PAPER I - INDIAN ECONOMY & INDIAN FINANCIAL SYSTEM

Module A: INDIAN ECONOMIC ARCHITECTURE

Chapter 6: Globalisation - Impact on India

MCQs Practice Pack

Question 1: Which of the following best defines the term 'Globalisation'?

A. The process of a country isolating its economy from the rest of the world.

B. The rise in economic integration among nations, involving cross-border flows of goods, services, and capital.

C. A government policy that focuses only on domestic trade and production.

D. The cultural unification of all countries under a single language and tradition.

Question 2: A government imposes a strict limit on the maximum quantity of sugar that can be imported from another country in a year. What is this type of trade restriction called?

A. A Tariff

B. An Import Quota

C. A Subsidy

D. A Non-tariff Barrier

Question 3: What is the central idea behind the concept of "Fair Globalisation"?

A. To ensure that only the most developed countries benefit from international trade.

B. To create a system where the benefits of globalisation are shared equally, promoting opportunities for all.

C. To prioritize economic development over social and environmental concerns.

D. To eliminate all government regulations related to international trade.

Question 4: What was one of the significant positive impacts of globalisation on the Indian economy after the 1991 reforms?

A. A decrease in the variety of choices available to consumers.

B. A decline in the country's per capita income.

C. Increased employment opportunities and a higher average rate of economic growth.

D. A return to protectionist policies and trade barriers.

Question 5: The process of reducing economic dependency and integration between countries, often leading to a decline in international trade and investment, is known as what?

A. Globalisation

B. Protectionism

C. Deglobalisation

D. Liberalisation

Question 6: Complete the following sentence: In India, the principles of globalisation were formally introduced as part of the new ___________ announced in the year 1991-92.

A. five-year plan

B. agricultural policy

C. economic policy

D. social policy

Question 7: Complete the following sentence: A tax imposed by a government on imported goods to make them more expensive and protect domestic industries is a form of protectionism known as a ___________.

A. Quota

B. Subsidy

C. Tariff

D. Non-tariff barrier

Question 8: Which of the following statements about the benefits of globalisation is TRUE?

A. Globalisation primarily benefits developed countries and has no positive impact on developing nations.

B. Supporters of globalisation argue that it helps developing countries by increasing investment, creating jobs, and raising living standards.

C. Globalisation leads to a decrease in the variety of goods and services available to consumers.

D. The main goal of globalisation is to encourage countries to become more self-sufficient and isolated.

Question 9: Which of the following statements about protectionism is TRUE?

A. Protectionism is the practice of encouraging unrestricted free trade between all countries.

B. A common protectionist measure is to provide subsidies to imported goods to make them cheaper for consumers.

C. Tariffs, import quotas, and non-tariff barriers are the three main forms of protectionism.

D. Protectionism always leads to lower prices for consumers and saves jobs in all sectors of the economy.

For Question 10, use the following table to find the correct match.

Column A (Event/Term)	Column B (Significance/Description)
1. Brexit	a. An international body that aims to facilitate free and unrestricted trade.
2. WTO	b. A policy of restricting international trade to protect domestic industries.
3. 1991 Reforms	c. A major geopolitical event that is seen as a step towards deglobalisation.
4. Protectionism	d. The period when India formally integrated its economy with the world.

Question 10: From the table above, which of the following is a correct match?

A. 1-b

B. 2-d

C. 3-d

D. 4-a

Answer Key & Explanations

Q. No	Correct Answer	Explanation
1	B	**Globalisation** is fundamentally about the increasing interconnectedness and integration of national economies

Q. No	Correct Answer	Explanation
		through trade, investment, technology, and labour flows.
2	B	An **Import Quota** is a direct quantitative restriction placed on the amount of a particular good that can be imported, a common tool of protectionism.
3	B	**Fair Globalisation** advocates for a more equitable distribution of the benefits of global integration, ensuring that it creates opportunities for all people and nations, not just a select few.
4	C	Following the 1991 reforms, India's integration with the global economy led to a period of higher economic growth, increased foreign investment, and the creation of **new employment opportunities**.
5	C	**Deglobalisation** is the reverse of globalisation. It describes periods when countries reduce their interdependence and integration, often characterized by a decline in global trade and investment.
6	C	The landmark **new economic policy** of 1991-92, which included liberalisation and privatisation, was the formal beginning of India's journey towards integrating with the global economy.
7	C	A **Tariff** is a tax or duty levied on imported goods. It is a classic protectionist tool used to raise the price of foreign products and make domestic goods more competitive.
8	B	Statement B is true. Proponents of globalisation argue that it

Q. No	Correct Answer	Explanation
		provides significant opportunities for developing countries through foreign investment, technology transfer, job creation, and economic diversification.
9	C	Statement C is true. **Protectionism** is the opposite of free trade and is implemented using three main tools: **tariffs (taxes), import quotas (quantity limits), and non-tariff barriers (other regulations)**.
10	C	The **1991 Reforms (3-d)** are correctly matched with the period when India formally opened up its economy and integrated with the rest of the world. (Brexit=c, WTO=a, Protectionism=b).