

Chapter 4 Globalisation and The Indian Economy

ACTIVITY AND IN-TEXT QUESTIONS

Let's Work these out

Q 1. Complete the following statement to show how the production process in the garment industry is spread across countries.

Ans 1: The label may state 'Made in Thailand,' but these are not exclusively Thai products. We analyze the manufacturing process and select the most effective solution at each stage, drawing on global resources. For instance, in garment production, the company might source cotton fiber from Korea, produce fabric in China and India, assemble garments in Thailand, and distribute them worldwide.

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Read the passage given below and answer the questions:

Ford Motors, an American company, is one of the world's largest automobile manufacturers with production spread over 26 countries of the world. Ford Motors came to India in 1995 and spent Rs. 1700 crore to set up a large plant near Chennai. This was done in collaboration with Mahindra and Mahindra, a major Indian manufacturer of jeeps and trucks. By the year 2017, Ford Motors was selling 88,000 cars in the Indian markets, while another 1,81,000 cars were exported from India to South Africa, Mexico and Brazil and United State of America. The company wants to develop Ford India as a component supplying base for its other plants across the globe.

Q 1. Would you say Ford Motors is an MNC? Why?

Ans 1: Yes, Ford Motors can be considered a multinational corporation (MNC) because it operates and manages production facilities in multiple countries. Its manufacturing operations span 26 different nations around the globe.

Q 2. What is foreign investment? How much did Ford Motors invest in India?

Ans 2: The investment made by multinational corporations (MNCs) is referred to as foreign investment. For example, Ford Motors invested ₹1700 crore in India.

Q 3. By setting up their production plants in India, MNCs such as Ford Motors tap the advantage not only of the large markets that countries such as India provide, but also the lower costs of production. Explain the statement.

Ans 3: MNCs typically establish their production facilities in locations that offer several strategic advantages:

- (a) proximity to large markets,
- (b) access to both skilled and unskilled labor at affordable rates,
- (c) availability of essential production resources, and
- (d) supportive government policies.

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India stands out as an attractive destination for MNCs, offering not only expansive and expanding markets but also a substantial, cost-effective labor pool. Ford Motors, for example, benefits from India's sizable market and reduced production expenses.

Q 4. Why do you think company wants to develop India as a base for manufacturing car components for its global operations? Discuss the following factors:

- (a) cost of labour and other resources in India.
- (b) the presence of a several local manufacturers who supply auto-parts to Ford Motors.
- (c) closeness to a large number of buyers in India and China.

Ans 4:

- a. **Labor and Resource Affordability:** In India, labor and other resources are relatively inexpensive. The country has a large workforce, comprising both skilled and unskilled laborers who work at comparatively low wages.
- b. **Local Suppliers and Bargaining Power:** Many local manufacturers in India supply auto parts to Ford Motors. Ford has significant influence over aspects like pricing, quality, delivery timelines, and working conditions.
- c. **Market Potential in India and Neighboring Countries:** Ford aims to establish India as a manufacturing hub for car components. India and neighboring China have a large customer base with strong purchasing power, making the region ideal for such development.

Q 5. In what ways will the production of cars by Ford Motors in India lead to interlinking of production?

Ans 5: Ford Motors' car production in India will result in interconnected production in several ways:

- (i) Ford Motors has collaborated with Mahindra and Mahindra, a leading Indian manufacturer of jeeps and trucks, for joint production.
- (ii) The company sources components by placing orders with local small-scale producers.
- (iii) It actively competes with domestic manufacturers.

Q 6. In what ways is an MNC different from other companies?

Ans 6: Here are some key ways in which a multinational corporation (MNC) differs from other types of companies:

Multinational Company (MNC)	Other Company
Owns or controls production in more than one nation	Owns or controls production within the country
Sets up offices and factories in regions with cheap labor and resources	Does not have options for international location strategies
Lower production costs allow for higher profits	Limited potential for higher profits due to domestic constraints

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Q 7. Nearly all major multinationals are American, Japanese or European, such as Nike, Coca-Cola, Pepsi, Honda, Nokia. Can you guess why?

Ans 7: Indeed, nations such as the United States, Japan, and various European countries are considered developed economies. Multinational corporations (MNCs) require substantial financial resources to broaden their production capabilities and enter foreign markets. Typically, businesses in less affluent countries lack access to the significant capital needed for such expansions. Consequently, most prominent multinational companies are based in America, Japan, or Europe.

