INDIAN SCHOOL AL WADI AL KABIR

Class: X	**Department: Social Science**	**Sub: Economics**
Chapter-4 **Question Bank:4**	**Topic: Globalisation and the Indian Economy**	**Year: 2023-24**

1	**What is 'Globalisation'?** **Ans.** • Globalisation is the process of rapid integration or interconnection between countries. • MNCs are playing a major role in the globalisation process. • More and more goods and services, investments and technology are moving between countries. • Besides, there is movement of people between countries in search of better income, better jobs or better education.
2	**Explain the factors which enabled globalization.** **OR** **"Information and Communication Technology has played a major role in spreading out production of services across countries." Support the statement.** **Ans.** Refer- Point A (ii) **OR** **How has improvement in technology stimulated the globalisation process? Explain.** **Ans.** Refer- Point A (i & ii) **Ans.** Factors that have stimulated the globalisation process are as follows: - **A. Technology** Rapid improvement in technology has been one major factor that has stimulated the globalisation process. **i. Transportation Technology:** • Improvements in transportation technology has made much faster delivery of goods across long distances possible at lower cost. • **Containers** have led to huge reduction in port handling costs and increased the speed with which exports can reach markets. • Similarly, the cost of **Air transport** has fallen. This has enabled much greater volumes of goods being transported by airlines. **ii. Information and Communication Technology (ICT) :** • In recent times, technology in the areas of telecommunications, computers, Internet has been changing rapidly. It has played a major role in spreading out production of services across countries.

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Telecommunication facilities (telegraph, telephone including mobile phones, fax) are used to contact one another around the world, to access information instantly, and to communicate from remote areas.
This has been facilitated by satellite communication devices.
computers have now entered almost every field of activity where one can obtain and share information on almost anything.
Internet also allows us to send instant electronic mail (e-mail) and talk (voice-mail) across the world at negligible costs.

B. Liberalisation of foreign trade and foreign investment policy: -

Governments can use trade barriers to increase or decrease (regulate) foreign trade and to decide what kinds of goods and how much of each, should come into the country. For example: Tax on imports.
The Indian government, after Independence, had put barriers to foreign trade and investment to protect the producers within the country from foreign competition.
Starting around 1991, barriers on foreign trade and foreign investment were removed to a large extent.
Removing barriers or restrictions set by the government is what is known as liberalisation.
With liberalisation of trade, businesses are allowed to make decisions freely about what they wish to import or export.

C. World Trade Organisation (WTO): -

World Trade Organisation (WTO) is one of the organisations whose aim is to liberalise international trade.
WTO establishes rules regarding international trade, and sees that these rules are obeyed.

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What is a Multinational Corporation (MNC)?
Ans.
A Multinational Corporation (MNC) is a company that owns or controls production in more than one nation.
Example: Tata, Pepsi, Adidas, Apple etc.
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‘Barriers on foreign trade and foreign investment were removed to a large extent in India since 1991.’ Justify the statement.
OR
Why had the Indian government put barriers to foreign trade and foreign investment after independence? Analyze the reasons.
Ans.
The Indian government put barriers on foreign trade and foreign investment after independence because:

It was considered necessary to protect the producers within the country from foreign competition.

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	• 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, fertilisers, petroleum etc. • Starting around 1991, the government decided that the time had come for Indian producers to compete with producers around the globe. It felt that competition would improve the performance of producers within the country. • Thus, barriers on foreign trade and foreign investment were removed to a large extent. This meant that goods could be imported and exported easily and also foreign companies could set up factories and offices here. • Removing barriers or restrictions set by the government is what is known as **Liberalisation**.
6	**Differentiate between Foreign Trade and Foreign Investment?** **Ans.** **Foreign Investment: -** Investment made in a country by a MNCs originated from some other country is called Foreign Investment. **Foreign Trade: -** Trade with different countries is called Foreign Trade and it includes import and export.