



# Vidya Bhawan balika Vidyapeeth shakti utthan aashram Lakhisarai

Revision 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.

What is trade? Explain the importance of international trade.

Answer:

The exchange of goods among people, states and countries is referred to as trade.

Importance of international trade:

- International trade of a country is an index to its economic prosperity.
- It is considered the economic barometer for a country. If the balance of international trade is favourable, a country will be able to earn more foreign exchange.
- As no country is self-sufficient in all resources it cannot survive without international trade.
- Countries have trade relations with the major trading blocks.
- Exchange of commodities and goods have been superseded by the exchange of information and knowledge.

### Question 2.

Describe the impact of globalisation on Indian economy with

examples.

Or, "Globalisation and greater competition among producers has been of advantage to consumers." Justify the statement with examples.

Answer:

Impact of Globalisation on the Indian Economy:

- Greater competition among producers (both local and foreign), has been advantageous to consumers, particularly the well-off section. There is greater choice before the consumers who now enjoy improved quality and lower prices for several products.
- Globalisation has led to a higher standard of living especially in urban areas.
- MNCs have increased their investments in India in industries such as electronics, automobiles, cellphones, soft drinks, fast food, banking services etc. thereby providing consumers with a vast variety of products. New job opportunities have been created in these industries and services, thereby increasing purchasing power.
- Globalisation has enabled some large Indian companies to emerge as MNCs themselves like Tata Motors, Infosys, Ranbaxy, Asian Paints, etc.
- Globalisation has also created new opportunities for companies providing services particularly those involving IT (Information Technology)- For example, call centres.
- Top Indian companies have benefitted from the increased competition. They have invested in newer technology and production methods indirectly benefitting the consumers.

- Local companies supply raw materials to foreign industries and have prospered.

However, for a large number of producers and workers the impact has not been uniform, and globalisation has posed major challenges.

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