Let's Work these out

Q 1. What was the main channel connecting countries in the past? How is it different now?

Ans 1: Historically, foreign trade served as the primary means of linking nations. In earlier times, maritime routes were the main pathways for international commerce. However, today, trade occurs through a variety of methods, including sea routes, air transport, roadways, and telecommunications.

Q 2. Distinguish between foreign trade and foreign investment.

Ans 2: Foreign Trade: This term refers to the exchange of goods and services across international borders. It allows producers to access markets outside their home countries, thereby expanding their reach beyond local markets.

Foreign Investment: This refers to the capital that multinational corporations (MNCs) allocate in other countries with the goal of generating profits.

Q 3. In recent years, China has been importing steel from India. Explain how the import of steel by China will affect.

(a) steel companies in China.

(b) steel companies in India.

(c) industries buying steel for production of other industrial goods in China.

Ans 3: (a) Chinese steel manufacturers are likely to experience a decrease in sales, which could lead to financial losses.

(b) Indian steel producers are expected to see business growth as the demand for their products increases.

(c) Industries in China that rely on steel for the production of other goods will benefit from having more options available at reduced prices.

Q 4. How will the import of steel from India into the Chinese markets lead to integration of markets for steel in the two countries? Explain.

Ans 4: The importation of steel from India to China will facilitate market integration between the two nations in several ways:

1. Indian steel products will transition from the domestic market to Chinese consumers.
2. The variety of available goods in both markets will expand.
3. Prices for steel of comparable quality in both countries will likely align.
4. Manufacturers in India and China will find themselves in closer competition.

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In-text Questions

Q 1. What is the role of MNCs in the Globalisation process?

Ans 1: The Impact of Multinational Corporations (MNCs) on Globalization

Multinational corporations are significantly influencing the globalization landscape in several ways:

1. **International Production Networks:** MNCs extend their manufacturing operations across borders, facilitating foreign investments in various nations.
2. **Control Over Foreign Trade:** A significant portion of international trade is managed by MNCs, encompassing both goods and services in their activities.
3. **Technology Transfer:** These corporations introduce innovative and advanced technologies to the markets in which they operate.

Q 2. What are the various ways in which the countries can be linked?

Ans 2: Countries can be interconnected in several significant ways:

1. Trade of products across borders.
2. Exchange of services.
3. Influx of international investments.
4. Transfer of innovative and advanced technologies.
5. Migration of individuals between nations.

Q 3. Choose the correct option: Globalisation, by connecting countries, shall result in

- (a) lesser competition among producers
- (b) greater competition among producers
- (c) no change in competition among producers

Ans 3: (b) greater competition among producers.

Let's Work these out

“Using IT in Globalisation”

A news magazine published for London readers is to be designed and printed in Delhi. The text of the magazine is sent through Internet to the Delhi office. The designers in the Delhi office get orders on how to design the magazine from the office in London using telecommunication facilities. The designing is done on a computer. After printing, the magazines are sent by airline to London. Even the payment of money for designing and printing from a bank in London to a bank in Delhi is done instantly through the Internet (e-banking)!

Q 1. In the above example, underline the words describing the use of technology in production.

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Ans 1: A news magazine published for London readers is to be designed and printed in Delhi. The text of the magazine is sent through **Internet** to the Delhi office. The designers in the Delhi office get orders on how to design the magazine from the office in London using **telecommunication facilities**. The designing is done on a **computer**. After **printing**, the magazines are sent by **airline** to London. Even the payment of money for designing and printing from a bank in London to a bank in Delhi is done instantly through the **Internet (e-banking)**!

Q 2. How is information technology connected with Globalisation? Would Globalisation have been possible without expansion of IT?

Ans 2:

(1) Advances in information and communication technology, including telecommunications, computers, and the internet, have made it easier for people to connect globally, access information instantly, and communicate from remote locations. These technologies allow for faster service delivery over long distances and at reduced costs. Consequently, information technology plays a crucial role in the process of globalization.

(2) Therefore, globalization could not have been achieved without the growth of information technology.

Let's Work these out

Q 1. What do you understand by liberalisation of foreign trade?

Ans 1: Liberalization of foreign trade refers to the process of eliminating governmental restrictions or barriers on international trade and foreign investments. This approach aims to create a more open and competitive trading environment.

