

Unit 2

Globalization and Trade

I) choose the correct answer.

1. Who is the head of the World Trade Organisation [WTO]
a) ministerial Conference b) Director General
c) Deputy Director General d) None of these

Ans → **b) Director General**

2. Colonial advent in India
a) Portuguese, Dutch, English, Danish, French.
b) Dutch, English, Danish, French.
c) Portuguese, Danish, Dutch, French, English.
d) Danish, Portuguese, French, English, Dutch.

Ans → **a) Portuguese, Dutch, English, Danish, French.**

3. GATT's first round held in
a) Tokyo b) Uruguay c) Torquay d) Geneva.

Ans → **d) Geneva**

4. India signed the Dunkel proposal in
a) 1984 b) 1976 c) 1950 d) 1994

Ans → **d) 1994**

5. Who granted the English "Golden firman" in 1632.
a) Jahangir b) Sultan of Golconda.
c) Akbar d) Aurangzeb.

Ans → **b) Sultan of Golconda**

6. Foreign Investment Policy (FIP) announced in

a) June 1991 b) July 1991.

c) July-Aug 1991 d) Aug 1991.

Ans → c) July-Aug 1991

7. Indian government was introduced _____ in 1991.

a) Globalisation

b) World Trade Organisation

c) New Economic Policy

d) none.

Ans → c) New Economic Policy.

II] Fill in the blanks.

1. A better economy introduce rapid development of Capital market.

2. WTO agreement came into force from January 1, 1995.

3. The term globalisation invented by Pro. Theodore Levitt.

III] match the following :

1. Multinational — 1947.

cooperation in India

2. MNC — enforce international trade.

3. GATT — minimize cost of production.

4. 8th Uruguay Round — Infosys.

5. WTO — 1986.

Ans : 1. Multinational co. operation in India → minimize cost of production.

2. MNC → Infosys

3. GATT → 1947

4. 8th Uruguay Round → 1986

5. WTO → enforce international trade.

n] Give short answers.

1. What is Globalisation?

→ Globalisation is the process of integrating various economies of the world with the home country without any types of barriers to operating on an international scale.

2. Write the types of globalisation?

→ Types of globalisation are -: Archaic Globalisation, Proto Globalisation, modern Globalisation.

3. Write a short note on multinational co-operation.

→ Multi National co-operation is a corporate organisation which owns or controls production of goods or services in atleast one country other than its home country. MNCs are also called as Trans-national co-operations [TNC]. Most of MNCs present belong to USA, UK, France and Germany.

4. What are the reforms made to adopt globalization?

→ Reforms made to adopt globalization are :

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

e) The statutory liquid ratio (SLR) was reduced to increase lending by RBI.

5. What is fair trade?

→ Fair trade is an industrial agreement designed to help producers in developing countries achieve better trading conditions. Fair trade is about better prices, decent working conditions and fair terms of trade for farmers and workers.

6. Write any two principles of fair trade practices.

→ • Transparency and Accountability

• Ensuring no child labour and forced labour.

→ • Promoting safe and sustainable farming methods and working conditions.

• Promoting labour rights and the right workers to organise.

7. Write a short note on TRIPs and TRIMs

→ TRIPs: TRIPs is 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.

TRIMs: TRIMs is Trade Related Investment measures. It refers to certain restrictions imposed by a government in respect of foreign investment in the country in order to give adequate provisions for the home industry.

8. Write any two positive impact of globalisation.

→ Positive impact of globalisation are:

- A better economy introduces development of the capital market.
- Introduced new technologies and new scientific research patterns.

✓ Brief Answer

1. Briefly explain the advantages & disadvantages of MNC.

→ Multi National Corporation (MNC) is a corporate organisation which owns or controls production of goods and services in atleast one country other than its home country.

* ADVANTAGES OF MNC

- a) Producing the same quality of goods at lower cost & without transaction cost.
- b) MNC reduce price prices & increase the purchasing power of consumers world wide.
- c) A MNC is able to take advantage of tax variation.
- d) Spurving job growth in the local economies.

* DISADVANTAGES OF MNC

- a) They are a way for the corporations to develop a monopoly (for certain products).
- b) They are also a detrimental effect on the environment.
- c) The introduction of MNC in to a host country's economy may also lead to the downfall of smaller, local business.
- d) MNC breach ethical standards, accusing them of evading ethical laws and leveraging their business agenda with capital.

2. Write about the World Trade Organisation.

- World Trade Organisation [WTO] was formed in April 1994 on signing of the Final Act of Uruguay Round by member nations of GATT [General Agreement on Trade and Tariff].
- An agreement was signed by 104 members and WTO Agreement came into force from January 1, 1995.
 - The headquarters of WTO is in Geneva, Switzerland.
 - The purpose of the WTO was Regulation, International Trade.
 - At present there are 164 member countries in WTO.
 - The structure of WTO consists of Director General and other 600 official staff from around 80 member countries.

Some objectives of WTO:

- To set and enforce rules for International trade.
- To resolve trade disputes.
- To provide a forum for negotiating & monitoring further trade liberalisation.
- To ensure full employment & broad increase in effective demand.
- To increase the transparency of decision making process.

3. Write the challenges of Globalisation.

- Challenges to Globalisation are as follows:-
- a) The benefit of globalisation extend to all ~~countries~~ countries that will not happen automatically.
 - b) The fear that globalization leads to instability in the developing world.
 - c) The industrial world that increased global competition will lead in race to the bottom in wages, labour right, & employment practice.

- d) It leads to global imbalance.
- e) Globalisation has led to an increase in activities such as child labour and slavery.
- f) People started consuming more junk food. This caused, degradation of health and spread of diseases.
- g) Globalisation has led to environmental degradation.