**Multiple Choice Questions**

**1.** **The past two decades of globalisation has seen rapid movements in:**

(a) goods, services and people between countries

(b) goods, services and investments between countries

(c) goods, investments and people between countries

(d) none of these

**2.** **The most common route for investments by MNCs in countries around the world is to:**

(a) set up new factories

(b) buy existing local companies

(c) form partnerships with local companies

(d) both (a) and (b)

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

(a) well-off consumers

(b) poor consumers

(c) big producers

(d) small producers

**4.** **A company that owns or controls production in more than one nation is called:**

(a) multinational corporation

(b) joint stock company

(c) global company (d) none of these

**5.** **Where do MNCs choose to set up production?**

(a) Cheap goods

(b) Cheap labour resources

(c) Economic sustainability

(d) None of these

**6. Cargill Foods, an MNC has bought over which indigenous Indian company?**

(a) Amul (b) Britannia

(c) Parakh Foods (d) Dabur

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

(a) Mahindra and Mahindra

(b) Tata Motors

(c) Maruti Suzuki

(d) Hindustan Motors

**8. What is happening with the import of Chinese toys in India** **?**

(a) Indian toys are selling more

(b) Indian consumers are buying less

(c) Indian consumers are getting more choice at cheaper rates

(d) Chinese consumers are falling short of choice

**9. Trade between countries:**

(a) determines prices of products in different countries

(b) decreases competition between countries

(c) makes a country dependent on the other

(d) none of these

**10. Globalisation by connecting countries leads to:**

(a) lesser competition among producers

(b) greater competition among producers

(c) no competition between producers

(d) none of these

**11. One major factor that has stimulated the globalisation process is:**

(a) effective utilisation of resources

(b) increase in income and wealth

(c) willingness to cooperate

(d) rapid improvement in technology

**12. If tax is imposed on Chinese toys, what will happen?**

(a) Chinese toy-makers will benefit

(b) Indian toy-makers will prosper

(c) Chinese toys will remain cheap

(d) Indian consumers will buy more Chinese toys

**13. Which out of the following is an example of a trade barrier?**

(a) Foreign investment

(b) Delay or damage of goods

(c) Tax on imports

(d) None of these

**14. Removing barriers or restrictions set by the government is called:**

(a) liberalisation

(b) investment

(c) favourable trade

(d) free trade

**15. WTO aims at:**

(a) establishing rules for domestic trade

(b) restricting trade practices

(c) liberalising international trade

(d) none of these

**16. Which out of the following industries has a large number of well-off buyers in urban areas?**

(a) Footwear

(b) Automobiles

(c) Jewellery

(d) Clothing and accessories

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

(a) employment

(b) emerging multinationals

(c) providing services

(d) all of the above

**18. One major government initiative to attract foreign companies to invest in India** **is:**

(a) to raise the standard of education

(b) to promote unemployment in the public sector

(c) to build special economic zones

(d) both (a) and (c)

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

(a) big producers

(b) small producers

(c) rural poor

(d) none of these

**20. With the growing competition, most employers these days prefer to employ workers:**

(a) flexibly

(b) quickly

(c) selectively

(d) none of these

**21. Globalisation opportunities for paid work for women has denied them:**

(a) good health

(b) good education

(c) permanent job

(d) none of these

**22. Fair globalisation would mean:**

(a) fair opportunities for all

(b) fair benefits for all

(c) more support to small producers

(d) all of the above

**23. Government can make globalisation more ‘fair’ by:**

(a) increasing competition

(b) increasing employment

(c) implementing the labour laws

(d) imposing trade barriers

**Answers for Multiple Choice Questions:**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 1. (b) | 2. (c) | 3. (a) | 4. (a) | 5. (b) | 6. (c) | | 7. (a) | |  |
| 8. (c) | 9. (a) | 10. (b) | 11. (d) | 12. (b) | 13. (c) | | 14.  (a) | |  |
| 15.  (c) | 16.  (b) | 17. (d) | 18. (c) | 19. (b) | 20. (a) | | 21.  (c) | |  |
| 22.  (d) | 23.  (c) |  |  |  |  |  | |  |