Q 2. Tax on imports is one type of trade barrier. The government could also place a limit on the number of goods that can be imported. This is known as quotas. Can you explain, using the example of Chinese toys, how quotas can be used as trade barriers? Do you think this should be used? Discuss.

Ans 2:

(1) Should the Indian government decide to implement a quota on Chinese toys—essentially restricting the quantity that can be imported—the availability of these toys in Indian markets would decrease. As a result, consumers in India would have fewer opportunities to buy Chinese toys at lower prices due to the restricted supply. However, Indian toy manufacturers are unlikely to suffer significant losses, as the overall demand for domestically produced toys would only diminish slightly. In this context, quotas can serve as effective trade barriers.

(2) I believe this approach is not advisable at this time. Instead, Indian manufacturers should strive to compete with global producers. Embracing competition can enhance product quality while maintaining competitive pricing.

Let's Work these out

Q 1. Fill in the blanks:

WTO was started at the initiative of _____ countries. The aim of the WTO is to _____ WTO establishes rules regarding _____ for all countries, and sees that _____ in practice, trade between countries is not _____. Developing countries like India have _____ whereas developed countries, in many cases, have continued to provide protection to their producers.

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Ans 1: WTO was started at the initiative of **developed** countries. The aim of the WTO is to **liberalise international trade**. WTO establishes rules regarding **international trade** for all countries, and sees that **these rules are obeyed**. In practice, trade between countries is not **fair**. Developing countries like India have **removed trade barriers** whereas developed countries, in many cases, have continued to provide protection to their producers.

Q 2. What do you think can be done so that trade between countries is more fair?

Ans 2: To promote fair trade between nations, the following actions should be implemented:

1. Strengthening international organizations such as the World Trade Organization (WTO) and the International Monetary Fund (IMF) is essential. These entities should take on a more significant role in fostering equitable trade practices.
2. Developing nations should present a united front and assertively communicate their perspectives to international institutions like the WTO.

Q 3. In the above example, we saw that the US government gives massive sums of money to farmers for production. At times, governments also give support to promote production of certain types of goods, such as those which are environmentally friendly. Discuss whether these are fair or not.

Ans 3: When governments provide support to encourage the production of specific goods, particularly those that are eco-friendly, it is not unjust. Environmental issues are a global challenge that affects everyone. However, it is essential that the regulations governing these practices are applied equally across all nations.

Let's Work these out

Q 1. How has competition benefited people in India?

Ans 1: The Impact of Globalization and Increased Competition in India

Globalization and heightened competition have positively influenced the lives of individuals in India in several ways:

1. **Expanded Consumer Choices:** Affluent urban consumers now enjoy a broader range of products, benefiting from enhanced quality and reduced prices. This has significantly improved their overall standard of living compared to previous years.
2. **Increased Foreign Investments:** Multinational corporations (MNCs) have significantly invested in various sectors, including telecommunications, automotive, electronics, beverages, fast food, and banking. This influx of investment has resulted in the creation of numerous job opportunities.
3. **Growth of Local Suppliers:** Local businesses that provide raw materials and components to these industries have flourished as a result of increased demand.
4. **Advancements in Technology:** Major companies have invested in state-of-the-art technologies and modern production techniques, leading to enhanced production standards across various industries.
5. **Successful Collaborations:** Some firms have benefited from strategic partnerships with foreign enterprises, which have contributed to their growth and innovation.
6. **Global Expansion of Indian Firms:** Prominent Indian companies, such as Tata Motors, Infosys, and Ranbaxy, have extended their reach internationally, evolving into multinational corporations themselves.

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7. **Emergence of New Service Opportunities:** The landscape of globalization and competition has opened up numerous opportunities in service sectors, including data entry, accounting, engineering, and information technology.

Q 2. Should more Indian companies emerge as MNCs? How would it benefit the people in the country?

Ans 2: Yes, it is essential for more Indian companies to evolve into multinational corporations (MNCs). This transition would offer several advantages for the nation, including:

1. **Increased Employment Opportunities:** The growth of MNCs will create a wider range of job prospects for Indian citizens.
2. **Advancements in Technology:** These companies are likely to introduce innovative technologies, enhancing production efficiency and quality.
3. **Affordable Quality Products:** With larger-scale operations, MNCs can offer high-quality products at lower prices, benefiting consumers.
4. **Inflow of Foreign Currency:** The establishment of MNCs will contribute to the country's foreign exchange reserves, strengthening the economy.

