

TYBA COACHING CENTRE

CHAPTER 4: GLOBALISATION AND THE INDIAN ECONOMY

Class 10 Economics | Complete Easy-English Notes

COMPLETE CHAPTER NOTES

Written in easy English for classroom teaching, self-study and exam revision.

Study method: Read each topic, learn the key terms, practise the model answers, and then attempt the revision questions without looking.

Prepared for students of TYBA Coaching Centre

1. Meaning of Globalisation

Globalisation is the process through which countries become more connected through trade, investment, technology, information and the movement of goods and services. In this chapter, special attention is given to foreign trade and investment by multinational companies.

A product may be designed in one country, made using parts from several countries and sold all over the world. This shows how production and markets are connected across countries.

2. Multinational Corporations (MNCs)

A multinational corporation is a company that owns or controls production in more than one country. MNCs set up offices, factories or other operations in different countries. They may choose locations where labour, raw materials, markets, transport and other conditions suit their business.

MNCs can invest directly by setting up factories or buying local companies. They may also work with local producers, place orders with them or use them as suppliers. Their investment can bring jobs, technology and access to larger markets, but the benefits may not be shared equally.

3. How MNCs Spread Production

MNCs spread production in several ways. They set up factories in other countries, buy existing local companies, form partnerships with local businesses, or place orders with smaller producers. They choose locations by comparing costs, skills, infrastructure, government policies and access to customers.

For example, a company may buy parts from different countries, assemble a product in another country and sell it in many markets. This links production across national borders.

4. Foreign Trade and Foreign Investment

Foreign trade means buying and selling goods and services between countries. Imports are goods or services bought from another country. Exports are goods or services sold to another country.

Foreign investment means money invested by a company or person in business activity in another country. Investment may create production facilities, jobs and new technology. Foreign trade gives consumers more choices and connects producers to larger markets.

5. Integration of Markets

Foreign trade allows producers to sell goods in other countries and allows consumers to buy goods from abroad. As a result, markets in different countries become connected. Competition may increase because local producers face products from other countries.

Consumers may benefit from better choice, quality or lower prices. However, local producers who cannot compete with large companies or cheaper imports may lose sales or jobs.

6. Factors that Have Enabled Globalisation

Technology has made globalisation faster. Improvements in transport allow goods to move more quickly and cheaply. Developments in information and communication technology allow companies to communicate, share designs, manage payments and coordinate work across countries.

Liberalisation of trade and investment policies has also helped. When governments reduce certain barriers and allow more foreign trade and investment, companies can enter markets more easily.

International organisations and agreements also influence trade rules.

7. Trade Barriers and Liberalisation

Trade barriers are restrictions that governments use to control imports or protect local producers. Examples include taxes on imported goods, called tariffs, and limits on the quantity of goods that can be imported, called quotas.

Governments may use barriers to protect new or small industries and local jobs. Liberalisation means removing or reducing many government restrictions on foreign trade and investment. It can increase competition and choices, but local producers may need support and time to adjust.

8. Effects of Globalisation in India

Globalisation has created opportunities for some Indian companies and workers. Some companies have gained access to foreign markets, investment, technology and new production methods. Consumers may have more choices of goods and services. Some workers have gained jobs in industries and services connected to global markets.

The benefits are not equal for everyone. Large companies may be better able to compete than small producers. Some workers face temporary jobs, pressure to work longer hours or less job security. Some local businesses may lose customers when they cannot compete with imported goods or large firms.

9. Fair Globalisation

Fair globalisation means that the benefits of globalisation should reach more people and that workers and small producers should be protected. The government can support fair globalisation by enforcing labour laws, improving education and skills, helping small producers access credit and technology, and making sure that companies follow safety and environmental rules.

People can also organise, share information and demand fair wages and safe working conditions. Globalisation should improve people's lives rather than benefit only a small group.

Key Terms

Globalisation: Growing connection between countries. | MNC: Company that owns or controls production in more than one country. | Foreign investment: Investment in business activity in another country. | Import: Product bought from another country. | Export: Product sold to another country. | Trade barrier: Government restriction on foreign trade. | Tariff: Tax on imports. | Liberalisation: Reducing restrictions on trade and investment.

Exam-Ready Questions and Answers

Q1. What is globalisation? (2 marks)

Globalisation is the growing connection between countries through trade, foreign investment, technology and the movement of goods and services.

Q2. What is an MNC? How does it spread production? (3 marks)

An MNC is a company that owns or controls production in more than one country. It may set up factories abroad, buy local companies, work with local firms or place orders with local producers.

Q3. Explain any three ways in which MNCs choose locations for production. (3 marks)

They look for suitable markets, skilled or affordable labour, raw materials, reliable electricity, transport,

communication, supportive policies and other conditions that lower costs and help sales.

Q4. How does foreign trade connect markets? (3 marks)

Foreign trade allows goods to be sold across borders. Producers gain access to new customers and consumers can buy goods from other countries. This increases competition and connects markets.

Q5. What are trade barriers? Why may a government use them? (3 marks)

Trade barriers are restrictions such as tariffs and quotas. A government may use them to protect local industries and jobs from strong foreign competition, especially when local producers need time to grow.

Q6. Explain the positive and negative effects of globalisation in India. (5 marks)

Positive effects include more consumer choice, foreign investment, access to technology, new markets and jobs in some industries. Negative effects include pressure on small producers, loss of business for some local firms and insecure jobs or difficult working conditions for some workers. The benefits are not shared equally.

Q7. What is fair globalisation? (3 marks)

Fair globalisation means that more people share its benefits and that workers, small producers and the environment are protected. Governments should enforce labour laws, support skills and small businesses, and ensure that companies follow rules.

Q8. How has technology helped globalisation? (3 marks)

Better transport moves goods more quickly and cheaply. Information and communication technology lets companies communicate, share information and coordinate production across countries. These changes make international business easier.

Quick Revision / Practice

- Globalisation connects countries through trade, investment and technology.
- MNCs control production in more than one country.
- Imports are bought from abroad; exports are sold abroad.
- Tariffs and quotas are trade barriers.
- Liberalisation reduces restrictions on trade and investment.
- Globalisation can create opportunities, but benefits are not equal.
- Fair globalisation protects workers, small producers and the environment.

MCQs:

1. A company operating production in more than one country is an: (a) SHG (b) MNC (c) cooperative only (d) public facility. Answer: (b)
2. A tax on imported goods is a: (a) tariff (b) deposit (c) loan (d) subsidy only. Answer: (a)
3. Goods sold to another country are: (a) imports (b) exports (c) collateral (d) deposits. Answer: (b)
4. Reducing restrictions on foreign trade is called: (a) barter (b) liberalisation (c) underemployment (d) human development. Answer: (b)

Final Exam Tip: Write the meaning first, explain each point in a separate sentence, and add a simple example wherever possible.