



# INDIAN SCHOOL AL WADI AL KABIR

<b>Class: X</b>	<b>Department: Social Science</b>	<b>Sub: Economics</b>
<b>Chapter-4</b> <b>Question Bank:4</b>	<b>Topic: Globalisation and the Indian Economy (Eco)</b>	<b>Year: 2022-2023</b>

1	<p><b>“A wide-ranging choice of goods are available in the Indian markets.” Support the statement with examples in context of globalisation.</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>How have markets been transformed in recent years? Explain with examples.</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>What changes have taken place in our markets during the last few years?</b></p> <p><b>Ans.</b></p> <ul style="list-style-type: none"><li>• Globalisation has led to integration of markets across countries. The Indian markets are now flooded with a wide-ranging choice of goods.</li><li>• Import from other countries has led to an expanding choice of goods beyond what is domestically produce.</li><li>• The latest models of digital cameras, mobile phones and televisions made by leading manufacturers of the world like Sony, Samsung etc. are available in the market.</li><li>• Every season, new models of automobiles can be seen on Indian roads. Today Indians are buying cars produced by nearly all the top companies in the world.</li><li>• A similar explosion of brands can be seen for many other goods like footwear. For example, Adidas, Nike, Reebok, Puma and many more.</li></ul>
2	<p><b>What are Multi-National Corporations (MNCs)?</b></p> <p><b>Ans:</b></p> <ul style="list-style-type: none"><li>• A Multi-National Corporation (MNC) is a company that owns or controls production in more than one nation.</li><li>• MNC not only sells their finished products globally, but also goods and services are produced globally.</li><li>• The production process is divided into small parts and spread out across the globe.</li></ul>
3	<p><b>Why do the MNCs not produce the whole product, but they divide the production process and give it to the local unit at different levels? Give an example.</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>Explain how production today is organized in an increasingly complex way by a MNC with the help of an example.</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>How do MNCs manage to keep the cost of production of their goods low? Explain with an example.</b></p> <p><b>Ans.</b></p>

	<ul style="list-style-type: none"> <li>• MNCs not only sell their finished products globally, but more importantly, the goods and services are produced globally.</li> <li>• As a result, production is organized in increasingly complex ways.</li> <li>• The production process is divided into small parts and spread out across the globe.</li> <li>• For example, China provides the advantage of being a cheap manufacturing location. Mexico and Eastern Europe are useful for their closeness to the markets in the US and Europe.</li> <li>• India has highly skilled engineers, who can understand the technical aspects of production. It also has educated English-speaking youth who can provide customer care services.</li> <li>• And all this probably can mean 50-60 per cent cost savings for the MNCs.</li> </ul>
4	<p><b>What factors do MNCs look at when they set up a new company in another country?</b> OR <b>Explain three factors that MNCs consider before setting up production in other countries.</b> OR <b>What are the factors that attract MNC?</b> <b>Ans.</b></p> <p>MNCs look at different factors when they set up a new company in another country. They are:</p> <ul style="list-style-type: none"> <li>• Availability of Labour</li> <li>• Availability of other factors of production</li> <li>• Close proximity to the Market</li> <li>• Favourable Government Policies</li> </ul>
5	<p><b>Differentiate between investment and foreign investment.</b> <b>Ans.</b></p> <ul style="list-style-type: none"> <li>• The money that is spent to buy assets such as land, building, machines and other equipment is called Investment.</li> <li>• Investment made in a country by MNCs originating from some other country is called Foreign Investment.</li> </ul>
6	<p><b>How are MNCs controlling and spreading their productions across the world?</b> <b>Ans.</b></p> <p>MNCs are spreading their production across countries in different ways. Some of them are:</p> <p><b>(i) MNCs set up production units jointly with local companies: -</b> It benefits the local company in two ways.</p> <ul style="list-style-type: none"> <li>• A MNC can provide money for additional investments.</li> <li>• A MNC can bring the latest technology for production.</li> <li>• For example: Ford Motors set up a large plant near Chennai, in collaboration with Mahindra and Mahindra, a major Indian manufacturer of Jeeps and trucks.</li> </ul> <p><b>(ii) Take over local companies and then expanding production: -</b></p> <ul style="list-style-type: none"> <li>• This is the most common route of investment made by MNC.</li> <li>• For example, Cargill Foods, a very large American MNC, purchased a small Indian company, Parakh foods. Cargill Foods is, now, the largest producer of edible oil in India</li> </ul>

with a capacity to make 5 million pouches daily.