Q 3. Why do governments try to attract more foreign investment?

Ans 3: Governments pursue foreign investment for several key reasons:

1. **Job Creation:** Foreign investments lead to the generation of new employment opportunities within the country.
2. **Financial and Technical Resources:** These investments bring not only capital but also skilled managerial and technical personnel, along with advanced production technologies.
3. **Local Business Growth:** The presence of foreign enterprises encourages domestic businesses to invest in ancillary services, such as transportation and training, and fosters collaborations with international companies.
4. **Profit Reinvestment:** A portion of the profits generated from foreign investments is typically reinvested into expanding and modernizing related industries.
5. **Higher Social Returns:** The benefits derived from foreign investments often exceed the private gains, providing greater social returns.
6. **Tax Revenue:** Governments benefit financially from taxing the profits of foreign companies and collecting royalties through concession agreements.

Q 4. In chapter 1, we saw what may be development for one may be destructive for others. The setting of SEZs has been opposed by some people in India. Find out who are these people and why are they opposing it.

Ans 4: Displaced communities, including tribal groups, are voicing their opposition due to concerns that the establishment of Special Economic Zones (SEZs) could inundate their lands and significantly disrupt their way of life.

Let's Work these out

Q 1. What are the ways in which Ravi's small production unit was affected by rising competition?

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Ans 1: Ravi's small production unit experienced several challenges due to increasing competition:

1. In 2001, the government lifted import restrictions on capacitors as part of its commitments to the WTO.
2. The influx of multinational corporations (MNCs) compelled Indian television manufacturers, who were clients of Ravi's capacitors, to shift towards assembling products for these MNCs.
3. Additionally, television manufacturers favored importing capacitors, as the cost of imported goods was significantly lower—about half the price of those produced by Ravi.
4. As a result, Ravi's production has dropped to less than 50% of its previous capacity, and he now employs only seven workers instead of the original twenty.

Q 2. Should producers such as Ravi stop production because their cost of production is higher compared to producers in other countries? What do you think?

Ans 2: No, producers like Ravi should continue their production efforts. Instead of halting operations, they should focus on lowering their costs by implementing advanced technologies and improving their production techniques. Additionally, the government should offer financial assistance and protective measures to support these producers.

Q 3. Recent studies point out that small producers in India need three things to compete better in the market (i) Can you explain how these three things would help Indian producers?

(a) better roads, power, water, raw materials, marketing and information network

(b) improvements and modernisation of technology

(c) timely availability of credit at reasonable interest rates.

Ans: (i) Indian producers can benefit in several ways:

- (a) **Improved Infrastructure:** Enhancements in road networks facilitate the transportation of raw materials as well as finished products.
 - **Reliable Power Supply:** Access to consistent electricity is essential for running machinery, lighting, and other operational needs.
 - **Water Availability:** Sufficient water resources are crucial for the production processes and various other applications.
 - **Access to Raw Materials:** Ensuring a steady supply of raw materials is vital for the manufacturing of goods.
 - **Effective Marketing and Information Systems:** Once production is completed, it's important to sell the finished products, which necessitates a strong marketing strategy and an efficient information network.

(b) **Technological Advancements:**

Enhancements and modernization of technology lead to improved product quality while also reducing production costs.

(c) **Access to Credit:**

Timely and affordable credit availability encourages entrepreneurs to invest in innovative technologies and production techniques. This investment can enhance product quality and lower prices, allowing smaller producers to compete more effectively in the marketplace.

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(ii) Do you think MNCs will be interested in investing in these? Why?

Ans (ii): I believe multinational corporations (MNCs) are unlikely to invest in these areas. The reason for this is that such investments typically require a long time to yield returns and tend to generate lower profits.

(iii) Do you think the government has a role in making these facilities available? Why?

Ans (iii): Absolutely, the government plays a crucial role in ensuring the availability of these services. This is primarily because social welfare is a fundamental goal of government policies.

(iv) Can you think of any other step that the government could take? Discuss.

Ans (iv): "I believe the government should tackle corruption and bureaucratic inefficiencies within its offices. Additionally, it should enhance services provided through the single-window system to improve accessibility and efficiency."

Let's Work these out

Q 1. In what ways has competition affected workers, Indian exporters and foreign MNCs in the garment industry?

