- Aug-1991 | 10. c) New Economic Policy |
| 11. a) Roman Empire, Parthian Empire and the Han Dynasty | 12. a) Mongols | |
| 13. a) Vasco do Gama and Pedro Alvarez Cabral | 14. d) Admiral Van Der Hagen | |
| 15. b) 1668 | 16. b) Mumbai | 17. c) 23 |
| 18. c) 164 | | |

GLOBALIZATION AND TRADE

Don

II. Fill in the Blanks:

TEXTUAL QUESTIONS

1. The Dutch captured Pondicherry in _____.
2. A better economy introduce rapid development of the _____.
3. The East India Company built fortified factory in Madras which known as _____.
4. WTO agreement came into force from _____.
5. The term globalization was invented by _____.
6. French East India Company established second factory at _____.

ADDITIONAL QUESTIONS

7. New Economic Policy of our government was implemented in _____.
8. Pre - modern phase of global exchange is known as _____ globalization.
9. The globalization charterized by the rise of maritime European empires is known as _____ globalization.
10. The _____ East India company arrived in India in _____.
11. India signed the _____ Draft in 1994.
12. _____ is the integration of country with the world economy.

ANSWER

- | | | |
|--------------------|-------------------------|--------------------|
| 1. 1693 | 2. capital market | 3. Fort St. George |
| 4. January 1, 1995 | 5. Pro. Theodore Levitt | 6. Pondicherry |
| 7. 1991 | 8. Archaric | 9. Proto |
| 10. 1616 | 11. Dunkel | 12. globalization |

III. Choose the correct statement:

TEXTUAL QUESTION

1. **I. The East Indian Company specially to participate in the East Indian Spice Trade and later added cotton, silk, Indigo.**
II. Merchants of the Dutch East India Company first established at Calicut
III. Nanadesis were a guild of traders at the time of Hoysala Empire
 - a) I is correct
 - b) II and III are correct
 - c) I and III are correct
 - d) I, II and III are correct

ADDITIONAL QUESTION

The government of India has set up special economic zones in,

- I. Tamilnadu, Andhra, Kerala and Gujarat.
 - II. Andhra, Kerala, Karnataka and Punjab.
 - III. Karnataka , Andhra, Tamilnadu and Odisha.
 - IV. Tamilnadu,Kerala,Karnataka and Andhra.
- a) I and IV are correct
 - b) I is correct
 - c) I and III are correct
 - d) IV is correct.

ANSWER

1. c) I and III are correct
2. d) IV is correct

IV. Match the following:



TEXTUAL QUESTION

A)	1. Multination corporation in India	a. 1947	Ans: 1) d 2) c 3) a 4) e 5) b
	2. MNC	b. enforce International trade	
	3. GATT	c. Minimize cost of production	
	4. 8 th Uruguay Round	d. Infosis	
	5. WTO	e. 1986	



ADDITIONAL QUESTIONS

B)	1. Indus valley civilization	a. Athens	Ans: 1) d 2) c 3) a 4) e 5) b
	2. Archaic globalization	b. Modern orissa	
	3. Greek culture	c. Hellenistic Age	
	4. Roman Empire	d. Third millennium	
	5. Kalinga	e. silk Road	
C)	1. Gatringas, Nakaras	a. Textiles, flowers	Ans: 1) c 2) e 3) d 4) b 5) a
	2. Europe to India	b. Cocoa, honey	
	3. Special Economic Zone	c. Trade guilds	
	4. Fair trade food products	d. Coimbatore Sez	
	5. Non – food commodities	e. Cape of Good Hope	

V. Answer the following in brief:



TEXTUAL QUESTIONS

1. What is globalization?

- Process of integrating various economies of the world.
- Under globalization, the international markets for goods and services are integrated.
- Globalization is the integration of a country with the world economy.
- Globalization signifies a process of internationalization plus liberalization.

2. Write the types of globalization.

- Archaic globalization
- Proto globalization
- Modern globalization

3. Write short note on Multinational Corporation.

- Multi National Corporation (MNC) is a corporate organization which owns or controls production of goods and services in at least one country other than its home country.
- It is also called as Transnational Corporation (TNC) or Multinational Enterprise (MNE)



GLOBALIZATION AND TRADE

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4. Short note: The Dutch in South India.