**(iii) Using the Local Companies for Supplies (Place Orders)**

- Large MNCs in developed countries place orders for production with small producers.
- Exa: Garments, Footwear industries etc.
- The products are supplied to the MNCs by a large number of small producers around the world.
- MNCs, then, sell these under their own brand name to the customers.
- These MNCs have power to determine price, quality, delivery, and labour conditions for these distant producers.

7 **How has foreign trade been integrating markets of different countries in the world? Explain with examples.**

**OR**

**“Foreign trade results in connecting the markets or integration of markets in different countries”. How?**

**OR**

**Explain the purpose of Foreign Trade.**

**OR**

**“Foreign trade is an important component of globalisation”. Explain.**

**Ans.**

- It provides opportunities for both producers and consumers to reach beyond the markets of their own countries.
- Goods travel from one country to another.
- Choices of goods in the markets rise.
- For example, there are an endless number of footwear brands available in the Indian market. A consumer who is aware of international trends can choose between a local brand like Lakhani and international brands like Adidas, Nike, Reebok etc.
- Prices of similar goods in the two markets tend to become equal.
- Producers of various countries closely compete with each other even though they are separated by thousands of miles.

8 **What is Globalization? Explain the factors which enabled globalization**

**Ans.**

Globalization is the process of rapid integration and interconnection between countries.

Factors which enabled Globalization are:

**i. Transportation Technology:**

- Improvements in transportation technology has made much faster delivery of goods across long distances possible at lower cost.
- Containers have led to huge reduction in port handling costs and increased the speed with which exports can reach markets.

**ii. Information and Communication Technology:**

- Improvement in this technology has helped in spreading out production of goods and services across countries.

	<ul style="list-style-type: none"> <li>Technology in the areas of telecommunications, computers and internet has been changing rapidly and are used to contact one another around the world, to access information instantly, and to communicate from remote areas.</li> </ul> <p><b>iii. Liberalisation of foreign investment policy:</b></p> <ul style="list-style-type: none"> <li>With liberalisation of trade, businesses are allowed to make decisions freely about import or export.</li> </ul> <p><b>iv. World Trade Organisation:</b></p> <ul style="list-style-type: none"> <li>International organisations like WTO ask other countries to remove the trade barriers for trade and investment and establish rules regarding the international trade and see that these rules are obeyed.</li> </ul>
9	<p><b>Examine the role of Information Technology in stimulating the process of globalization.</b></p> <p><b>Ans.</b></p> <ul style="list-style-type: none"> <li>Technology has been changing rapidly.</li> <li>Telecommunication facilities (telegraph, telephone including mobile phones, fax) are used to contact and access information</li> <li>It helps to communicate from remote areas.</li> <li>Development of satellite communication devices.</li> <li>Computers have now entered almost every field of activity.</li> <li>One can obtain and share information through internet.</li> <li>Electronic mail (e-mail) and talk (voice-mail) across the world at negligible costs</li> <li>Has played a major role in spreading out production of services across countries</li> </ul>
10	<p><b>What is meant by trade barrier?</b></p> <p><b>Ans.</b></p> <ul style="list-style-type: none"> <li>Barriers or restrictions that are imposed by the government on free import and export activities are called trade barriers.</li> <li>Tax on imports is an example of a trade barrier because it increases the price of imported commodities.</li> <li>The government can use a trade barrier like 'tax' to increase or decrease (regulate) foreign trade and to decide what kind of goods and how much of what should come into the country.</li> </ul>
11	<p><b>'Barriers on foreign trade and foreign investment were removed to a large extent in India since 1991.' Justify the statement.</b></p> <p style="text-align: center;"><b>OR</b></p> <p><b>Why had the Indian government put barriers to foreign trade and foreign investment after independence? Analyze the reasons.</b></p> <p><b>Ans.</b></p> <p>The Indian government put barriers on foreign trade and foreign investment after independence because:</p> <ul style="list-style-type: none"> <li>It was considered necessary to protect the producers within the country from foreign competition.</li> </ul>

