

Vidya Bhawan balika Vidyapeeth shakti utthan aashram Lakhisarai

Class-10<sup>th</sup>

(Based on N C E R T pattern)

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Economics

## Globalisation and the Indian Economy

### Question 1.

How have markets been transformed in recent years? 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.

### Question 2.

How are Multinational Corporations spreading their products? Explain with examples.

#### 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, footwear, 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 3.**

How did 'Cargill Foods' become the largest producer of edible oils in India? Explain.

**Answer:**

Cargill Foods, a very large American MNC, bought Parakh foods, which had a large marketing network in many parts of India. It was a well-reputed company. It had four oil refineries, whose control passed to Cargill Foods. Cargill Foods is, now, the largest producer of edible oil in India, with a capacity of making 5 million pouches daily.

#### Question 4.

Why did Ford Motors want to develop Ford India as a component supplying base for its other plants across the globe? Explain.

#### Answer:

**Ford Motors wanted to develop Ford India as a component supplying base for its other plants across the globe because:**

- Ford Motors was selling 27,000 cars in the Indian market and 24,000 cars were exported from India to South Africa, Mexico and Brazil. India was making components and know how to produce them, so they could be easily manufactured and sent across the globe.
- Sending components from India to other plants will reduce the time in manufacturing the components and the orders could be placed immediately.
- Same plants would not need to be set up at all locations.

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