

**Vidya Bhawan balika Vidyapeeth shakti utthan aashram
Lakhisarai**

Class-10th

(Based on N C E R T pattern)

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Economics

Globalisation and the Indian Economy

Question 1.

How does foreign trade connect the markets of different countries?
Explain with example.

Answer:

**Foreign trade integrates the markets of different countries
as:**

It provides an opportunity for both producers and consumers to reach beyond the markets of their own country.

Producers now compete with markets located in other countries.

There is an expansion of choice of goods beyond the domestic market.

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.

“The impact of globalisation has not been visualised uniformly among producers and workers.” Support the statement with facts.

Answer:

Everyone has not benefitted from globalisation. While people with education, skill and wealth have made the best use of the opportunities offered by globalisation, the others have not shared the benefits. While producers have become MNCs, the workers are facing many problems.

Globalisation and competition among producers have changed the life of the workers. Most employers want to employ workers flexibly which means jobs are no longer secure. Earlier workers were employed permanently. Now, they employ the workers temporarily, when there is pressure of work, otherwise they are dismissed.

Question 3.

Explain the role of Multinational Corporations (MNCs) in the globalisation process.

Answer:

MNCs play an important role in the process of globalisation as:

- They not only bring their products to a country but also the new business policies and cultures.
- They also help in increasing competitiveness among the Indian companies.
- At present, most of us are able to use the latest models of cars and this could be possible only because of globalisation.
- The setting up of large number of MNCs develops broad outlook among the people of a country.

- MNCs have increased the choices of consumers at a very substantial price. This has further increase their standard of living.

Question 4.

“Globalisation has been advantageous to both consumers as well as producers.” Support the statement with suitable examples.

Answer:

Advantages of globalisation for consumers:

They have greater choice.

- Better quality of products are available for consumption due to competition.
- It has reduced the cost of goods and services considerably.

Advantages of globalisation to producers:

- They now have access to international markets for their products.
- They have easier access to foreign investment to enhance their production, (c) Collaboration with MNCs have added up their performance and profits.

Question 5.

How do multinational companies manage to keep the cost of production of their goods low? Explain with examples.

Answer:

The multinational companies manage to keep the cost of production of their goods low in the following ways:

- They set up production jointly with some of the local companies of these countries. For example, Ford Motors spent 21700 crores to set up a large plant near Chennai in collaboration with Mahindra and Mahindra. In India, labour and transportation cost is very low which cuts down the cost of production.
- They buy up local companies and expand production. For example, Cargill Foods, a large American MNC bought Parakh Foods. The company got ready made infrastructure. As production increases, cost comes down.
- They place orders for production with small producers. They purchase garments, footwear, sports goods and sell them under their brand name.

Mr. Anant kumar