	<ul style="list-style-type: none"> <li>• In the 1950s and 1960s, the industries were in a growing stage and competition from imports at that stage would not have allowed these industries to develop. Therefore, India allowed the imports of only essential items like machinery, fertilizers, petroleum etc.</li> <li>• In 1991, the Indian government decided that the time had come for Indian producers to compete with producers around the world.</li> <li>• It felt that foreign competition would improve the quality of goods produced by Indian producers within the country.</li> <li>• Thus, barriers on foreign trade and foreign investment were removed to a large extent. It meant goods could be imported or exported easily and foreign companies could set up factories and offices in India.</li> </ul>
12	<p><b>Write a brief note on WTO.</b></p> <p><b>Ans.</b></p> <ul style="list-style-type: none"> <li>• World Trade Organisation (WTO) is an organisation whose aim is to liberalise international trade.</li> <li>• It was set up in 1995 to remove trade barriers and create a free environment for foreign trade.</li> <li>• It establishes rules regarding international trade and sees that these rules are obeyed.</li> <li>• 164 countries are at present members of the WTO.</li> <li>• WTO provides a forum for negotiations and for setting disputes.</li> <li>• It is also a centre of economic research and analysis.</li> <li>• It oversees the implementation, administration and operations of the covered agreements.</li> <li>• Though WTO is supposed to allow free trade for all, in practice, it is seen that the developed nations have unfairly retained trade barriers. On the other hand, WTO rules have forced the developing countries to remove trade barriers.</li> </ul>
13	<p><b>Describe the impact of globalisation on the Indian economy with examples.</b></p> <p><b>Ans.</b></p> <p>The Globalisation has impacted Indian economy in the following ways:</p> <p><b><u>Advantages /Positive Impact of Globalization: -</u></b></p> <ul style="list-style-type: none"> <li>• <b>Greater choice to the consumers-</b> Globalisation has offered a greater choice and variety of products for consumers to choose from.</li> <li>• <b>Increase in quality and standard of production-</b> Due to globalisation there is greater competition between both local and foreign producers. This forces them to produce goods of better quality.</li> <li>• <b>Increase in foreign investment-</b> Over the past twenty years, the foreign investment has increased.</li> <li>• <b>Emergence of Indian companies as multinational</b> - Several of the top Indian companies like Tata Motors, Infosys, Ranbaxy have been able to benefit from the increased competition created as a result of Globalisation.</li> </ul>

