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CLASS X ECONOMICS NOTES

Globalisation and the Indian Economy

Key Notes and Important Questions with Answers

Chapter 4

GLOBALISATION AND THE INDIAN ECONOMY

Key Points to Remember:

- **Globalisation** is a process of international integration arising from the interchange of world views, products, ideas and other aspects of a culture.
- **Multinational Corporation (MNC)** is an enterprise operating in several countries but Managed from one country or group that derives a quarter of its revenue from operations outside of its home country.
- **Liberalization** refers to the reduction or elimination of government regulation or restrictions on private business and trade.
- **Investment** is the purchase of goods (such as machine, house, and other parts etc.) that ark not consumed today but are used in the future to create wealth.
- **Foreign Trade** is basically trade between two different countries of the world. It is also known as international trade.
- **World Trade Organization** is the only global international organization dealing with the rules of trade between nations. The main aim of this organization is to liberalize the law of trade between the nations.
- **Privatization** is the transfer of a business, industry, or service from public to private ownership and control.
- **Foreign Investment** is when a company or individual from one nation invests in assets or ownership stakes of a company based in another nation.
- **SEZ** is a special economic zone of a country that is subject to unique economic regulations that differs from other areas in the same country. These regulations tend to be conductive to foreign direct investment.

Very Short Answer Type Questions (1 mark each)

Q.1 What is Globalization?

Q.2 Give one example of Trade Barriers?

Q.3 When did India adopt the new economic policy?

Q.4 Provide one example of Indian MNC's?

Q.5 Why does MNC's Invest in different countries?

Q.6 Which sector of economy is still lagged behind even after the Globalization?

Q.7 When did Ford Motors established in India?

Q.8 What is privatization?

Q.9 A company which has ownership or control in more than one country is know as ?

Q. 10 In which category you will put Indian Economy?

ANSWERS

Ans.1 Globalization is the integration or interconnection between the countries through trade and foreign investment by multinational corporations.

Ans.2 Tax on Export

Ans.3 1992

Ans.4 Tata Motors

Ans. 5 To earn more profits.

Ans. 6 Agriculture Sector

Ans.7 1995

Ans. 8 Privatization means allowing the private sector to set up industries which were earlier reserved for the Public sector.

Ans. 9 MNC's

Ans. 10 Mixed Economy

LONG ANSWER TYPE QUESTIONS (3 OR 5 MARKS EACH)

Q.1 What do you mean by globalization? What are the effects of globalization in India?

Q.2 What is WTO? What are the aim of WTO? What are the drawback of WTO?

Q.3 What is MNC's? How MNC's can spread and get control over productions?

Q.4 What is investment? How is foreign investment different from it?

Q.5 Why are the trade barriers imposed on the foreign trade and investment in a country?

Q.6 Describe any five advantages to consumers due to globalization and greater competition among producers.

Q.7 What are the factors have stimulated the globalization process?

Q.8 How the liberalization policy was gradually adopted in India?

Q.9 What is liberalization? Describe any five effects of liberalization on the Indian Economy.

Q.10 How information technology is encouraging the Globalisation ? Explain

Answers

Ans.1 Globalization is the integration or interconnection between the countries through trade and foreign investment.

Positive Impacts:

- Greater choice and improved quality of goods at competitive price and hence raises standard df living.
- MNC's have increased investment in India.
- Top Indian companies emerged as multinationals.
- Created new opportunities for companies providing services like IT sector.
- Collaboration with foreign companies help a lot to domestic entrepreneurs.

Negative Impacts:

- Indian economy faced the problem of brain drain.
- Globalization has failed to remove unemployment and poverty.
- Cut in farm subsidies.
- Closure of small industries.

Ans:2 WTO is World Trade Organization. It is an organization which is in favor of increasing the world trade through globalization.

The Aim of WTO:

- To liberalize International trade by allowing free trade for all.
- To promote international trade among the countries of the world in an open uniform and non-discriminatory manner.
- Removal of both the import and export restrictions.

The Drawback of WTO:

- It is dominated by developed countries.
- It is used by developed countries to support globalization in areas that are not directly to trade.

Ans.3 MNC's are Multinational corporations. It is a company that owns or controls production in more than one nation. MNC's can spread and control by:

- Setting up joint production units with local companies.
- To buy up local companies and expanding its production base.
- Placing orders with small producers.
- By using their Brand.

Ans. 4 The money that is spent to buy assets such as land, building, machines and other equipment is called investment.

Investment made by MNC's is called foreign investment. Every investment is made with the hope that the assets will earn profits for these companies.

Ans. 5 Trade barriers are used by the government:

- To increase, decrease or regulate foreign trade.
- To decide what kinds of goods and how much of each, should come into the country.
- To protect the producers within the country from foreign competition.

Ans. 6
- There is a greater choice before consumers along with competitive price.
- Then enjoy improved quality and lower prices for several products.
- They enjoy much higher standards of living that was possible earlier.
- Strengthening of Consumers Right like — Right to Information, Right to choose, Right to Be Heard, Right to Seek Redressal has been given to consumers.
- Legal. rights of consumers have become more effective.

Ans. 7
- Improvement in Transportation
- Development of Information Technology
- Telecommunication
- Computers
- Internet

Ans. 8
- After Independence, the Indian government put barrier on foreign trade and foreign 'investment.
- Initially, Indian Industries were just coming up after Independence, so competition from imports wouldn't have allowed these industries to come up.

- In 1991, the government decided that the time has come for Indian producers to compete the producers around the globe.

Ans. 9 Removing barriers or restrictions set by the government is known as liberalization.

- Competition would improve the performance of producers within the country.
- Barriers on foreign trade and foreign investment were removed to large extent. This meant that goods could be imported and exported easily.
- Foreign companies could set up factories and offices to boost up production. It allows making decision freely.
- The competition would improve the performance of producers within the country since they have to improve their quality.

Ans. 10

- With Improvement in transportation technique now It become easier to send good at distance place at lower cost.
- Sending and receiving information are now become easier.
- There is rapidly increase in trade with the help of information and Technology.