- Dutch undertook several voyages from 1596. They formed the Dutch East India Company in 1602.
- In 1605, Dutch factories were set up in Masulipatnam, Pettapoli and Devanampatnam.
- In 1610, they founded another factory at Pulicut.
- Commodities exported by the Dutch were indigo, saltpeter and Bengal raw silk.
- Pulilcut was the headquarters of the Dutch in India.

5. What are the reforms made to adopt globalization?

- Abolition of Industrial licensing, except for a few industries.
- Reduction in the number of industries reserved for public sector.
- Fixation of a realistic exchange rate of rupee to exchange exports of Indian goods.
- Foreign private sector by making rupee convertible on trade, on current account and by reducing import duties.
- Foreign exchange regulations were suitably amended.

6. What is Fair trade?

Fair trade is the way of doing business that ultimately aims to keep small farmers an active part of the world market place. It aims to empower consumer to make purchases that support their values.

7. Write any five principles of Fair Trade Practices.

- Creating Opportunities for economically disadvantaged producers.
- Transparency and accountability
- Fair trading practices and payment of a fair price
- Ensuring no child labour and forced labour.
- Respect for the environment.

8. What is the main objective of WTO?

- To set and enforce rules for international trade.
- To provide a forum for negotiating and monitoring further trade liberalization.
- To resolve trade disputes
- To ensure that developing countries, secure a better share of growth in world trade.

9. Write short note on TRIPs and TRIMs.

TRIPs:

- TRIPS means Trade Related aspects of Intellectual Property rights.
- Under TRIPS patent shall be available for any invention whether product or process in all fields of industrial technologies.
- TRIPS agreement covers seven areas of intellectual's property rights, They are (1) Copy rights, (2) Trade market, (3) Trade secrets, (4) Industrial design, (5) Geographical appellations, (6) Integrated circuits and (7) Patents.

TRIMs:

- Trade Related Investment Measures include restrictions or conditions given by Government.
- It refers to restrictions imposed by a government in respect of foreign investment in the country in order to give adequate provisions for the home industries to develop.

10. Write the positive impact of Globalization.

- A better economy introduces rapid development of the capital market.
- Standard of living has increased.
- Globalization rapidly increases better trade so that more people are employed.
- Introduced new technologies and new scientific research patterns.
- Globalization increases the GDP of a country.



ADDITIONAL QUESTIONS

11. Write a note on 'The British Company (UK).'

- In 1600, Queen Elizabeth granted charter to the East India Company.
- On the south-eastern coast, the English established at Masulipatnam in 1611 and near Pulicat in 1626.
- The Sultan of Golconda granted the English the 'Golden Fireman' in 1632 by which they were allowed to trade freely in their 'Kingdom Ports'.
- In 1639, the English built St. George Fort in Madras and it was the headquarters of English settlement on the coromandel coast.

12. What are the three supporting pillars of New Economic Policy?

- Liberalization
- Privatisation
- Globalization

13. What is the primary purpose of GATT?

GATT's primary purpose was to increase international trade by reducing various tariffs, quotas and subsidies while maintaining meaningful regulations.

14. Which policies regulate the flow of foreign contribution to India?

- Foreign Contribution (Regulation) Act, 2010.
- Foreign Contribution (Regulation) Rules, 2011

15. Mention the trade guilds operated in medieval southern India.

Gatrigas, Nakaras, Mummuridandas, Ayyavole, Settis, Birudas, Gavaras, etc.

16. Write the negative impacts of Globalization.

- Too much flow of capital amongst countries introduces unfair and immoral distributors of income.
- Because of too much exchange of trade, independent domestic policies are lost.
- Rapid growth of economy increases negative ecological and social costs.
- Rapid increases in exploitation of natural resources to earn foreign exchange.
- Environmental standards and regulations have been relaxed.



VI. Answer in Brief:

TEXTUAL QUESTIONS

1. **Write briefly the history of globalization.**

The term Globalization was introduced by Pro. Theodore Levit. Globalization is the integration of a country with the world economy. Basically, globalization signifies a process of internationalization plus liberalization. The history of globalization can be discussed on three stages.

Archaic Globalization:

- During the Hellenistic age an early form of globalization existed. It was known as Archaic globalization.
- When commercialized urban centres were focused over a wide range from India to Spain with cities like Alexandria, Athens and Anthioch, as its centre.
- The trade link between Roman empire, Parthian empire and Han dynasty made commercial links between these powers inspired the development of the silk road.
- The Islamic Golden age and the advent of Mongol empire facilitated travel along silk road. This pre-modern phase in known as archaic globalization.

