NCERT Solutions for Class 10 Social Science
ECONOMICS – Globalisation and The Indian Economy

1. Why do MNCs set up joint production units with local companies?

Ans. 1. It helps them to save money to invest in other sectors or buy new machineries or technology.
2. It helps them to capture the existing market of the local companies.

2. Why are Chinese toys more popular in Indian markets?

Ans. 1. Chinese toys are much cheaper compared to Indian toys. So people prefer to buy it.
2. Latest technology is used in Chinese toys so it has a wide demand.
3. Chinese toys have varieties to attract the consumers and innovations were made frequently.

3. How have Indian markets been transformed in recent years?

Ans. Indians have a wide choice of goods and services before them in the Indian markets now. The latest models of digital cameras, mobile phones and televisions made by the leading manufacturers of the world are within our reach. Electronics goods became cheaper. Every season, new models of automobiles can be seen on Indian roads.

A similar explosion of brands can be seen for many other goods: from shirts to televisions to processed fruit juices. Many international food-processing companies like Coco Cola entered Indian markets.

4. How do MNCs control production all over world?

Ans. 1. The most common route for MNC investments is to buy up local companies and then expand production. To take an example, Cargill Foods, a very large American MNC, has bought over smaller Indian companies such as Parakh Foods.

2. There's another way in which MNCs control production. Large MNCs place orders for production with small producers. They purchase goods like garments and footwear from these small companies and then sell these under their own brand names to the customers. These large MNCs have tremendous power to determine price, quality, delivery, and labour conditions for these distant producers.

3. They set up partnerships with local companies and expand production in some cases. Thus MNCs are exerting a strong influence on production at distant locations.

5. What is trade barrier? Why did Indian Government put barrier to foreign trade?

Ans. 1. Restricting foreign trade by imposing tax on imports is called trade barrier. Governments can use trade barriers to increase or decrease (regulate) foreign trade and to decide what kind of goods and how much of each, should come into the country.

2. The Indian government, after Independence, had put barriers to foreign trade and foreign investment. This was considered necessary to protect the producers within the country from foreign competition.

3. Industries were just coming up in the 1950s and 1960s, and competition from imports at that stage would not have allowed these industries to come up. Thus, India allowed imports of only essential items such as machinery, fertilizers, petroleum etc. All developed countries, during the early stages of development, have given protection to domestic producers through a variety of means.

6. Why did the Government remove trade barriers?

Ans. 1. The government realized that trade barrier affected foreign trade adversely and foreign companies hesitated to invest in India.

2. Around 1991, the Government decided that time had come for Indian producers to compete with producers around the world. It felt that competition would improve the performance of producers with in the country since they would have to improve the quality.

3. This decision was supported by powerful international organizations. In the general trend of globalization and being, a member of World Trade Organization India government removed the trade barriers.

7. What is W.T.O? What are its two faces?

Ans. 1. World Trade Organisation (WTO) is an international organization set up to liberalize international trade. Started at the initiative of the developed countries, WTO establishes rules regarding international trade, and sees that these rules are obeyed.

2. Though WTO is supposed to allow free trade for all, in practice, it is seen that the developed countries have unfairly retained trade barriers. On the other hand, WTO rules have forced the developing countries to remove trade barriers.

8. What are the negative effects of globalization?

Ans. 1. Globalization and the pressure of competition have changed the lives of workers. To stand in the global competition many companies cut down the benefits given to workers, reduced their salaries and treated as temporary workers. Jobs are no longer secure to them. Working conditions in organized sector resemble the unorganized sector.

2. For a large number of small producers and workers globalization has posed major challenges. Batteries, capacitors, plastics, toys, tyres, dairy products, and vegetable oil are some examples of small manufacturers, who have been hit hard due to competition. Several of the units have shut down rendering many workers jobless.

9. How did flexibility in labour laws help companies?

Ans. 1. Companies are able to cut down the cost of production to maximize the profit. As cost of raw materials cannot be reduced, they tried to cut labour costs.

2. Where earlier a factory used to employ workers on a permanent basis, now they employ workers only on a temporary basis so that they do not have to pay workers for the whole year and they do not have to pay any service benefits.

3. Workers also have to put in very long working hours and work night shifts on a regular basis during the peak season. Wages are low and workers are forced to work overtime to make both ends meet. Workers are denied their fair share of benefits brought about by globalization.

10. What is meant by SEZ?

Ans. 1. It is the short form of Special Economic Zone. Such industrial zones are set up by the government to attract foreign companies to invest in India.

2. SEZs are to have world-class facilities electricity, water, roads, transport, storage, recreational and educational facilities. Companies who set up production units in the SEZs do not have to pay taxes for an initial period of five years.

3. Government has also allowed flexibility in the labour laws to attract foreign investment.