CBSE CLASS X

Social Science (087)

QUESTION PAPER

AI-generated question paper

Code: FZO6TP	**Questions: 21**	**Maximum Marks: 43**	**Generated: 2026-06-26 09:48**

SELECTIONS USED

Subject	Social Science
Lessons	4 Globalisation and the Indian Economy
Level of understanding	Initial understanding
Question selection	Curated chapter coverage (~3 questions per section)
Model	claude-sonnet-4-6

Composition — Difficulty: 13 straightforward · 8 medium | Types: 13 Short · 5 Very short · 3 MCQ

Q1. straightforward | initial-understanding | § PRODUCTION ACROSS COUNTRIES **[1]**

What is a multinational corporation (MNC)?

◆ **Globalisation and the Indian Economy**

Q2. medium | initial-understanding | § PRODUCTION ACROSS COUNTRIES **[3]**

Why do multinational corporations (MNCs) prefer to set up production in multiple countries rather than manufacturing everything in a single location?

◆ **Globalisation and the Indian Economy**

Q3. straightforward | initial-understanding | § INTERLINKING PRODUCTION ACROSS COUNTRIES **[2]**

A large American food company buys out a smaller Indian edible oil company and takes control of its refineries and marketing network. What does this example illustrate about how MNCs expand their production in other countries?

◆ **Globalisation and the Indian Economy**

Q4. straightforward | initial-understanding | § INTERLINKING PRODUCTION ACROSS COUNTRIES **[2]**

When an MNC sets up production in a new country through a joint venture with a local company, what does the local company gain from this arrangement?

◆ **Globalisation and the Indian Economy**

Q5. medium | initial-understanding | § INTERLINKING PRODUCTION ACROSS COUNTRIES **[3]**

How do large MNCs control the production of small local producers — such as those making garments or sports items — without directly owning those production units?

◆ **Globalisation and the Indian Economy**

Q6. straightforward | initial-understanding | § FOREIGN TRADE AND INTEGRATION OF MARKETS **[1]**

How does foreign trade benefit buyers in a country?

◆ **Globalisation and the Indian Economy**

Q7. medium | initial-understanding | § FOREIGN TRADE AND INTEGRATION OF MARKETS **[3]**

When Chinese toys were exported to India at cheaper prices, what happened to Indian toy-makers and Indian buyers? Explain both effects.

◆ **Globalisation and the Indian Economy**

Q8. medium | initial-understanding | § FOREIGN TRADE AND INTEGRATION OF MARKETS **[2]**

How does foreign trade lead to the integration of markets across countries? Explain with an example.

◆ **Globalisation and the Indian Economy**

Q9. straightforward | initial-understanding | § WHAT IS GLOBALISATION? **[1]**

What is the primary role of multinational corporations (MNCs) in the process of globalisation?

◆ **Globalisation and the Indian Economy**

Q10. straightforward | initial-understanding | § FACTORS THAT HAVE ENABLED GLOBALISATION **[1]**

Which of the following best explains how containerisation has helped globalisation?
((A)) It reduced the cost and time of transporting goods across long distances by sea
((B)) It allowed governments to remove trade barriers more easily
((C)) It enabled faster communication between producers in different countries
((D)) It helped multinational companies set up factories in developing countries

A It allowed goods to be manufactured at lower costs inside factories.
B It reduced port handling costs and increased the speed of delivering exports to markets.
C It replaced the need for telecommunication between countries.
D It enabled companies to set up offices in multiple countries simultaneously.

◆ **Globalisation and the Indian Economy**

Q11. medium | initial-understanding | § FACTORS THAT HAVE ENABLED GLOBALISATION **[3]**

How has the growth of information and communication technology (ICT) enabled the production of services to spread across different countries? Support your answer with one example.

◆ **Globalisation and the Indian Economy**

Q12. straightforward | initial-understanding | § Liberalisation of foreign trade and foreign investment policy **[3]**

What is a trade barrier, and why did the Indian government use trade barriers after Independence?

◆ **Globalisation and the Indian Economy**

Q13. straightforward | initial-understanding | § Liberalisation of foreign trade and foreign investment policy **[3]**

What is liberalisation of trade? How did India change its trade and investment policy in the early 1990s?

◆ **Globalisation and the Indian Economy**

Q14. straightforward | initial-understanding | § WORLD TRADE ORGANISATION **[1]**

What is the World Trade Organisation (WTO)? State its main objective in the context of international trade.

◆ **Globalisation and the Indian Economy**

Q15. medium | initial-understanding | § WORLD TRADE ORGANISATION **[3]**

What is a trade barrier? Explain, with an example, how a government can use a trade barrier to protect its domestic producers from foreign competition.

◆ **Globalisation and the Indian Economy**

Q16. straightforward | initial-understanding | § IMPACT OF GLOBALISATION IN INDIA **[1]**

[mcq] Why are multinational companies (MNCs) attracted to invest in a developing country like India?
Options: (A) To reduce competition among themselves (B) To take advantage of cheap labour, large markets, and lower production costs (C) To avoid paying taxes in their home countries (D) To gain control over the Indian government's policies

A These sectors had cheap labour and no competition from local producers.
B These sectors had a large number of well-off buyers in urban areas.
C The Indian government offered permanent tax exemptions in these sectors.
D These sectors required very little foreign investment to set up production.