Proto Globalization:

- This phase was characterized by rise of maritime European empires like the Portuguese, the Spanish, the Dutch and the British empires.
- Globalization became private business phenomenon.
- The English East India Company was the first multinational company followed by the Dutch East India Company.
- Then the Protuguese also set up trading posts from Africa fo Asia and Brazil.

Modern Globalization:

- Then 19th century Globalization took a modern form.
- Multinational trade contracts and agreements have been signed like the General Agreement on Tariffs and Trade and World Trade Organization.
- Technological changes have lowered the cost of transportation and goods are transported between continents within a short span of time.

2. **Briefly explain the evolution of MNC and its advantages and disadvantages.**

Multi National Corporation (MNC) is a corporate organization which owns or controls production of goods or services in at least one country other than its home country.

Evolution of MNCs:

- The multinationals first started their activities in extractive industries or control over raw materials. Then they slowly entered the manufacturing and serivce sector.
- Most of the MNCs at present belong to the four major exporting countries viz., USA, UK, France, Germany. However, the largest is American.
- As a result of liberalized Foreign Investment Polilcy (FIP) announced in July-Aug 1991, there was a spurt of foreign collaborations and increase flow of foreign direct investment.

Synopsis:-

Evolution of MNC
Advantages
Disadvantages

Advantages of MNC:

- Producing the same quality of goods at lower cost and without transaction cost.
- MNC reduce prices and increase the purchasing power of consumers world wide.
- MNC is able to take advantage of tax variation.
- Spurring job growth in the local economies.

Disadvantages of MNC:

- MNCs are a way for the corporations to develop a monopoly for certain products.
- They are also a detrimental effect on the environment.
- The introduction of MNC may lead to the downfall of smaller, local business.
- MNC breach ethical standards, accusing them of evading ethical laws and leveraging their business agenda with capital.

3. Explain the trade and traders in South India.

Trade guilds were formed to expand trade. Through these guilds Indian culture was exported to other countries. South India trade was dominated by the Cholas.

Early Traders:

- Kalinga traders traded with South East at an early date.
- Then came the Gatrigas, Nakaras, Mummuridandas, Ayyavole, Settis,, Birudas and Gavaras.

European Traders:

The dicoverly of sea route by Vasco da Gama had far reaching effects. India's coastal and maritime trade was monopolized by the Europeans.

The Portuguese:

- Vasco da Gama landed at Calicut on the 17th May 1498.
- The second visit of Vasco da Gama led to the establishment of trading stations at Calicut, Cochin and Cannanore.
- Cochin was their capital.

The Dutch:

- The Dutch East India Company was formed in 1602.
- They established trading centres at Masulipatnam, Pettapoli, Devanampatinam and Pulicut.
- Pulicut was their headquarters.
- They got Tanjore and Nagapatnam from the Portuguese.

The British Company:

- The English East India Company was established in 1600.
- They established trading centres at Masulipatnam and Pulicut.
- By the grant of "Golden Fireman" they were allowed to trade freely in their ports.
- In 1639 they built Fort St.George in Madras. It became their headquarters.



GLOBALIZATION AND TRADE

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The Danes:

- The Danish East India Company arrived at India in 1616.
- Tranguebar was their headquarters.
- They failed to strengthen themselves and in 1845 they left India.

The French:

- The first French factory was established in 1668.
- Pondicherry became their headquarters in 1701.
- After 1742 political motives began to overshadow the desire for commercial gain.

4. Write about the World Trade Organization.

- The Final Act of the Uruguay Round was signed by the member nations of GATT in April 1994. It paved the way for setting up of the World Trade Organisation.
- An agreement to this effect was signed by 104 countries. This Agreement came into force on January 1, 1995.
- At present there are 164 member countries.
- Its headquarters is in Geneva, Switzerland.
- Its members are Director General, Four Deputy Director Generals and other 600 official staff from around 80 member countries.
- The WTO mentions five types of subsidies which reduce the cost of doing business.
- They are Cash subsidies, Tax concessions, Assumption of risk, Government procurement policies and Stock purchase.

Objectives of WTO:

- To set and enforce rules for international trade.
- To provide a forum for negotiating and monitoring further trade liberalization.
- To resolve trade disputes.
- Introduction of sustainable development and environment can go together.
- To ensure that developing countries secure a better share of growth in world trade.
- To increase the transparency of decision making processes.
- To ensure full employment and broad increase in effective demand.

