

Vidya Bhawan balika Vidyapeeth shakti utthan aashram Lakhisarai

Class-10<sup>th</sup>

(Based on N C E R T pattern)

Date:- 14.07.XX.

Economics

## Globalisation and the Indian Economy

### Question 1.

How does foreign trade integrates the markets of different countries? Explain with examples.

#### Answer:

Foreign trade integrates the markets of different countries as:

- (a) It provides an opportunity for both producers and consumers to reach beyond the markets of their own country.
- (b) Producers now compete with markets located in other countries.
- (c) There is an expansion of choice of goods beyond the domestic market.
- (d) For example, during the Diwali season, buyers in India have the option of buying either Indian or Chinese decorative lights and bulbs. The Chinese manufacturers get the opportunity to expand their business.

### Question 2.

How do large companies manipulate the market? Explain with examples.

#### Answer:

The large companies manipulate the market in the following ways:

- Sometimes false information is passed on through media and other sources to attract consumers. For example, a company selling powder milk for babies as the most scientific product claiming it to be better than mother's milk which although was a false claim.
- Some food items were consumed in India for many years although it is very harmful for the health of people. But through attractive and convincing advertisements in media, it was able to control the market such as Maggie noodles manufactured by Nestle was found harmful after testing in India in May 2015.
- They may also hide the essential information about the product like expiry date, contents, terms and conditions etc. to keep the consumers in dark.
- Sometimes, the expired products are packed in a new packing and again released in the market.
- It has also been evident that artificial scarcity is created by the producers and the product is hoarded for sale in future at a high price. (any three)

### **Question 3.**

“Information and communication technology has played a major role in spreading out production of services across countries”. Justify the statement with examples.

#### **Answer:**

Information and communication technology has played a major role in spreading out products and services across countries. In recent years, technology in the areas of telecommunication facilities (telegraph, telephone including mobile phone) are used to contact one another around the world.

For example, a news magazine published for London readers is to be designed and printed in India. The text is sent through the internet to Delhi office. Design of the magazine is also sent to Delhi from London office using telecommunication facilities. The design is done on a computer. After printing, the magazines are sent to London by air. The payment for the services from London to Delhi is done instantly through the internet (e-banking).

### **Question 4.**

What is globalisation? Describe the role of Multinational Corporations (MNCs) in promoting globalisation process.

#### **Answer:**

Globalisation means Answer: integrating the economy of a country with the economies of other countries under conditions of free flow of trade and capital and movement of persons across borders.

MNCs play an important role in promoting globalisation process in the following ways:

- They serve as agents for the transfer of superior technology. They have provided advanced technology, manufacturing process and improved skills to underdeveloped countries.

- They help in the transfer of capital from countries where it is abundant to where it is scarce.
- They help in building up knowledge base and development of human resources, (ii) They help in creating large scale employment opportunities by setting up their branches and subsidiaries.
- The operations of MNCs have a favourable effect on the balance of payments account of the host country.