Chapter 4
Globalisation and the Indian Economy

Let's Work these Out-Pg-57

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

The brand tag says 'Made in Thailand' but they are not Thai products. We dissect the manufacturing process and look for the best solution at each step. We are doing it globally. In making garments, the company may, e.g., get cotton fibre from Korea,
Ans.: and buttons from France, design the garment in Italy, manufacture the cloth in China, stitch the garment in Thailand and sell it all over the world.

Let's Work these Out-Pg-59

Q.1 Read the passage 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 1,700 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 2004, Ford Motors was selling Rs 27,000 cars in the Indian markets, while, 24,000 cars were exported from India to South Africa, Mexico and Brazil. The company wants to develop Ford India as a component supplying base for its other plants across the globe.
Would you say Ford Motors is a MNC? Why?
Ans.: it is yes, as the company owns and control production units in many counties, with its head office in USA.

Q.2 Read the passage 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 1,700 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 2004, Ford Motors was selling Rs 27,000 cars in the Indian markets, while, 24,000 cars were exported from India to South Africa, Mexico and Brazil. The company wants to develop Ford India as a component supplying base for its other plants across the globe.

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

Ans.: Investment made by an MNC to buy fixed assets like land, building and machinery equipment in a host country is termed as foreign investment. Ford Motors invested Rs. 1,700 crore In India.

Q.3 Read the passage 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 1,700 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 2004, Ford Motors was selling Rs 27,000 cars in the Indian markets, while, 24,000 cars were exported from India to South Africa, Mexico and Brazil. The company wants to develop Ford India as a component supplying base for its other plants across the globe.

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.: To ensure profit maximization and cost cutting, MNCs generally set up production plants where

(a) Proximity to market

(b) Skilled / unskilled labour is available at a lower cost.

(c) Availability of other factors of production is there.

(d) Business friendly Government policies

Ford Motors has done the same by setting up a large plant near Chennai, as all the above conditions were met.

Q.4 Read the passage 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 1,700 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 2004, Ford Motors was selling Rs 27,000 cars in the Indian markets, while, 24,000 cars were exported from India to South Africa, Mexico and Brazil. The company wants to develop Ford India as a component supplying base for its other plants across the globe.
Why do you think the 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 several local manufacturers who supply auto-parts to Ford Motors.
(c) Closeness to a large number of buyers in India and China.
Ans.: The company wants to develop India as a base for manufacturing car components for the following reasons

(a) Scores of local manufacturers are supplying car components to ford's Chennai plant and the MNC has also found that the location would have greater connection to the rest of the market.

(b) Lower cost of labour and materials in India compared to markets like South Africa, Mexico and Brazil, will result in more profits for the MNC.

Q.5 Read the passage 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 1,700 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 2004, Ford Motors was selling Rs 27,000 cars in the Indian markets, while, 24,000 cars were exported from India to South Africa, Mexico and Brazil. The company wants to develop Ford India as a component supplying base for its other plants across the globe.

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

Ans.: Ford Motors has taken the following steps which will lead to interlinking of production

(a) They have set up a production plant for cars in Chennai in partnership with a local company, Mahindra and Mahindra.

(b) They are asking the local companies of car parts for supplying parts for their cars manufactured in their production unit and are also planning for supplying these parts to their other car production units around the globe.

(c) They are closely competing with local companies in the Indian market in selling their cars and also using India as a base to export to other markets such as Mexico, South Africa etc.

Q.6 Read the passage 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 1,700 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 2004, Ford Motors was selling Rs 27,000 cars in the Indian markets, while, 24,000 cars were exported from India to South Africa, Mexico and Brazil. The company wants to develop Ford India as a component supplying base for its other plants across the globe.

In what ways is a MNC different from other companies?

Ans.: Differences between a MNC and a normal company

MNC	Normal Company
A company which has its businecss operations and has huge capital base and technological know-how at its disposal.	They may not have huge financial resources, and is generally cofined to narrow market space.
Production process is scattered across more than one country.	Production process is confined to domestic country.
Investments are made in several countries.	No investment in countries, other than home.

Q.7 Read the passage 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 1,700 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 2004, Ford Motors was selling Rs 27,000 cars in the Indian markets, while, 24,000 cars were exported from India to South Africa, Mexico and Brazil. The company wants to develop Ford India as a component supplying base for its other plants across the globe.