	<ul style="list-style-type: none"> <li>● <b>Creation of new opportunities</b>- Globalisation has created new opportunities for Indian companies, particularly providing services like IT.</li> <li>● <b>Creation of new jobs</b> - Globalisation has created new jobs and has helped in reducing unemployment rate to an extent.</li> <li>● A host of services such as data entry, accounting, administrative tasks, engineering are now being done cheaply in India.</li> </ul> <p><b><u>Disadvantages/Negative impact of Globalisation: -</u></b></p> <ul style="list-style-type: none"> <li>● Small manufactures like-batteries, capacitors, plastic toys, tyres, dairy products and vegetable oil were victims of competition.</li> <li>● Closing down small units rendered many workers jobless. There is uncertainty in employment.</li> <li>● Most employers prefer to employ workers ‘flexibility’, this means that worker’s jobs are no longer secure.</li> <li>● Small Indian companies were hard hit because the Governments changed policies such as allowing import of the goods which were previously not allowed.</li> </ul>
14	<p><b>Explain the role of MNCs in promoting the globalisation process.</b> <b>Ans.</b></p> <ul style="list-style-type: none"> <li>● They serve as agents for transfer of superior technology.</li> <li>● They have provided manufacturing processes and improved skills to underdeveloped countries.</li> <li>● They help in the transfer of capital from countries where it is abundant to where it is scarce.</li> <li>● They help in building up knowledge base and development of human resources.</li> <li>● They help in creating large scale employment opportunities by setting up their branches and subsidiaries.</li> <li>● The operation of MNCs have a favourable effect on the balance of payments accounts of the host country.</li> </ul>
15	<p><b>How can government play a major role in making globalisation fair?</b> <b>Ans.</b></p> <p>Globalisation is not providing a fair deal. Fair globalisation would create opportunities for all and also ensure that benefits of globalisation are shared better.</p> <ul style="list-style-type: none"> <li>● Government policies must protect the interests of not only rich and powerful but of all the people in the country.</li> <li>● Government should ensure that labour laws are implemented properly and workers get their due share.</li> <li>● Small producers should be supported to improve their productivity and performance so that they can compete in the international market.</li> <li>● Government can use trade and investment barriers, if needed.</li> <li>● Government should be ready to negotiate at the WTO for ensuring fairer rules.</li> </ul>

	<ul style="list-style-type: none"> <li>• If necessary, the government should align with countries with similar interests to oppose the domination of major and powerful players in WTO.</li> </ul>
16	<p><b>Explain the two steps taken by the government to attract foreign investment in India</b>  <b>Ans.</b></p> <p><b>i. <u>SEZ (Special Economic Zone)</u></b></p> <ul style="list-style-type: none"> <li>• To attract the foreign investment in India, the Government of India has set up industrial zones which are known as Special Economic Zones (SEZs).</li> <li>• These zones are expected to have world class facilities such as electricity, water, roads, transport, storage, recreational and educational.</li> <li>• Companies setting up their production units in the SEZs are exempted from the payment of taxes for the initial five years.</li> <li>• Government has to allowed flexibility in the labour laws to attract foreign trade.</li> </ul> <p><b>ii. <u>Flexibility in Labour Laws</u></b></p> <ul style="list-style-type: none"> <li>• Government has given the permission to the MNCs to hire the workers flexibility i.e., hiring the workers on temporary basis and also ignoring the labour laws.</li> <li>• This will help the MNCs and helps to attract more investment in India.</li> </ul>
17	<p><b>Why is globalisation necessary for an economy?</b>  <b>OR</b>  <b>Explain the importance of globalisation</b>  <b>OR</b>  <b>How has globalisation enabled development of India? Explain with facts.</b>  <b>Ans.</b></p> <p>Globalisation is necessary for an economy because of the following reasons.</p> <ul style="list-style-type: none"> <li>• <b>Greater choice to the consumers-</b> Globalisation has offered a greater choice and variety of products for consumers to choose from.</li> <li>• <b>Increase in quality and standard of production-</b> Due to globalisation there is greater competition between both local and foreign producers. This forces them to produce goods of better quality.</li> <li>• <b>Increase in foreign investment-</b> Over the past twenty years, the foreign investment has increased.</li> <li>• <b>Emergence of Indian companies as multinational</b> - Several of the top Indian companies like Tata Motors, Infosys, Ranbaxy have been able to benefit from the increased competition created as a result of Globalisation.</li> <li>• <b>Creation of new employment opportunities-</b> Globalization has created new opportunities for Indian companies, particularly providing services like IT. It has created new jobs and helped in reducing unemployment rate to an extent.</li> <li>• A host of services such as data entry, accounting, administrative tasks, engineering are now being done cheaply in India.</li> </ul>