



CLASS X
ECONOMICS
UNIT – IV
GLOBALIZATION

SOLUTIONS

EXERCISE

A. Very short answer type questions:

1. Is globalization a purely 20th century phenomenon?

Ans. No, Globalization is not a purely 20th century phenomenon.

2. Name an MNC in India?

Ans. The Coca-Cola Company

3. What is the Paona International Market famous for?

Ans. Paona International market is famous for the availability of foreign imported goods.

4. Name the first MNC?

Ans. The Dutch East India Company

5. What are the goods that China imports from India?

Ans. Goods like petroleum products, iron ore, semi-finished iron, and steel, etc.

6. State why the rise in the international price of crude oil a cause of concern to India?

Ans. Because, Petroleum Oil and Lubricants (POL) continues to be the single major item of imports to India.

A. Short answer type questions:

1. How does the transport cost affect globalization?

Ans.

- i) Earlier transport cost was prohibitively high. But roads improved goods produced outside the state started appearing.
- ii) Our own products also could be sent to far-flung areas where demand existed. Gradually, these goods replaced local products.



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7. What is globalisation?

Ans. Globalization is the process by which the people across the world are unified into a single society and work together by sharing different socio-culture, economic, political, and technological forces in a single platform of the world. It means integrating the domestic economy with the world economy.

8. What are the most important dimensions of globalization?

Ans. The most important dimensions of globalization are the three aspects of economic openness. Such as openness to

- i) International trade
- ii) International investment
- iii) International finance

9. What were the main elements of the reforms of 1991-92?

Ans. The main elements of the reforms of 1991-92 were:

- i) Devaluation of the rupee
- ii) Abolition of import licensing
- iii) Replacement of cash subsidies for export
- iv) Abolition of industrial licensing
- v) Easing of entry requirements for direct foreign investment.

(Any three points)

10. How does MFA affect India's interest?

Ans.

- i) India is also one of the developing countries which export large quantity of textile.
- ii) Under MFA, import quotas could be imposed on textile exporting countries when large imports caused market disruption in importing countries.
- iii) It was considered biased against textile exporting developing countries like India.



11. How can you say that the Indian economy has been globalizing?

OR

Show how India's integration with the world economy is reflected by the trade openness indicator.

Ans. India's greater integration with the world economy is reflected by the trade openness indicator:

- i) The trade to GDP ratio increased from 22.5% of GDP in 2000-01 to 34.8% of GDP in 2006-07.
- ii) Capital inflows as a proportion of GDP reached 5 percent of the GDP in 2007-07
- iii) The net foreign direct investment (FDI) has increased and it has worth US dollar 23 billion in 2006-07. Indian multinationals have also emerged.

B. Long answer type questions:

12. How has the process of globalization evolved over time?

OR

Explain how is Globalization a centuries-long process.

Ans.

- i) Globalization is a centuries-long process. It has dramatically accelerated in the last few decades. Early forms of globalization existed during the Roman Empire and Han dynasty in China.
- ii) The Muslim traders and explorers establish an early global economy across the world resulting in the globalisation of crops, trade knowledge, and technology.
- iii) During the Mongol Empire, there was great integration along the Silk Road. This early globalization left a tremendous impact on the indigenous culture around the world.
- iv) Globalization became a business phenomenon when the Dutch East India Company was established in 17th century.
- v) This process of globalization broke down with the First World War. Since the Second World War it associated with protectionism and declining economic integration.



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13. Which are the opportunities provided by globalization?

Ans. Opportunities provided by globalization are:

- i) Consumers get goods cheaper and have a choice.
- ii) Foreign goods are available in the domestic market.
- iii) More job opportunities.
- iv) Globalization increases the intensity of competition and standard products.
- v) Improvement in technology
- vi) It has been able to turn the world into one whole or creating a borderless world.
- vii) It accelerates the rate of human development in the country
- viii) It increases the flow of foreign capital into the country.

(Any 5 points)

14. How important is textile in the Indian economy?

Ans.