Nearly all major multinationals are American, Japanese or European, such as Nike, Coca-Cola, Pepsi, Honda, Nokia. Can you guess why?
Ans.: America, Japan and most countries in Europe are developed countries with immense wealth. Companies in these countries have mastered their production and sales and have generated a large amount of additional funds and so they can work as MNCs.

Let's Work these Out-Pg-61

Q.1 What was the main channel connecting countries in the past? How is it different now?
Ans.: Trade was the main channel connecting the countries in the past. For example Silk route connected different countries of the world; as a result huge trade took place through this route. Trade in the past was restricted to finished goods being produced in one market and sold in other markets. In today's time beside trade; capital, technology, people and services-flow is also taking place all over the world. Today the world is connected in a way where production also takes place across different countries

Q.2 Distinguish between foreign trade and foreign investment.
Ans.: Trade between two or more countries in terms of goods and services is termed as foreign trade. It helps in connecting the markets of different countries across the world. Foreign Investment made by a MNC or a financial institution either in the capital market or in the fixed assets in another country is termed as foreign investment.

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.: (a) Steel supply in China will increase. The Chinese Steel companies will have to compete with Indian companies.

(b) Steel companies in India have a new market available, they will be able to expand production to meet the Chinese market's demands in addition to the Indian market. They will also have to improve their quality, reduce the cost of production and try to capture the Chinese market.

(c) Other Chinese industries using steel will be benefitted as they will have a greater choice at lower 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.: Integration of markets for steel in the two countries will take place as follows

(a) Due to imports from India, choice in the Chinese market will increase.

(b) Producers of steel in both countries will compete with each other to get increased market share.

(c) Prices of similar varieties of steel in the Indian and Chinese markets will fluctuate and tend to become equal after some time.

Let's Work these Out-Pg-62

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

Ans.: Globalization is the rapid integration of the global economy through which countries can connected on various level. Globalization has ensured development in trade and communication with different countries. Over the last 20-30 years there has been a tremendous increase in globalization spearheaded by MNCs. MNCs are Multi-National Corporations or companies which have set up production in more than one country. MNCs set up production in countries where they get possibilities of lucrative return. Since the MNCs are producing as well as selling in many countries, they are interlinking the economies of these countries and thus speeding up globalization.

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

Ans.: Some of the ways in which countries can be linked are:

(1) The increased flow of goods among countries. By following the export and import practices.

(2) The provision of services between countries (e.g., call centers, telemedicine).

(3) Initiating foreign investments by the companies of one country in other countries.

(4) Movement of people into one country from another for working there or for study or any other purpose.

(5) Through the communication between different countries via internet (World Wide Web)

(6) By promoting tourism.

Q.3 Choose the correct option.

Globalization, by connecting countries, shall result in
A. lesser competition among producers.
B. greater competition among producers.
C. no change in competition among producers.
Ans.: Greater competition among producers. As the producers, from all over the world are competing in similar market arena, this has induced greater competition among them.

Let's Work these Out-Pg-63

Q.1 In the above example, underline the words describing the use of technology in production.
Ans.: The text of the magazine is sent through Internet. The designers in the Delhi office get orders on how to design the magazine from the office in London using telecommunication facilities. The magazines are sent by air to London. Payment of money for designing and printing from a bank in London to a bank in Delhi is done instantly through the Internet.

Q.2 How is information technology connected with globalization? Would globalization have been possible without expansion of IT?
Ans.: Information technology has fastened the pace of globalization. It has revolutionized the way interaction is done. Owing to its development, people can get connected to anyone, in every corner of the world, instantly. Except physical movement of products, every other transaction is possible through internet. Without it, Globalisation would have taken many more years to spread out, as the required information for taking any decision, would have taken more time to be communicated and thus would have delayed the pace of integration among countries.

Let's Work these Out-Pg-64

Q.1 What do you understand by liberalization of foreign trade?
Ans.: There are two restrictions on foreign trade (i.e., trade of goods and services between two sovereign nations) which are removed by liberalization of foreign trade.

(a) Entry Tax or Customs Duty: This is a mechanism, where by prices of imported goods are increased, to provide leeway to domestic players. However under liberalization, ideally there will be no customs duty on any imported product.

(b) Lifting of Quotas or Restrictions on the Quantity being imported: This generally provides cushion to domestic manufacturer from cut throat competition. However, under liberalization, there will be no restrictions on the quantity of goods, except in rare condition, which would make the domestic firms face higher level of competition.