5. Write the challenges of Globalization.

- The benefits of globalisation extend to all countries that will not happen automatically.
- The fear that globalization leads to instability in the developing world.
- The industrial world that increased global competition will lead in race to the bottom in wages, labour right and employment practice.
- It leads to global imbalance
- Globalisation has resulted with the embarrassment.
- Globalisation has led to an increase in activities such as child labour and slavery.
- Consumption of more junk food that led to the degradation of health and spread of disease
- Globalisation has led to environmental degradation.

**ADDITIONAL QUESTIONS****6. Give the reasons for the growth MNC.****Expansion of Market territory:-**

- MNC operations are large sized. So they need expanded physical boundaries.

Marketing superiorities:-

- MNC enjoys marketing superiorities over the national firms. It enjoys market reputation. There is no difficulty in selling its products. It adopts advertising techniques.

Financial Superiorities:

- MNC enjoys high level of funds utilization. It has external capital markets. It has international resources. It enjoys international reputation.

Technological superiorities:-

- MNCs participate in industrial development of national companies. It is encouraged by the under developed countries to participate in their industrial development.

Product innovations:-

- MNCs have research and development facilities. They develop new products and superior designs of existing products.

7. Write a note on Fair Trade practices:**Fair Trade:**

- It is a business practice voluntarily adopted by the producers and buyers of agricultural commodities and hand-made crafts.

Goals:

- Raising incomes of small – scale farmers, farm workers and artisans.
- Equal distribution of economic gains, opportunities and risks.
- Increasing organizational and commercial capacities of producer groups.
- Promoting labour rights and the right workers to organize.
- Promoting safe and sustainable farming methods and working conditions.

Beneficiaries:

- Consumer support.
- Fair Trade offers companies a credible way to ensure that their trade has a positive impact.
- Producers: Stable prices that cover the costs of sustainable production.

Synopsis:-

Fair trade
Aim
Goals





10

Unit Test

Time : 1.00 hr.

UNIT - II – Globalization and Trade

Marks : 30

I. Choose the correct answer:

7 × 1 = 7

1. How many countries were membership in WTO at present?
 - a) Director General
 - b) Deputy Director General
 - c) Ministerial conference
 - d) None of these
2. Who first came to India for trading purpose?
 - a) Roman Empire
 - b) Portuguese
 - c) Dutch
 - d) Danish
3. Indian signed the Dunket proposal in
 - a) 1984
 - b) 1976
 - c) 1950
 - d) 1994
4. Foreign Investment Policy (FIP) was announced in
 - a) June 1991
 - b) July 1991
 - c) July-Aug – 1991
 - d) Aug 1991
5. Dutch Factory at Masulipatnam was established by
 - a) The French
 - b) The Danes
 - c) The Portuguese
 - d) Admiral Van der Hagen
6. GATT was signed by _____ countries in 1947.
 - a) 25
 - b) 21
 - c) 23
 - d) 20
7. I. The East Indian Company specially to participate in the East Indian Spice Trade and later added cotton, silk, Indigo.
II. Merchants of the Dutch East India Company first established at Calicut.
III. Nanadesis were a guild of traders at the time of Hoysala Empire.
 - a) II, and III are correct
 - b) I, II and III are correct
 - c) I is correct
 - d) I and III are correct

II. Fill in the blanks:

5 × 1 = 5

1. The Dutch captured Pondicherry in _____.
2. The East India Company built fortified factory in Madras which is known as _____.
3. Pre-modern phase of global exchange is known as _____ globalization.
4. The globalization charterized by the rise of maritime European empires is known as _____.
5. _____ is the integration of country with the world economy.

III. Match the following:

5 × 1 = 5

- | | |
|-----------------------------|---------------------|
| 1. Gatringas, Nakaras | - Textiles, flowers |
| 2. Europe to India | - cocoa, honey |
| 3. Special Economic Zone | - Trade guilds |
| 4. Fair trade food products | - Coimbatore Sez |
| 5. Non – food commodities | - Cape of Good Hope |

IV. Give short answers (ANY FOUR):

4 × 2 = 8

1. What is globalization?
2. Write the types of globalization.
3. Write short note on Multinational Corporation.
4. What is the main objective of WTO?
5. Write the positive impact of Globalization.
6. How does the technological changes help trading?

V. Write in detail (ANY ONE):

1 × 5 = 5

1. Write briefly the history of globalization.
2. Write a note on Fair trade practices.
3. Give the reasons for the growth MNC.

