

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 are local companies benefited by collaborating with multinational companies? Explain with examples.

Answer:

The local companies are benefited by collaborating with multinational companies in the following ways:

They provide money to the local companies for additional investments like buying new machines to replace the old ones.

They bring the latest technology for production.

They may build new stores and office buildings, thus providing employees with modern surroundings.

Question 2.

Explain any three ways in which multinational companies are spreading their production.

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.

What is foreign trade? How does it integrate markets? Explain with examples.

Answer:

Trade between two countries is called foreign trade. It may take place through sea, air or land. It creates an opportunity for the producers to reach beyond domestic markets.

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 4.

What is globalisation? How does globalisation help in interconnection among different countries? Explain with examples.

Answer:

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

Globalisation interconnect different countries by:

Foreign trade. It leads to integration of markets across countries due to which the latest models of goods like digital cameras, mobile phones and televisions etc. are available in one country.

Foreign investment. MNCs invest capital in different countries by jointly producing with local companies.

buying the local companies.

placing orders for production like garments footwear, sports goods etc. with small producers of other countries.

Question 5.

How have our 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.

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