



Vidya Bhawan balika Vidyapeeth shakti utthan aashram Lakhisarai

Revision Class-10th

(Based on N C E R T pattern)

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ECONOMICS

Globalisation and the Indian Economy

Question 1.

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

Or

“Foreign trade integrates the markets in different countries.” Support the statement with arguments.

Answer:

(i) Foreign trade creates opportunities for producers to reach beyond domestic markets. Producers can compete in markets located in other countries of the world. Similarly, for the buyers, import of goods from another country leads to expanding choice of goods beyond what is domestically produced. Buyers can thus choose from a wide range of products to suit their individual tastes.

(ii) With the opening of trade, goods travel from one market to another. Choice of goods in the market rises. Prices of similar goods in two markets tend to become equal, and producers in the two countries now closely compete against each other even though they are separated by thousands of miles. Foreign trade, thus, results in connecting the markets or integration of markets in different countries.

For example., There are 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 Bata, Lakhani and international brands like Adidas, Nike, Reebok etc.

Question 2.

Define the term liberalization. Explain the reasons why the Indian Government started the policy of liberalization in 1991.

Or

‘Barriers on foreign trade and foreign investment were removed to a large extent in India since 1991’. Justify the statement.

Answer:

Removing barriers or restrictions set by the government on foreign trade and foreign investment is what is known as liberalization. The Indian Government removed these barriers because:

Liberalization of trade and investment policies allows Indian producers to compete with producers around the globe leading to an improvement in performance and quality of products.

After the barriers on foreign trade and foreign investment were removed to a large extent, goods could be imported and exported easily and also foreign companies could set up factories and offices in India. This has led to an increase in trade with different countries.

Businesses are allowed to make decisions freely about what they wish to import or export due to the liberal policies of the government.

Doors of investment opened up for MNCs. They have been investing large sums of money in India and have been seeking to earn large profits.

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