

Vidya Bhawan balika Vidyapeeth shakti utthan aashram Lakhisarai

(Based on N C E R T pattern)

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Economics

## Globalisation and the Indian Economy

### Question 1.

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

#### Answer:

In 1991, the Indian government decided that the time has come for Indian producers to compete with producers around the world. It felt that foreign competition would improve the quality of goods produced by Indian producers within the country.

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.

### Question 2.

"A wide ranging choice of goods are available in the Indian markets." Support the statement with examples in context of globalisation.

#### Answer:

**The Indian market has been transformed in recent years. The consumers have a wide variety of goods and services to choose from, which were not available earlier. For example:**

The latest models of mobile phones, television, digital cameras of leading manufacturers and other well known brands of the world are easily available in the markets.

New models of cars and automobiles are launched every season.

The top companies in the world have introduced their popular brands in India for various products like shirts, fruit juices, cosmetics, toys, furniture, stationery etc.

All this has been possible only due to globalisation.

### **Question 3.**

“Globalisation and greater competition among producers has been of advantageous to consumers.” Justify the statement with examples.

### **Answer:**

**Globalisation and greater competition among producers has been of advantageous to consumers in the following ways:**

Consumers in today's world have a wide variety of goods and services to choose from. The latest models of digital cameras, mobile phones and televisions made by the leading manufacturers are available to them.

Consumers now enjoy better and improved quality at lower prices.

It has resulted in higher standards of living.

There has been a varying impact on producers and workers.

Many top Indian companies have been able to establish themselves as multinational corporations.

Latest technology and production methods have raised production standards.

#### Question 4.

Why had the Indian government put barriers to foreign trade and foreign investment after independence? Analyse the reasons.

**Answer:**

**The Indian government put barriers on foreign trade and foreign investment after independence because:**

(a) It was considered necessary to protect the producers within the country from foreign competition.

(b) In 1950s and 1960s, the industries were in nascent stage and competition from imports at that stage would not have allowed these industries to develop.

(c) Therefore, India allowed the imports of only essential items like machinery, fertilizers, petroleum etc.

#### Question 5.

Explain by giving examples how Multinational Corporations (MNCs) are spreading their products in different ways.

**Answer:**

**Multinational Corporations (MNCs) are spreading their production in different ways. Some of them are:**

By buying local companies and, then expanding production. For example, Cargill Foods, a very large American MNC, purchased small Indian company, Parakh foods. Cargill Foods is, now, the largest producer of edible oil in India with a capacity making 5 million pouches daily.

By placing orders for production with small producers. Garments, footwears, sports items are examples where production is carried out by small producers for large MNCs around the world.

By producing jointly with some of the local companies. It benefits the local company in two ways.

A MNC can provide money for additional investments.

A MNC can bring latest technology for production.

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.

### **Question 6.**

How have our markets been transformed? Explain with examples.

### **Answer:**

The advent of globalisation and the policy of liberalization have opened the market to the world players. It has given rise to wide choice of goods and services to the consumer.

MNCs have played a vital role in the world market. Foreign trade and investment in 'the country has increased. It has also resulted in exchange of technology between countries. In recent times, technology in the areas of telecommunications, computers and internet has been changing rapidly.

Globalisation has also created new opportunities for companies providing services, particularly those involving in IT. Better job opportunities for people have given rise to migration.

Globalisation has also enabled some large Indian companies to emerge as multinationals For example, Tata Motors, Infosys, Ranbaxy have expanded their operations around the world.

**Mr. Anant kumar**