



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.

What is an MNC? Give two examples of Indian companies that have emerged as MNCs. What are the harmful effects of MNCs to a host country? Give three examples.

Answer:

A Multi-National Corporation (MNC) is a company that owns or controls production in more than one nation. The goods and services are produced globally. The production process is divided into small parts and spread out across the globe.

Tata Motors (automobiles), Infosys (IT), Ranbaxy (medicines), Asian Paints (paints), Sundaram Fasteners (nuts and bolts), etc. are some of the Indian companies which are spreading their operations worldwide as MNCs.

Harmful effects of MNCs to a host country:

1. Small producers compete or perish. MNCs have posed major challenges for a large number of small producers and workers. The small manufacturers have been hit hard due to competition. Several of the units have shut down rendering

many workers jobless. Batteries, taps, tyres, dairy-products, vegetable oil are some of the industries that are badly affected due to stiff competition from MNCs.

2. Uncertain employment. In order to maximize the profit MNCs look for a location with minimum labour costs. Faced with competition, most employers these days prefer to employ workers on temporary basis so that they do not have to pay workers for the whole year. This has changed the lives of workers and their jobs are no longer secure.
3. The Condition of employment. Workers also have to put in very long working hours and work night shifts on a regular basis during the peak season. Wages are low and workers are forced to work overtime to make both ends meet. The workers are denied their fair share of benefits and no longer get the protection that they enjoyed earlier, for example, the Indian garment export industry often deny their workers their fair share of benefits.

Question 2.

How has globalization been advantageous to both the producers as well as the consumers in India? Explain.

Answer:

To Producers. Several of the top Indian Companies have been able to benefit from the increased competition.

- They have invested in newer technology and production methods and thereby raised their production standards.
- They have gained from successful collaborations with foreign companies.
- Globalization helped in the development of IT sector.

- Good quality products are being produced at lower prices. To Consumers. There is greater choice before consumers who can enjoy improved quality and lower prices for several products.
- People today, enjoy much higher standards of living than was possible earlier.

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