



Social Studies

Class 10th (Economics)

Chapter 4: Globalization and Indian Economy



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Exercises

Que 1 What do you understand by globalisation? Explain in your own words.

Ans: Globalization is the process of interconnectedness and rapid integration between different countries. Globalization refers to a system in which the economies of all countries are interconnected with other economies of the world.

Que 2. What were the reasons for putting barriers to foreign trade and foreign investment by the Indian government? Why did it wish to remove these barriers?

Ans: The following were the reasons for imposing restrictions on foreign trade and foreign investment by the Government of India-

1. At that time the producers of the country were not able to compete with the foreigners.
2. Such barriers were imposed to protect the new industries of India.
3. Later the government wanted to remove these barriers because Indian producers were able to compete with foreign ones.
4. Liberalization had become necessary to increase the Indian economy.

Que 3. How would flexibility in labour laws help companies?

Ans: Flexibility in labor laws will help companies in the following ways-

1. Due to flexibility in labor laws, companies can remove additional workers.
2. By doing this, his expenses will come sometime and the profit of the companies will increase.
3. Foreign investment will increase in the event of profit.
4. Companies will be able to expand with the flexibility of labor laws.

Que 4. What are the various ways in which MNCs set up, control or produce in other countries?

Ans: MNCs establish control over production in other countries in the following ways-

1. MNCs set up their factories in countries where they can get cheap labour.
2. This keeps their cost of production low and the profit potential high.
3. Most multinational companies buy small companies to establish their monopoly.
4. MNCs get goods manufactured from local producers and sell those goods to customers under their own brand name.

Que 5. Why do developed countries want developing countries to liberalise their trade and investment? What do you think should the developing countries demand in return?

Ans:

1. developed countries want liberalization of their trade and investment from developing countries.
2. This makes it easier for developed countries to sell their goods.
3. Developed countries benefit more from liberalization.
4. Liberalization leads to increase in foreign trade of developed countries

I believe that developing countries should also make such demands in return so that they too can sell their goods to developed countries without hindrance.

Que 6. “The impact of globalisation has not been uniform.” Explain this statement.

Ans: Undoubtedly, the effect of globalization did not affect all the countries equally.

1. Developed countries and multinational companies have benefited a lot from this.
2. Technology has also expanded in developing countries.
3. But local and small industrialists and workers have suffered a lot due to this.
4. Globalization has established monopoly of multinational companies.
5. Globalization has definitely benefited the consumers a lot as now the prices of goods have come down.
6. Poor countries have suffered a lot from globalization as their economy has become very weak.

Que 7. How has liberalisation of trade and investment policies helped the globalisation process?

Ans: Liberalization of trade and investment policies gives a big boost to the globalization process.

1. Liberalization leads to increase in foreign trade.
2. Due to liberalisation, multinational companies set up their industries in the country.
3. Liberalization increases foreign investment.
4. Due to all these, the process of globalization is strengthened.
5. Therefore, liberalization of trade and foreign policies helps a lot in the process of globalization.

Que 8. How does foreign trade lead to integration of markets across countries? Explain with an example other than those given here.

Ans: Foreign trade helps in the integration of markets of different countries in the following ways

1. Due to foreign trade, the goods of other countries also reach the markets of different countries.
2. Due to foreign trade, there is uniformity in the prices of commodities in the markets.
3. The quality of goods increases due to competition.
4. For example, the main companies that make computers are in America and Europe. The design of the product is done in these countries. Different parts of the computer are made in Malaysia, China and Taiwan and they are assembled in China or India. The final product is then sold all over the world. This example shows the integration of many markets in the world.

Que 9. Globalisation will continue in the future. Can you imagine what the world would be like twenty years from now? Give reasons for your answer.

Ans: globalization will not only continue in future but will grow at a faster pace. We can imagine that 20 years from now the following changes will take place in the world-

1. Due to globalization, technology will reach every corner of the world.
2. Because of globalization the quality of goods will be at the highest level.
3. Any person sitting in any corner of the world will be able to order his goods.
4. Due to globalization, there will be uniformity in the value of goods.
5. Due to globalization, the goods of all countries will be visible in all the markets of the world.

Que 10. Supposing you find two people arguing: One is saying globalisation has hurt our country's development. The other is telling, globalisation is helping India develop. How would you respond to these arguments?

Ans: I would say to those people that globalization has definitely helped in the development of India.

1. Indian economy has become strong due to globalization.
2. Globalization has led to the development of new technology.
3. Foreign trade is huge because of globalization.
4. Due to globalization, better employment opportunities have been received.

5. Globalization has increased competition in business.
6. Due to globalization there has been uniformity in the prices of goods.
7. Due to globalization even small traders are able to sell their goods abroad.

Que 11. Fill in the blanks.

Indian buyers have a greater choice of goods than they did two decades back. This is closely associated with the process of _____. Markets in India are selling goods produced in many other countries. This means there is increasing _____ with other countries. Moreover, the rising number of brands that we see in the markets might be produced by MNCs in India. MNCs are investing in India because _____. While consumers have more choices in the market, the effect of rising _____ and _____ has meant greater _____ among the producers.

Ans: Globalization, Trade, Here they are getting good buyers, Foreign trade, Liberalization, Competition

Question 12. Match the following

(i) MNCs buy at cheap rates from small	(a) Automobiles
(ii) Quotas and taxes on imports are used to	(b) Garments, footwear, sports items.
(iii) Indian companies who have invested abroad	(c) call center
(iv) IT has helped in spreading of	(d) Tata Motors, Infosys, Ranbaxy
(v) Several MNCs have invested in setting	(e) trade barriers

Ans: (i) b (ii) e (iii) d (iv) c (v) a.

Que 13. Choose the most appropriate option.

- (i) The past two decades of globalisation has seen rapid movements in
- (a) goods, services and people between countries.
 - (b) goods, services and investments between countries.
 - (c) goods, investments and people between countries.

Ans (c) movement of goods, investments and people between countries

(ii) The most common route for investments by MNCs in countries around the world is to

- (a) set up new factories.
- (b) buy existing local companies.
- (c) form partnerships with local companies.

Ans (c) Partnering with local companies

(iii) Globalisation has led to improvement in living conditions

- (a) of all the people
- (b) of people in the developed countries
- (c) of workers in the developing countries
- (d) none of the above

Ans: (a) of all people