Revision Notes for Class 10 Social Science

Economics Chapter 4 – Globalisation and the Indian Economy

Production Across Countries

The main mode of communication between distant countries was trade. Large corporations, now known as Multinational Corporations (MNCs), play a significant role in trade.

- A multinational corporation (MNC) is one that owns or controls production in more than one country.
- MNCs locate production headquarters and factories in areas where labour and other resources are cheap. This is done to keep production costs down and allow MNCs to make more money.
- MNCs locate production near markets, where skilled and unskilled labour is readily available at low rates, and where the availability of other production elements is ensured.
- Furthermore, MNCs may seek government measures that protect their interests.

Interlinking Production Across Countries

- Investment refers to money spent on assets such as land, buildings, machineries, and other equipment.
- MNC investment is referred to as foreign investment. Any investment is made in the hopes of profiting from the assets.

MNCs are spreading their production and interacting with local producers in numerous nations throughout the world in a variety of methods, as listed below:

- Joint Production: MNCs partner with an existing local company in joint production or partnership. The investment enables local producers to obtain new and improved assets as well as cutting-edge technologies.
- Acquisition of Local Companies: MNCs purchase large established local enterprises with vast networks in order to grow their production.
- Controlled Production: MNCs source materials and make orders with local companies who create goods, resulting in controlled production. The MNC's brand name is used to market the products.

MNCs collaborate with local businesses to set up production, which benefits local businesses in the following ways:

1. MNCs can give funds for extra investments, such as the purchase of new machines to increase production speed.

2. Multinational corporations may bring cutting-edge manufacturing technology with them.

Foreign Trade and Integration of Markets

- Foreign trade allows producers to expand their reach beyond their home markets, i.e. markets within their own countries.
- Producers have the option of selling their products not only in domestic markets, but also in marketplaces around the world.
- Similarly, importing items manufactured in another country is one way for purchasers to increase their options beyond what is offered domestically.

Thus, foreign trade leads to the connection or integration of markets in other countries.

Globalisation

The term "globalisation" refers to the process of integrating a country's economy with the global economy. It's a multifaceted problem. It is the culmination of a number of initiatives aimed at converting the world into one of greater interconnectedness and integration.

It entails the establishment of networks and endeavours aimed at breaking down social, economic, and geographic barriers. Globalisation aims to create connections such that events in India can be influenced by events taking place thousands of miles away. To put it another way, globalisation is the process of people, corporations, and governments all over the world interacting and uniting.

Globalisation has Been Enabled by the Following Factors:

1. Technology:

- One of the primary factors that has accelerated the globalisation process is rapid technological advancement. This has allowed for considerably speedier and more cost-effective distribution of commodities over great distances.
- Information is now readily accessible because of advancements in information and communication technologies.
- These advancements enabled India's IT revolution by allowing workers to be located in different regions while yet being integrated into a virtual workspace.
- Automation and precise control of production, as well as homogeneity, have been made possible thanks to advanced computing facilities.

2. Trade Liberalisation:

- Government-imposed trade restrictions are known as trade barriers. The government can employ trade barriers to control or enhance international trade, as well as decide what sorts of goods and how much of each should be imported. Import taxes are an example of a trade barrier.

- Liberalisation is the process of removing government-imposed trade obstacles or limitations. The government is said to be more liberal when it imposes fewer restrictions than before.

- In a developing economy, trade restrictions can help to boost growth and productivity. It can, however, be harmful after a certain level of development.

- India liberalised its trade in 1991, allowing companies to freely import and export materials and goods. This was backed up by organisations like the World Bank.

3. Foreign Investment Policy:

- A company's considerable investments in a foreign enterprise are known as foreign direct investments (FDI).

- The investment could be used to acquire a material source, expand a company's territory, or establish an international presence.

World Trade Organization (WTO)

- The World Trade Organization (WTO) arose from the 1947 General Agreement on Tariffs and Trade (GATT).

- The World Trade Organization (WTO) is a global organisation with 164 member countries that regulates international trade rules.

- The World Trade Organization's purpose is to keep trade flowing as smoothly and predictably as feasible.

- If a trade dispute arises, the World Trade Organization (WTO) tries to resolve it.

Impact of Globalisation in India

To begin with, MNCs have expanded their investments in India during the last 20 years, indicating that investing in India has shown to be profitable.

- MNCs have shown an interest in urban industries such as cell phones, autos, electronics, soft drinks, fast food, and banking.
- There are a lot of wealthy people who buy these things. New employment has been created in these industries and services. Local businesses that supply these sectors with raw materials and other necessities have also prospered.

Second, increased competition has benefited a number of prominent Indian firms.

- They have increased their production standards by investing in modern technologies and production methods.
- Successful relationships with international enterprises have benefited some.

The Struggle for a Fair Globalisation

Fair globalisation provides possibilities for everyone while also ensuring that the advantages of globalisation are distributed more evenly. The government has a significant role to play in making this happen.

Some of the steps that the government can take are:

1. It has the potential to help small producers boost their output.

2. It can ensure that labour rules are followed and that workers' rights are protected.

3. The government can deploy trade and investment obstacles if required.

4. It can negotiate for "fairer rules" in the WTO.

5. It can also band together with other developing countries with similar interests to combat the WTO's hegemony of developed countries.

Highlights of Globalisation and the Indian Economy Class 10 Notes

- Important research-based information about globalisation.
- Foreign trade and investments by Multinational Companies (MNC).
- Role of MNCs in the process of globalisation.
- The impact of globalisation.
- Contribution of globalisation in the development process.
- Integration of production and integration of markets.

These above points have been highlighted in Class 10 Economics Chapter 4 notes. You can get a significant amount of help by consulting the Globalisation and the Indian Economy Class 10 notes by Vedantu.

Factors that Caused a Transformation in the Market - Globalisation Class 10

- **Interlinking Production Across Countries -** Investment refers to any form of money that invested or spent in buying equipment, machines or land. Foreign investment refers to the investment made by multinational companies. Through partnerships and the use of local companies for supplies, the MNCs interacts with the local producers and spreads their products across the globe. Even local companies benefit from them through additional investments and the introduction of the latest technology for catalysing the production.
- **Production Across Countries -** This would not have been possible without the inclusion of MNCs in trade. Trade plays a fundamental role in maintaining the connection between the countries. These multinational companies control production

in more than one country by setting up factories and offices with cheap labours and the aim of greater profits.

- **Foreign Trade and Integration of Markets -** To reach beyond the domestic market, a country needs to explore opportunities in foreign trade. With the introduction of foreign trade, the chances of magnifying the scale of business become much higher as the business no more competes on a domestic but international level. This also leads to the development of the living standard in a country as the buyers get to choose from a range of products and services in accordance to their need and budget. Thus, all of these initiatives contribute greatly towards the integration of the market and connecting it.

Approaches to Consider for a Fair Globalisation

Fair globalisation is expected to increase the chances of development in any country. There are certain approaches that the government can implement to support fair globalisation. Some of the approaches are as follows:

- The government can formulate strategies for small producers to support them and also encourage them to improve their performance.
- Labour laws are important. Hence, the government must ensure that the labour laws are being appropriately implemented and the labours are getting their rights.
- WHO can also play a significant role in fair globalisation and therefore the government needs to negotiate with them.
- Lastly, the government needs to come forward and take the necessary steps towards the domination of developed countries to reach the objective of fair globalisation.