Ans 1: Competition has had a significant impact on workers, Indian exporters, and foreign MNCs in the garment industry in several ways:

1. Workers:

- Job security has diminished, leading to more temporary employment arrangements.
- Workers often face extended working hours to meet production demands.
- Night shifts have become commonplace, especially during busy seasons.
- Compensation remains low, affecting their overall financial stability.
- Employees frequently miss out on their rightful benefits.

2. Indian Exporters:

- They receive orders from MNCs at significantly reduced prices.
- To stay competitive, exporters are compelled to minimize their operational costs.
- This often results in lower labor expenses.
- Many exporters hire workers on a temporary basis to maintain flexibility.

3. Foreign MNCs:

- They benefit from sourcing the lowest-priced goods, enhancing their profit margins.
- Increased competition among garment exporters enables these MNCs to achieve substantial profitability.

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Q 2. What can be done by each of the following so that the workers can get a fair share of benefits brought by Globalisation?

- (a) government
- (b) employers at the exporting factories
- (c) MNCs
- (d) workers.

Ans 2:

(a) Government: It is essential for the government to safeguard the rights of workers by establishing comprehensive labor laws and ensuring their strict enforcement.

(b) Employers in Exporting Factories: Employers should provide fair compensation and ensure job security for their employees, avoiding the imposition of excessive overtime.

(c) Multinational Corporations (MNCs): MNCs ought to prioritize contracts with exporters who adhere to labor regulations diligently.

(d) Workers: Workers should form trade unions to collectively advocate for their rights and exert pressure on exporters to ensure they receive a just share of the benefits.

Q 3. One of the present debates in India is whether companies should have flexible policies for employment. Based on what you have read in the chapter, summarise the point of view of the employers and workers.

Ans 3:

(1) **Employer Perspective:** Employers increasingly favor flexible employment models, opting to hire workers on a temporary basis. This shift leads to reduced job security for employees. To remain competitive, employers are focused on minimizing costs, which results in hiring workers only for short periods, allowing them to avoid paying salaries throughout the year.

(2) **Worker Perspective:** Workers generally oppose these flexible employment practices. This situation often results in a lack of job security and a diminished share of benefits for them. Many employees find themselves earning significantly less than they did in previous roles, often receiving only daily wages with no additional benefits.

EXERCISES

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

Ans 1: Globalization refers to the increasing interconnectedness and interdependence of countries across the globe, primarily driven by trade and investment. It can be understood as the emergence of a unified global market where goods, services, and capital flow more freely across borders, largely facilitated by multinational corporations (MNCs).

As a result of globalization, nations experience heightened economic interdependence. For instance, foreign producers can manufacture and sell their products in India, while Indian companies can expand their reach by exporting goods and services to other nations. Additionally, the movement of labor across borders is also a notable aspect of this process, allowing workers to seek opportunities in different countries.

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

Ans 2: (1) (i) The aim was to safeguard local manufacturers from international competition.

(ii) During the 1950s and 1960s, Indian industries were in their infancy, and facing competition from imports at that time would have hindered their development.

(iii) Consequently, the Indian government permitted imports solely of essential commodities, such as machinery, fertilizers, and petroleum, while imposing restrictions on foreign trade and investment.

2. Over the years, as Indian producers gained the capability to compete with global manufacturers, there was a desire to dismantle these barriers. It was believed that increased competition would enhance the performance of domestic producers, compelling them to improve the quality of their products.

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

Ans 3: The relaxation of labor regulations can benefit companies in several ways:

1. **Temporary Employment:** Organizations can hire workers on a short-term basis, allowing them to avoid paying full annual salaries.
2. **Extended Working Hours:** During peak seasons, businesses can require employees to work longer hours and night shifts regularly, which helps reduce labor costs and increase profitability.
3. **Lower Wages and Overtime:** Companies may offer lower salaries to their employees while expecting them to work overtime, thereby maximizing their profit margins.
4. **Reduced Employee Benefits:** Employers would not be obligated to provide benefits such as provident funds, paid leave, health insurance, gratuities, pensions, or double pay for overtime.

Through these strategies, businesses can effectively minimize labor expenses and enhance their overall profits.