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.: In the case of Chinese toys, quotas should be used as trade barriers judiciously to protect the Indian producers of a similar nature of toys which are being imported. It should be used in a manner so that both Indian and Chinese toys compete on an equal footing in the Indian market. This will lead to a healthy and reasonable competition which will improve the quality of toys. Also, it would prompt Indian manufacturers to earn only reasonable profits. If Chinese toys were totally restricted, Indian manufacturers will be tempted to lower their quality and increase prices, thus harming the customers. On the other hand, if there are no quota restrictions on Chinese toys, China will ‘dump’ toys in the market,

reducing the sales of the Indian producer and also harming the customer, as then the customer will not have a free choice at a competitive price.

Let's Work these Out-Pg-66

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.

Ans.: Solution has been given in the chronological order:

Developed, liberalize international trade, international trade, they are obeyed, free and fair, removed trade barriers.

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

Ans.: Trade between countries would be fairer if both the countries removed trade barriers and allowed the free flow of goods and services, and let the market forces of demand and supply decide the volume of goods that will be transacted between countries.

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: Government intervention distorts the forces of demand and supply. Such intervention, gives undue advantage to those producers who receives government assistance over those who doesn’t. Such intervention also leads to poor resources usage, as the producer then would not take enough steps to increase efficiency of the production process. However, in a country which is underdeveloped or developing, such intervention be allowed to be made on principled lines, to boast the already fragile domestic market.

Let's Work these Out-Pg-67

Q.1 How has competition benefitted people in India?

Ans.: Competition from imported goods has benefitted people in India in the following ways

(a) Indian producers have improved their technology and quality to compete with foreign goods.

(b) Prices of Indian goods have reduced to match those of foreign goods and so buyers of these items have benefitted.

(c) Some Indian companies have entered into collaboration with the foreign companies and some MNCs have invested in Indian companies, thus benefiting both. There has been increased joint ventures between foreign and Indian companies which have improved the business of both and also created employment opportunities.

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

Ans.: Yes they should, because this would benefit Indian people in following ways:

(a) Profit earned by Indian MNCs, would improve foreign exchange positon of India.

(b) Provide employment to more Indian people, and this would improve their standard of living.

(c) Would increase the tax pool of the government.

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

Ans.: Governments try to attract more foreign investment for the following reasons

(a) It provides necessary capital for undertaking economic activities, which would in turn boast GDP growth.

(b) Leads to increased employment opportunities.

(c) Provides the required tax income for the government.

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.: The persons who are opposing the setting up of the SEZs are of two kinds

(a) The rural people or the tribals who live where the SEZs are being established. They are worried that their livelihood would be affected as it is directly linked to the land, on which they have been living for various generation.

(b) The persons who are producing goods and services outside the SEZs similar to those proposed inside the SEZs. They are afraid of the undue competitive strength that those who are doing production inside SEZs would have against them, in the marketplace.

Let's Work these Out-Pg-68

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

Ans.: Ravi's small production unit was affected by rising competition in the following ways

(a) His customer base have shrunk as they are using MNCs product, which doesn't use capacitors produced by Ravi's unit.

(b) Due to removal of import duties on capacitors, demand for capacitor from Ravi has taken a hit, which has in turn reduced his production and sales.

(c) Owing to decreased sale, Ravi is suffering loss which may eventually make him shut his manufacturing unit.

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.: In a market which is flooded with products at a price lesser than Ravi's product, definitely Ravi would have difficult time selling its product. In such situation either Ravi must go for technological upgradation or switch to products where there is manageable level of competition. In both the above situation, he has to do capital investment for which either he will go for personal saving or will require government support via subsidized loan raising.

Q.3 Recent studies point out that small producer in India need three things to compete better in the market

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

(b) improvements and modernization of technology.

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

• Can you explain how these three things would help Indian producers?

• Do you think MNCs will be interested in investing in these? Why?

• Do you think the government has a role in making these facilities available? Why?

• Can you think of any other step that the government could take? Discuss.

Ans.: These three things will help the Indian producers to compete better in the market as follows

(a) Better infrastructure would lead to time bound execution of the plan and would lead to greater efficiency in the business operation.

(b) Better technology would lead to production of increased quality products that too at a reasonable rate.

(c) Better finance will enable them to adapt according to the requirement of the time – they can invest quickly when demand is increasing in market

MNCs will be interested in investing in these. There are a lot of MNCs not be interested in investing in these because then it would enable the

Indian players to compete with MNCs on equal term, which will then be in contrast to MNCs interest.

