

CBSE • CLASS 10 • SOCIAL SCIENCE

ECONOMICS

CHAPTER 04

Globalisation and the Indian Economy



NCERT SOLUTIONS



GLOBALISATION AND THE INDIAN ECONOMY

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

Answer: Globalisation means increasing integration of countries through foreign trade and foreign investment.

- Goods and services move between countries.
- Companies invest and organise production across national borders.
- Markets in different countries become connected.
- Technology helps people and businesses communicate and work together.

For example, a company can design a product in one country, make parts in another and sell the finished product in many countries.

Movement of people also connects countries, although it faces more restrictions than movement of goods and investment.

GLOBALISATION AND THE INDIAN ECONOMY

Q2. 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?

Answer:

Why barriers were introduced:

- After Independence, Indian industries were developing. The government wanted to protect them from competition with stronger foreign producers.
- Restrictions on imports and foreign investment helped domestic enterprises grow.

Why barriers were reduced:

- From 1991, the government believed that greater competition could improve quality, efficiency and technology.
- Reducing barriers encouraged foreign trade and investment and gave buyers more choices.
- Removing or reducing such restrictions is called liberalisation.

Protection and liberalisation reflect different policy goals and conditions.

GLOBALISATION AND THE INDIAN ECONOMY

Q3. How would flexibility in labour laws help companies?

Answer:

Greater flexibility can let companies adjust their workforce to changes in demand.

- They can hire temporary workers when orders rise.
- They can reduce employment when orders fall.
- Longer working hours and fewer employment commitments may lower production costs.
- Lower costs can help them compete with other suppliers.

However, workers may face irregular work, lower benefits and less job security.

Therefore, flexibility may benefit companies while shifting more risk to workers.

Worker protection is important when such policies are considered.

GLOBALISATION AND THE INDIAN ECONOMY

Q4. What are the various ways in which MNCs set up, control or produce in other countries?

Answer:

Multinational corporations (MNCs) use several methods:

- Set up their own offices and factories through foreign investment:
- Buy existing local companies and expand their production.
- Form partnerships with local companies.
- Place orders with small producers for goods such as garments and footwear.
- Decide specifications, delivery times and prices for these suppliers.

Production may be spread across countries where markets, labour costs, skilled workers and other conditions suit the company.

Thus, MNCs connect and influence production without always owning every supplying factory.



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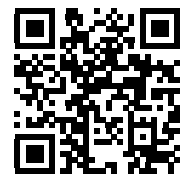


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