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

Ans 4: Multinational corporations (MNCs) establish or manage production in foreign countries through several strategies:

1. MNCs often choose production sites based on the following criteria:
 - Proximity to target markets.
 - Access to a labor force that includes both skilled and unskilled workers at competitive wages.
 - Assurance of availability for other essential production resources.
 - Favorable government policies that support MNC operations.
2. MNCs may form joint ventures, partnering with local firms in the host countries.
3. Another approach is for MNCs to acquire local businesses, subsequently increasing their production capabilities.
4. They may also collaborate with local companies for supplies, marketing these products under their own brand names to consumers.

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5. Additionally, MNCs often engage in direct competition with local businesses.

Q 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 5: (1) Developed nations encourage developing countries to liberalize their trade and investment policies. This approach allows multinational corporations to enhance their operations and increase their market presence in these emerging economies through foreign trade and investments.

(2) In response, developing countries should advocate for the elimination of unjust trade barriers imposed by developed nations and seek increased economic assistance. Additionally, developed countries need to abolish agricultural subsidies and other forms of financial support that distort fair competition.

Q 6. The impact of Globalisation has not been uniform. Explain this statement.

Ans 6: The effects of globalization have varied significantly among producers and workers:

1. Positive Impacts

- **Consumer Benefits:** Globalization has provided advantages for consumers, particularly affluent individuals in urban settings. They now enjoy a wider selection of goods and services, which are often of improved quality and available at lower prices, contributing to a higher standard of living.
- **Job Creation:** The globalization process has led to the creation of numerous jobs in sectors such as telecommunications, automotive, electronics, fast food, and various services, including banking and insurance. These opportunities are especially prominent for those with higher education and specialized skills.
- **Growth of Local Suppliers:** Local firms that supply raw materials to multinational corporations (MNCs) have thrived in this environment.
- **Competitive Advancement:** Prominent Indian businesses have capitalized on increased competition, leveraging advanced technologies to enhance their operations. As a result, some of these companies have evolved into multinationals.
- **New Opportunities in Services:** There has been a surge in opportunities for service-oriented companies, particularly in areas like information technology, data entry, accounting, and engineering.

However, the advancements for some may result in setbacks for others.

2. Negative Impacts

- **Challenges for Small Manufacturers:** Several industries, including toys, tires, batteries, and dairy products, have seen small manufacturers struggle due to increased foreign competition.
- **Job Losses:** The closure of various businesses has left thousands of unskilled and uneducated laborers without jobs.
- **Impact on Small Industries:** Many small industries, which are major employers after the agricultural sector, have faced detrimental effects due to globalization.

Q 7. How has liberalisation of trade and investment policies helped the Globalisation process?

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Ans 7: The easing of trade and investment regulations has led to an increase in foreign investments and international trade. This, in turn, has facilitated a deeper integration of production and markets on a global scale. Multinational corporations (MNCs) play a crucial role in driving globalization. An increasing flow of goods, services, investments, and technology is occurring between nations.

Consequently, the liberalization of trade and investment policies has contributed to globalization in several ways:

1. Enhanced exchange of goods and services across borders.
2. Growth in foreign direct investment.
3. Transfer of innovative and advanced technologies.
4. Migration of individuals seeking improved income, job opportunities, or educational prospects.

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

Ans 8:

(1) Foreign trade facilitates market expansion in the following ways:

- It allows producers to market their products and services beyond their home countries.
- Buyers gain access to a wider range of goods and services, enabling them to select from imported options rather than being limited to domestic offerings.
- Prices of comparable products in the markets of both countries tend to equalize.
- Producers from both nations engage in direct competition with one another.

(2) Consequently, international trade fosters market integration across countries. This can be illustrated by the example of foreign automobile manufacturers entering the Indian market. The competition between Indian and foreign vehicles typically results in foreign cars being perceived as superior. As a result, Indian consumers benefit from a larger selection of cars at more competitive prices. This expansion allows foreign car manufacturers to grow their businesses, while Indian car producers may struggle, facing reduced sales and potential losses.

Q 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 9: I believe that in the next twenty years, the world will evolve into a unified market for several reasons:

1. Multinational corporations (MNCs) will likely establish production facilities in regions where costs are lower.
2. There will be a significant increase in foreign investments made by MNCs.
3. The volume of international trade among nations will rise considerably.
4. A significant portion of global trade will be dominated by MNCs.
5. Enhanced foreign investments and trade will lead to a closer integration of production and markets across different countries.
6. There will be a greater flow of goods, services, investments, and technology across borders.

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7. The movement of people between nations will also increase.