1. IMF was organized in \_\_\_\_\_\_:

(a)    1946

(b)    1956

(c)     1966

(d)    1976

2. Organisation which does not facilitable the process of globalization:

(a)    IMF

(b)    World Bank

(c)     Asian Bank

(d)    WTO

3. Opening up the economy to the economies of the world so that Indian economy can compute at international level is called \_\_\_\_\_\_:

(a)    Liberalization

(b)    Globalization

(c)     Privatization

(d)    None of these

4. Exports now finance over \_\_\_\_\_\_ of imports :

(a)    50%

(b)    60%

(c)     70%

(d)    80%

5. In the 2006-07 Budget, the peak rate of custom duty was brought down to : (updated)

(a)    5%

(b)    10%

(c)     12%

(d)    20%

6. IMF commenced its operation in :

(a)    March 1947

(b)    April 1947

(c)     Dec 1947

(d)    April 1957

7. Exports now fiancé over 80% of imports, as compared to 60% in 1985, this situation is achieved due to \_\_\_\_\_\_\_:

(a)    Liberalization

(b)    Privatization

(c)     Disinvement

(d)    Globalization

8. Present membership of WTO is around \_\_\_\_\_\_\_ countries : (updated)

(a)    135

(b)    151

(c)     180

(d)    184

9. WTO was formed in \_\_\_\_\_\_:

(a)    1990

(b)    1991

(c)     2000

(d)    1995

10. The other name of World Bank is :

(a)    IDA

(b)    IFC

(c)     IBRD

(d)    All of these

**ANSWERS**

1. (a) 1946

2. (c) Asian Bank

3. (b) Globalization

4. (d) 80%

5. (b) 10%

6. (a) March 1947

7. (d) Globalization

8. (b) 151

9. (d) 1995

10 (c) IBRD

Choose the correct option:

Question 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

Answer: (d) World Trade Organisation

Question 2.  
Removing barriers or restrictions set by the government is known as  
(a) Globalisation  
(b) Privatisation  
(c) Nationalism  
(d) Liberalisation

Answer: (d) Liberalisation

Question 3.  
Which one of the following refers to investment?  
(a) The money spent on religious ceremonies  
(b) The money spent on social customs  
(c) The money spent to buy assets such as land  
(d) The money spent on household goods

Answer: (c) The money spent to buy assets such as land

Question 4.  
Which of the following is a ‘barrier’ on foreign trade?  
(a) Tax on import  
(b) Quality control  
(c) Sales tax  
(d) Tax on local trade

Answer: (a) Tax on import

Question 5.  
Special Economic Zones (SEZs) are being set up to attract  
(a) foreign tourists  
(b) foreign investment  
(c) foreign goods  
(d) foreign policies

Answer: (b) foreign investment

Question 6.  
Entry of MNCs in a domestic market may prove harmful for  
(a) all large scale producers  
(b) all domestic producers  
(c) all substandard domestic producers  
(d) all small-scale producers

Answer: (c) all substandard domestic producers

Question 7.  
Ford Motors set up its first plant in India at  
(a) Kolkata  
(b) Mumbai  
(c) Chennai  
(d) Delhi

Answer: (c) Chennai

Question 8.  
Which of the following industries have been hard hit by foreign competition?  
(a) Dairy products  
(b) Leather industry  
(c) Cloth industry  
(d) Vehicle industry

Answer: (a) Dairy products

Question 9.  
In which year did the government decide to remove barriers on foreign trade and investment in India?  
(a) 1993  
(b) 1992  
(c) 1991  
(d) 1990

Answer: (c) 1991

Question 10.  
“MNCs keep in mind certain factors before setting up production”. Identify the incorrect option from the choices given below  
(a) Availability of cheap skilled and unskilled labour  
(b) Proximity to markets  
(c) Presence of a large number of local competitors  
(d) Favourable government policies

Answer: (c) Presence of a large number of local competitors

Question 11.  
Why do MNCs set up offices and factories in more than one nation ?  
(a) The cost of production is high and the MNCs can earn profit.  
(b) The cost of production is low and the MNCs undergoes a loss.  
(c) The cost of production is low and the MNCS can earn greater profit.  
(d) The MNCs want to make their presence felt globally.