Government must ensure that basic infrastructural facilities should be provided, which then would catalyze entrepreneurial spirit. Also government should provide single window clearances for setting up a business in a transparent and time bound manner to curb red tapism.

Let's Work these Out-Pg-70

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

Ans.: Owing to increased competition in the garment industry, there is greater informalisation of workforce happening. As the employee's profit margin is shrinking they prefer to temporally hire workers, leading to decrease in the share of formal employment. In such scenario, Indian exporters have to switch towards greater mechanization and avoid hiring workers on permanent basis. Moreover MNCs, owing to their massive market reach and financial resources, are outsourcing semi-finished products, and are thus able to thrive in such situation.

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

(a) Government

(b) Employers at the exporting factories

(c) MNCs

(d) Workers

Ans.: (a) Government must adopt appropriate policy and ensure that the framed law gets implemented and justice must be ensured.

(b) Employers must invest in new technology so as to increase efficiency of production and ensure compliance with government rules.

(c) MNCs may provide essential training to workers who have lost their job, so as to improve their skill set and increase their employability.

(d) Workers will have to inculcate learning attitude and must adapt themselves according to changing time.

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, summaries the point of view of the employers and workers.

Ans.:

Point of View of Employers: They prefer to have flexible hire and fire policy wherein they would employ labours according to the demand of the situation. This will ensure profit maximization for them, as they can then optimize their cost of production.

Point of View of Workers: Will always prefer permanent employment as it gives them a sense of security. Also formal employment gives them access to various social benefits like provident fund, gratuity etc.

Exercises

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

Ans.: Globalisation refers to the process of integration between countries such that there is a greater flow of goods, services, capital and labour among them. This process is making world into “one big village”.

This process has had following impact:

● Greater coordination and cooperation at international level.

● Emergence of institution like WTO (World trade organisation) for facilitating trade led relation among countries.

● Separation of the process of production, where in a company can have R&D, Manufacturing unit and distribution zone, being located all separately in different location.

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

Ans.: Government of India initiated slew of measures to put barrier on foreign trade and investment owing to following reasons:

● To safeguard the domestic producers from foreign competition.

● Ideological leaning, which prompted the newly independent government to see foreign dependence as the harbinger of imperialism.

However in such scenario, government did allow the import of essential commodities required for undertaking Industrialisation and development of the country.

In the subsequent years, following situation compelled the government to open up the Indian economy-

● Lack of innovation and efficiency of domestic producer owing to lack of competition.

● Sub-standard GDP growth rate.

● Fragile Balance of payment condition in early 1990s, wherein India didn't have adequate foreign reserve to pay for the imports.

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

Ans.: For running the business/company, the four essential factors to be present are enumerated as following: Land, labour, capital and entrepreneurship. In such backdrop, if there is a flexibility in labour laws, it would mean- less regulatory framework for recruiting or for removing the labour, no strict working condition parameters, and no underlying formal rules for working hours, and so on. Since the objective of the business is profit maximization, such flexibilities ensure cost saving and thus leads to greater profit and expansion of the company.

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

or

How are Multinational Corporations (MNCs) controlling and spreading their productions across the world? Explain.

Ans.: Multinational corporations (MNCs) usually set up their production units, where they found lucrative business conditions like- business friendly government policies, economical skilled labour, proximity to the market and so on.

In this regard, MNCs control production in following ways-

Various ways in which MNCs control production in other countries:

(i) Forging partnerships with local companies: By doing this MNCs, bring in required capital and expertise in the running of local company. In addition, in certain scenarios, latest technologies are also shared, which increases the overall productivity of the concerned business.

(ii) Competing with local companies or buying them up: Owing to their large capital base, MNCs often end up buying the local companies, or weed them out of business.

(iii) Outsourcing of required inputs: MNCs often uses the products of local company for making their product. E.g. in garments, footwear, sports items, etc. The products are supplied to MNCs which have great power to determine price, quality, delivery and labour conditions for these distant producers.

Q.5 Why do developed countries want developing countries to liberalize their trade and investment? What do you think should the developing countries demand in return?

Ans.: Developed countries want developing countries to liberalize their trade and investment for following reasons:

● To make use of the untapped resource potential of developing countries.

● To ensure the utilization of the capital in some productive use which they have acquired over the period of economic development.

However in return developing countries can negotiate for following:

● Transfer of latest technology

● Least or zero environmental externalities.