Q 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 10: I would argue that globalization has not hindered our nation's growth; rather, it is contributing to India's development. It has primarily benefited affluent consumers and skilled producers who possess education and resources. However, many small-scale producers and workers have faced challenges due to increased competition and have not enjoyed the advantages of globalization.

To address this, the government should strive to create a more equitable form of globalization. Achieving fair globalization would generate opportunities for everyone and ensure a more equitable distribution of its benefits.

Q 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 11: 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 **foreign 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 **they find India as a vast market and availability of factors of production at low costs**. While consumers have more choices in the market, the effect of rising **foreign trade** and **foreign investment** has meant greater **competition** among the producers.

Q 12. Match the following:

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

Ans 12:

Match	Statement	Option
(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 center's
(v)	Several MNCs have invested in setting up factories in India for production	(a) Automobiles

Q 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 13: (i) (b) goods, services and investments 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: (ii) (b) buy existing 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: (iii) (c) of workers in the developing countries

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Additional Activity/Project

Q 1. Take some branded products that we use every day (soaps, toothpaste, garments, electronic goods, etc.). Check which of these are produced by MNCs.

Ans 1: Here's a list of some commonly used branded products across various categories, along with their multinational corporations (MNCs):

1. Soaps

- **Dove:** Produced by Unilever.
- **Lifebuoy:** Produced by Unilever.
- **Lux:** Produced by Unilever.
- **Palmolive:** Produced by Colgate-Palmolive.

2. Toothpaste

- **Colgate:** Produced by Colgate-Palmolive.
- **Sensodyne:** Produced by GlaxoSmithKline (GSK).
- **Pepsodent:** Produced by Unilever.
- **Oral-B:** Produced by Procter & Gamble.

3. Garments

- **Nike:** American multinational corporation.
- **Adidas:** German multinational corporation.
- **H&M:** Swedish multinational clothing retailer.
- **Zara:** Owned by Inditex, a Spanish multinational.

4. Electronic Goods

- **Apple iPhone:** Produced by Apple Inc.
- **Samsung Galaxy:** Produced by Samsung Electronics.
- **Sony PlayStation:** Produced by Sony Corporation.
- **LG TVs:** Produced by LG Electronics.

5. Food and Beverages

- **Coca-Cola:** Produced by The Coca-Cola Company.
- **Pepsi:** Produced by PepsiCo.
- **Nestlé Nescafé:** Produced by Nestlé S.A.

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- **McDonald's:** Operated by McDonald's Corporation.

6. Personal Care Products

- **Nivea:** Produced by Beiersdorf AG.
- **Head & Shoulders:** Produced by Procter & Gamble.
- **L'Oreal:** Produced by L'Oréal Group.

7. Cleaning Products

- **Tide:** Produced by Procter & Gamble.
- **Ariel:** Produced by Procter & Gamble.
- **Surf Excel:** Produced by Unilever.

8. Home Appliances

- **Whirlpool:** Produced by Whirlpool Corporation.
- **Bosch:** Produced by Robert Bosch GmbH.
- **Philips:** Produced by Philips Electronics.

These brands illustrate the global nature of many products we use daily, often produced by MNCs with operations in multiple countries.

Q 2. Take any Indian industry or service of your choice. Collect information and photographs from newspapers, magazine clippings, books, television, internet, interviews with people on the following aspects of the industry.

(i) Various producers/companies in the industry

(ii) Is the product exported to other countries

(iii) Are there MNCs among the producers

(iv) Competition in the industry

(v) Conditions of work in the industry

(vi) Has there been any major change in the industry in the past fifteen years

(vii) Problems that people in the industry face.

Ans 2: Indian Textile Industry

(i) Producers/Companies: Major companies include Arvind Mills, Vardhman Textiles, and Raymond Ltd.

(ii) Exports: Yes, the textile industry is a significant exporter, with products sent to the USA, Europe, and Middle East.

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(iii) MNCs: Yes, notable MNCs include H&M, Zara, and Levi's, which source from Indian manufacturers.

(iv) Competition: The industry faces intense competition from both domestic brands and international players.

(v) Work Conditions: Conditions vary; while large factories may offer better amenities, many small units have poor working conditions and low wages.

(vi) Major Changes: In the last fifteen years, the industry has seen a shift towards sustainable practices, increased use of technology, and online retail growth.

(vii) Problems Faced: Challenges include labor issues, fluctuating raw material prices, competition from cheap imports, and environmental regulations.