

## ECONOMICS UNIT 2 GLOBALIZATION AND TRADE

### SHORT ANSWER

1. What is Globalization?

- Globalization is the integration of a country with the world economy.

2. Write the types of Globalization.

- Archaic Globalization
- Proto globalization
- Modern Globalization
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3. write short note on Multi National Corporation.

- Multi National Corporation is a Corporate organization which owns or controls production of goods or services in at least one country other than its home.
- Eg. Sony corporation , Tata group.

4. what are the reforms made to adopt Globalization.

1. Abolition of Industrial licensing, except for a few industries.
2. Reduction in the number of industries reserved for public sector.
3. Fixation of a realistic exchange rate of rupee to exchange exports of Indian goods.
4. Foreign private sector by making rupee convertible on trade, on current account and by reducing import duties.
5. Foreign exchanges regulations were suitably amended
6. The Statutory Liquidity Ratio (SLR) was reduced to increase lending by RBI.

5. What is Fair trade?

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

6. Write any two principles of Fair Trade Practices.

- Fair Trading Practices and Payment of a Fair Price.
- Ensuring no child Labour and Forced Labour.
- Respect for environment.
- providing Capacity Building and Promoting Fair Building.

7. Write short note on TRIPs and TRIMs

### **Trade Related aspects of Intellectual Property Rights (TRIPs)**

- Intellectual Property Rights may be defined as “Information with a commercial Value” Under TRIPs Patent shall be available for any invention whether product or process in all fields of industrial technologies.

### **Trade Related Investment Measures (TRIMs)**

- The Uruguay Round Agreement on TRIMs refers to certain conditions (or) 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.

8. Write any two positive impact of Globalization.

- Standard of living increased.
  - Introduced new technologies and new scientific research pattern.
  - It increases the GDP of a country.
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## **PARAGRAPHS**

**1. Briefly explain the advantages and disadvantages of MNC.**

### **INTRODUCTION**

Multi National Corporation is a Corporate organization which owns or controls

production of goods or services in at least one country other than its home country.

### **Advantages of MNC**

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

### **Disadvantages of MNC**

1. They are a way for the corporations to develop a monopoly (for certain products)
2. They are also a detrimental effect on the environment.

3. The introduction of MNC in to a host country's economy may also lead to the downfall of smaller, local business.
4. MNC breach ethical standards, accusing them of evading ethical laws and leveraging their business agenda with capital.

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## CONCLUSION

MNC otherwise called Transnational Company(TNC) and Multinational Enterprises(MNE).

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2. Write about World Trade Organisation.

### INTRODUCTION

- The signing of the Final Act of the Uruguay Round by member nations of GATT in April 1994 paved the way for setting up of the WTO
- An agreement to this effect was signed by 104 members.
- The WTO Agreement came into force from January 1, 1995.

### Objectives of W.T.O

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

### CONCLUSION

**World Trade Organization(WTO):**

**Head Quarter:** Geneva, Switzerland

**Purpose:** Regulation, International trade

**Members of WTO:** Director General, Four Deputy Director General, and other 600 Official Staff from around 80 member countries.

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### 3. Write the Challenges of Globalisation

#### INTRODUCTION

Globalisation is the integration of a country with the world economy.

#### Challenges of Globalization

- The benefits of globalization 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.
- Globalization has led to an increase in activities such as child labour and slavery.
- People started consuming more junk food. This caused, the degradation of health and spread of diseases.
- Globalization has led to environmental degradation .

#### CONCLUSION.

Globalisation is the process by which businesses or other

organizations develop international influence or start operating on an international scale.

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