



# Vidya Bhawan balika Vidyapeeth shakti utthan aashram Lakhisarai

Revision Class-10<sup>th</sup>

(Based on N C E R T pattern)

Date:- 04.01.21.

ECONOMICS

Globalisation and the Indian Economy

Question 1.

What is a trade barrier? Why did the Indian Government put up trade barriers after Independence? Explain.

Answer:

The restrictions set by the Government to regulate foreign trade are called trade barriers. Tax on imports is an example of a trade barrier.

The Indian Government had put barriers to foreign trade and foreign investment after independence to protect the domestic producers from foreign competition. Imports at that stage would not have allowed local industries to come up. India allowed imports of only essential items such as machinery, fertilizers, petroleum, etc.

Question 2.

What would happen if Government of India puts heavy tax on import of Chinese toys? Explain any three points.

Answer:

If Government of India puts heavy tax on import of Chinese toys

1. The cost of Chinese toys will increase.
2. Less Chinese toys would come in the Indian market.

3. Indian buyers would have lesser choice in the market and toys will become more expensive.
4. For Indian toy makers this would provide an opportunity to expand business as there will be less competition in the market.

Question 3.

How do Multinational Companies manage to keep the cost of production of their goods low? Explain with examples.

Or

Explain the conditions that determine MNCs setting up production in other countries?

Answer:

- MNCs set up offices and factories for production in regions where they can get cheap labour and other resources. Example, Countries like China, Bangladesh and India. They also provide with the advantage of cheap manufacturing locations.
- MNCs also need close-by markets for their manufacturing goods. Mexico and Eastern Europe are useful for their closeness to the markets in the US and Europe.
- Besides these, MNCs also require skilled engineers and IT personnel and a large number of English speaking people who are able to provide customer care services (India possibly tops in this area).
- All these factors help MNCs in saving costs of production by 50-60%.

**Mr Anant kumar**