● Adequate protection to vulnerable industries

● Humane treatment and condition of labourers.

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

Ans.: Impact of Globalisation, has been labelled non- uniform as on one hand it has greatly increased pace of GDP, increased investment in developing countries, increased volume of trade which in turn has provided employment to millions of people and let to expansion of Indian companies. Ex- Tata Motors (Automobiles), Infosys (IT), etc.

However on the other side, Globalisation has increased income inequality, has led to contractualization of labour, and shifting of hazardous industries to developing countries. All these aforementioned scenarios clearly states that the impact of Globalisation has been uneven.

Q.7 How has liberalization of trade and investment policies helped the globalization process?

Ans.: Easing of rules pertaining to trade and investment has led to increased flow of investment and trade.

● It has promoted further integration among countries.

● Increased globalization has led to greater movement of people across border.

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

Ans.: Increased trading activities among countries has strengthened markets in the following ways-

● Foreign trade has led to increased competition among the producers, which has further increased efficiency of the market.

● For the consumers, it has led to increased choices, which has led to increased consumer satisfaction.

● It has led to availability of goods and services which were not earlier available in the local market.

This is how markets are integrated through foreign trade. For example, Chinese electronic items are imported to India, and have proved to be a tough competition for less-technologically-advanced companies over here.

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.: Twenty years from now on, Globalisation process would be far more sophisticated and intense. It will probably rode on the back of fourth industrial revolution, and will make the world more integrated. Trade and capital would increase, and so does the mobility of labour. All these processes would bridge inequalities and would lead to greater cooperation and coordination among human societies, while respecting the individual self at the same time.

Q.10 Suppposing you find two people arguing: One is saying globalization has hurt our country's development. The other is telling, globalization is helping India develop. How would you respond to these arguments?

Ans.: Both the arguments has their share of truth. As Globalisation can be summed has having both positive and negative attributes. And these attributes can be stated as follow:

Positive impact of the globalization on India-

(i) Greater variety of products, with improved quality and reasonable price.

(ii) Availability of products at economical rate has led to higher standard of living.

(iii) Increase in foreign direct investment

(iv) Creation of employment in certain sectors.

(v) Top Indian companies have been benefited by investing in new technology and production methods along with successful collaborations with foreign companies.

(vi) Has led to some large Indian company to emerge as multinationals themselves. For example, TataMotors, Infosys, Ranbaxy etc.

(vii) Created immense opportunities for companies in service sector, particularly in IT.

Negative impact of the globalization on India-

(i) Producers who failed to compete, got perished. All this competition has led to increased unemployment. For instance, batteries capacitors which have been hit hard due to tough competition.

(ii) Has led to greater casualization of work. Owing to increased pressure of competition most employers these days prefer to employ workers 'flexibly'. This means that workers' jobs are no longer secure.

Q.11 Fill in the blanks

Indians buyers have a greater choice of goods than they did two decades back. This is closely associated with the process of ____(a)____ Markets in Indian are selling goods produced in many other countries. This means there is increasing ____(b)____ 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 ____(c)____ While consumers have more choices in the market, the effect of rising ____(d)____ and ____(e)____ has meant greater ____(f)____ among the producers.

Ans.: (a) globalization

(b) trade

(c) production costs here are cheaper

(d) demand

(e) purchasing power

(f) competition.

Q.12 Match the following:

List I

(i) MNCs buy at cheap rates from small producers

(ii) Quotas and taxes on imports are used to egulate trade

Indian companies who have invested abroad

(iii) IT has helped in spreading of production of services

(iv) Several MNCs have invested in setting up factories in India for production

List II

(a) Automobiles

(b) Garments, footwear, sports items

(c) Call centres

(d) Tata Motors, Infosys, Ranbaxy

(e) Trade barriers

Ans.:

(i)-(b)

(ii)-(e)

(iii)-(d)

(iv)-(c)

(v)-(a)

Q.13A Choose the most appropriate option.

The past two decades of globalization 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.: Because of improvement in transportation and communication technology, globalization has seen rapid movement in Goods, services and people between countries.

Q.13B Choose the most appropriate option.

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.: It is so, as the MNCs get ready made setup, and also the experience pool of the existing employees, which prompts them to make investment in existing local companies.

Q.13C Choose the most appropriate option.

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.: As Large companies, especially MNCs have spread their production process, all throughout the world, people in developing countries are employment opportunities because of this.