Answer: (c) The cost of production is low and the MNCS can earn greater profit.

Question 12.  
The most common route for investments by MNCs in countries around the world is to:  
(a) set up new factories  
(b) buy existing local companies  
(c) form partnerships with local companies  
(d) None of these

Answer: (a) set up new factories

Question 13.  
Removing barriers or restrictions set by the government is known as :  
(a) privatisation  
(b) globalisation  
(c) liberalisation  
(d) socialisation

Answer: (c) liberalisation

Question 14.  
Entry of MNCs in a domestic market may prove harmful for:  
(a) all large scale producers.  
(b) all domestic producers.  
(c) all substandard domestic producers.  
(d) all small scale producers.

Answer: (d) all small scale producers.

Question 15.  
Which one of the following has benefited least because of globalisation in India?  
(a) Agriculture Sector  
(b) Industrial Sector  
(c) Service Sector  
(d) Secondary Sector

Answer: (a) Agriculture Sector

Question 16.  
Which one of the following is a major benefit of joint production between a local company and a Multi-National Company?  
(a) MNC can bring latest technology in the production  
(b) MNC can control the increase in the price  
(c) MNC can buy the local company  
(d) MNC can sell the products under their brand name

Answer: (a) MNC can bring latest technology in the production

Question 17.  
Which one of the following is not true regarding the World Trade Organisation?  
(a) It allows free trade to all countries without any trade barriers.  
(b) Its aim is to liberalise international trade.  
(c) It establishes rules regarding internaional trade.  
(d) WTO rules have forced the developing countries to remove trade barriers.

Answer: (a) It allows free trade to all countries without any trade barriers.

Question 18.  
Integration of markets means  
(a) operating beyond the domestic markets  
(b) wider choice of goods  
(c) competitive price  
(d) all the above

Answer: (d) all the above

Question 19.  
Which of the following contributes to globalisation?  
(a) internal trade  
(b) external trade  
(c) large scale trade  
(d) small scale trade

Answer: (b) external trade

Question 20.  
Investment means spending on  
(a) factory building  
(b) machines  
(c) equipments  
(d) all the above

Answer: (d) all the above

Question 21.  
Multinational corporations have succeeded in entering global markets through  
(a) WTO  
(b) UNO  
(c) UNESCO  
(d) none of the above

Answer: (a) WTO

Question 22.  
FDI (Foreign Direct Investment) attracted by globalisation in India belongs to the  
(a) World Bank  
(b) multinationals  
(c) foreign governments  
(d) none of the above

Answer: (b) multinationals

Question 23.  
Which of the following factors has not facilitated globalisation?  
(a) Technology  
(b) Liberlisation of trade  
(c) WTO  
(d) Nationalisation of banks

Answer: (d) Nationalisation of banks

Question 24.  
Globalisation so far has been more in favour of:  
(a) developed countries  
(b) developing countries  
(c) poor countries  
(d) none of the above

Answer: (a) developed countries

Question 25.  
Cheaper imports, inadequate investment in infrastructure lead to  
(a) slowdown in agricultural sector  
(b) replace the demand for domestic production  
(c) slowdown in industrial sector  
(d) all the above

Answer: (d) all the above

Question 26.  
Which sector has not benefited by the policy of globalisation?  
(a) Agricultural sector  
(b) Manufacturing sector  
(c) Service sector  
(d) All the above

Answer: (a) Agricultural sector

Question 27.  
Fair globalisation refers to ensuring benefits to:  
(a) labourers  
(b) producers  
(c) consumers  
(d) all the above

Answer: (d) all the above