Class –X ECONOMICS

Globalisation of Indian Sector

Answer1: Globalisation means integrating the economy of a country with the economies of other countries under conditions of free flow of trade, capital and movement of persons across borders. It includes
(i) Increase in foreign trade
(ii) Export and import of techniques of production.
(iii) Flow of capital and finance from one country to another
(iv) Migration of people from one country to another.

Answer2: The Indian government had put barriers to foreign trade and foreign investment to protect domestic producers from foreign competition, especially when industries had just begun to come up in the 1950s and 1960s. At this time, competition from imports would have been a death blow to growing industries. Hence, India allowed imports of only essential goods.
In New Economic Policy in 1991, the government wished to remove these barriers because it felt that domestic producers were ready to compete with foreign industries. It felt that foreign competition would in fact improve the quality of goods produced by Indian industries. This decision was also supported by powerful international organisations.

Answer3: Flexibility in labour laws will help companies in being competitive and progressive. By easing up on labour laws, company heads can negotiate wages and terminate employment, depending on market conditions. This will lead to an increase in the company's competitiveness.

Answer4: Multinational Corporations (MNCs) set up their factories or production units close to markets where they can get desired type of skilled or unskilled labour at low costs along with other factors of production. After ensuring these conditions MNCs set up production units in the following ways:
→ Jointly with some local companies of the existing country.
→ Buy the local companies and then expand its production with the help of modern technology.
→ They place orders for small producers and sell these products under their own brand name to the customers worldwide.

Answer5: Developed countries want developing countries to liberalise their trade and investment because then the MNCs belonging to the developed countries can set up factories in less-expensive developing nations, and thereby increase profits, with lower manufacturing costs and the same sale price.
In my opinion, the developing countries should demand, in return, for some manner of protection of domestic producers against competition from imports. Also, charges should be levied on MNCs looking to set base in developing nations.

Answer6: The impact of globalisation has not been uniform". It has only benefitted skilled and professional person in urban not the unskilled persons. The industrial and service sector has much gained in globalisation than in agriculture. It benefitted MNCs on domestic produces and the industrial working class. Small producers of goods such as batteries, capacitors, plastics, toys, tyres, dairy products and vegetable oil have been hit hard by competition from cheaper imports.

Answer7: Liberalisation of trade and investment policies has helped the globalisation process by making foreign trade and investment easier. Earlier, several developing countries had placed barriers and restrictions on imports and investments from abroad to protect domestic production. However, to improve the quality of domestic goods, these countries have removed the barriers. Thus, liberalisation has led to a further spread of globalisation because now businesses are allowed to make their own decisions on imports and exports. This has led to a deeper integration of national economies into one conglomerate whole.

Answer8: Foreign trade provides opportunities for both producers and buyers to reach beyond the markets of their own countries. Goods travel from one country to another. Competition among producers of various countries as well as buyers prevails. Thus foreign trade leads to integration of markets across countries.

For example, during Diwali season, buyers in India have the option of choosing between Indian and Chinese decorative lights and bulbs. So this provides an opportunity to expand business.

Answer9: After twenty years, world would undergo a positive change which will possess the following features— healthy competition, improved productive efficiency, increased volume of output, income and employment, better living standards, greater availability of information and modern technology.

Reason for the views given above: These are the favourable factors for globalisation:

→ Availability of human resources both quantity wise and quality wise.
→ Broad resource and industrial base of major countries.
→ Growing entrepreneurship
→ Growing domestic market.

Answer10: Benefits of globalisation of India:

→ Increase in the volume of trade in goods and services
→ Inflow of private foreign capital and export orientation of the economy.
→ Increases volume of output, income and employment.

Negative Impact / Fears of Globalisation.

→ It may not help in achieving sustainable growth.
→ It may lead to widening of income inequalities among various countries.
→ It may lead to aggravation of income inequalities within countries.

Whatever may be the fears of globalisation, I feel that it has now become a process which is catching the fancy of more and more nations. Hence we must become ready to accept globalisation with grace and also maximise economic gains from the world market.

Answer11: Indian buyers have a greater choice of goods than they did two decades back. This is closely associated with the process of **globalisation**. Markets in India are selling goods produced in many other countries. This means there is increasing **trade** 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 **of cheaper production costs**. While consumers have more choices in the market, the effect of rising **demand** and **purchasing power** has meant greater competition among the producers.

Answer12:

(i)	MNCs buy at cheap rates from small producers	**(b)**	Garments, footwear, sports items
(ii)	Quotas and taxes on imports are used to regulate trade	**(e)**	Trade barriers
(iii)	Indian companies who have invested abroad	**(d)**	Tata Motors, Infosys, Ranbaxy
(iv)	IT has helped in spreading of production of services	**(c)**	Call centres
(v)	Several MNCs have invested in setting up factories in India for production	**(a)**	Automobiles

Answer13:

(i) (b) goods, services and investments between countries.
(ii) (b) buy existing local companies.
(iii) (d) none of the above