- i) The Indian textile industry has a market size of US dollar 52 billion and accounts for 26% of the manufacturing sector.
- ii) It contributes 15% to the gross export earnings and 4% to the GDP.
- iii) By 1875 to 1910, India became one of the largest textile producers in the world.
- iv) It is estimated to grow to the U.S. \$166 billion by 2012.
- v) It was estimated to create 12 million job opportunities during the 11th Five Year Plan (2007-2012)

16. Was India always receptive to the idea of globalization?

Ans. No, India was not always receptive to the idea of globalization.

- i) India had a severe balance of payment crisis due to the heavy industry-oriented Second Five Year Plan (1956)
- ii) The Indo-Pakistan war of 1965 and the suspension of foreign aid and major drought in 1965 increased the need for food import.



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- iii) India could not earn enough foreign exchange for financing its imports.
- iv) The World Bank and the International Monetary Fund made the resumption of large scale aid and access to credit conditional on the liberalization of the economy.
- v) So, India accepted the condition of liberalization to manage the economic crisis.

EXTRA QUESTIONS & ANSWERS

A. Short answer type questions:

1. Which organization facilitates international trade agreements?

Ans. World trade organization facilitates international trade agreement.

2. Why are tariffs imposed?

Ans. Tariffs are imposed on the imported by a country for providing protection to its domestic industries.

3. What is liberalization?

Ans. Liberalization means the removal of entry and growth restrictions on the private sector.

4. Name the industry of India which was purely controlled by Indian entrepreneurs.

Ans. The cotton industry was purely controlled by Indian entrepreneurs.

5. Which act was passed to safeguard the interest of the consumer in India?

Ans. The Consumer Protection Act, 1986

6. When do we celebrate National Consumer's day?

Ans. We celebrate National Consumer's day on 24th December.

7. Define devaluation.

Ans. Devaluation implies a fall in the value of rupee against some foreign currency.



B. Short answer type questions:

8. What are the difficulties faced by the traders of Indo-Myanmar International Trade? Examine.

Ans.

- i) Trade transactions are not properly documented.
- ii) The occasional seizers have failed to divert the informal trade to formal.

9. Analyze how the Indo-Myanmar Trade Treaty as a part of India's Look East Policy transformed the economy of North Eastern states including Manipur.

Ans.

- i) The policy has cultural, security, and economic dimensions.
- ii) It underscores the need to promote trade of the North-Eastern region with southeast Asian countries.
- iii) It seeks to reduce the long economic isolation of the North Eastern Region.

10. Point out any two demerits of globalization.

Ans.

- i) The people whose products have been substituted by foreign goods suffer.
- ii) The livelihood is adversely affected and there is a impoverishment of the people.

11. Explain any three points of criticism against the WTO.

Ans.

- i) WTO infringes upon national sovereignty
- ii) Promotes the interests of MNCs at the expense of smaller local firms.
- iii) Trade liberalization leads to environmental damage and harms the interests of low skill unorganised workers.



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12. Suggest any two measures to be taken up so that handloom and handicraft products of Manipur can reap the opportunity provided by globalization.

Ans.

- i) To open up new and vibrant foreign markets in South East Asia.
- ii) Efforts should be made to get the opportunities for producing for a bigger market.
- iii) Our products should be highly competitive and standardized.

13. Justify the needs of the productions of the consumer in the era of globalization by giving two reasons.

Ans.

- i) The consumer has access to a much bigger basket of commodities both foreign and domestic which are uncertain of qualities except the goods with ISI and Agmark.
- ii) Many unscrupulous or dishonest businessmen exploit the ignorance of the consumer bypassing off high-quality products through advertisement.

C. Long Answer Type Questions

14. Explain any five key objectives of WTO.

Ans. The five key objectives of the WTO are:

- i) To set and enforce rules for international trade.
- ii) To provide a forum for negotiating and monitoring further trade liberalization.
- iii) To resolve international trade disputes.
- iv) To increase the transparency of the decision making process.
- v) To cooperate with major international economic institutions involved in global economic management.