◆ Globalisation and the Indian Economy

Q17. medium | initial-understanding | § IMPACT OF GLOBALISATION IN INDIA **[3]**

What are Special Economic Zones (SEZs), and why does the Indian government set them up?

◆ Globalisation and the Indian Economy

Q18. straightforward | initial-understanding | § Small producers: Compete or perish **[1]**

Which of the following best explains why small manufacturers in India struggled to survive after the entry of large foreign companies?
((A)) The government stopped giving loans to small businesses
((B)) Small producers could not compete with cheaper, better-quality imported goods
((C)) Small manufacturers were banned from selling their products
((D)) Foreign companies bought out all small businesses in India

A They chose to reduce their production voluntarily to focus on quality.
B They could not compete with cheaper imported goods once trade barriers were removed.
C The government banned them from selling in domestic markets.
D MNCs directly bought out these small manufacturing units.

◆ Globalisation and the Indian Economy

Q19. straightforward | initial-understanding | § Competition and Uncertain Employment **[1]**

Why do many companies in India's export industries prefer to hire workers on a temporary or contractual basis rather than as permanent employees?

◆ Globalisation and the Indian Economy

Q20. medium | initial-understanding | § SUMMING UP **[3]**

What role do Multinational Corporations (MNCs) play in the process of globalisation? How do they connect countries through trade and investment?

◆ Globalisation and the Indian Economy

Q21. straightforward | initial-understanding | § ADDITIONAL ACTIVITY / PROJECT **[2]**

Give one example of a Multinational Corporation (MNC) whose product is commonly used in Indian households. State any one feature of an MNC that distinguishes it from a local company.

◆ Globalisation and the Indian Economy

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CBSE CLASS X

Social Science (087)

ANSWER KEY

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Q1. straightforward initial-understanding § PRODUCTION ACROSS COUNTRIES **[1]**

What is a multinational corporation (MNC)?

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Model Answer

A multinational corporation (MNC) is a company that owns or controls production in **more than one nation**, setting up offices and factories where labour and resources are cheap to maximise profits.

Source: Production Across Countries, Chapter 4

Explanation

Examiners expect two elements: (1) ownership/control of production, and (2) presence in more than one country. The textbook definition is direct — quote or closely paraphrase it. Avoid adding extra detail for a 1-mark answer.

Q2. medium | initial-understanding | § PRODUCTION ACROSS COUNTRIES **[3]**

Why do multinational corporations (MNCs) prefer to set up production in multiple countries rather than manufacturing everything in a single location?

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Model Answer

MNCs prefer to set up production in multiple countries for the following reasons:

1. **Cheap labour and resources:** MNCs set up factories where labour and other resources are available at low cost, reducing the cost of production.

1. **Closeness to markets:** Production units are located near major markets, reducing transportation costs and time.

1. **Specialised advantages:** Different countries offer different benefits — for example, China offers cheap manufacturing, India provides skilled engineers and English-speaking workforce, and this can result in 50–60% cost savings for the MNC.

The overall aim is to lower production costs and earn greater profits.

Source: Chapter 4 — Production Across Countries / Interlinking Production Across Countries

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Explanation

- Examiners look for **three distinct points** for 3 marks — one mark each.
- The key ideas are: (1) cheap labour/resources, (2) proximity to markets, (3) specialised country-wise advantages leading to cost savings.
- Always link back to the core motive: **lower costs = greater profits**.
- Avoid writing vague statements like "it is beneficial" — be specific with examples from the textbook (China, India, Mexico).

Q3. straightforward | initial-understanding | § INTERLINKING PRODUCTION ACROSS COUNTRIES **[2]**

A large American food company buys out a smaller Indian edible oil company and takes control of its refineries and marketing network. What does this example illustrate about how MNCs expand their production in other countries?

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Model Answer

This example illustrates that **buying up local companies** is the most common route through which MNCs expand production in other countries. Just as Cargill Foods (an American MNC) bought Parakh Foods and took control of its four oil refineries and marketing network, MNCs use their enormous wealth to acquire local companies and expand production, becoming dominant players in that market.

Source: Chapter 4, Interlinking Production Across Countries

Explanation

- Examiners expect you to **name the method** (buying/acquiring local companies) and **link it to the example** — here Cargill + Parakh Foods is the textbook case that exactly matches the question.
- State *why* MNCs do this: they have huge wealth and use acquisitions to quickly gain control of existing infrastructure (refineries, networks) rather than building from scratch.
- Avoid writing a general essay on MNCs; stick to the specific mechanism asked — "how MNCs expand production."

Q4. straightforward | initial-understanding | § INTERLINKING PRODUCTION ACROSS COUNTRIES **[2]**

When an MNC sets up production in a new country through a joint venture with a local company, what does the local company gain from this arrangement?

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Model Answer

When a local company enters a joint venture with an MNC, it gains in two ways:

1. **Additional investment**: The MNC provides money to buy new machines, enabling faster production.
2. **Latest technology**: The MNC brings advanced production technology, improving efficiency and output quality.

Source: Chapter 4, Interlinking Production Across Countries

Explanation

The answer is directly lifted from the textbook line: *"The benefit to the local company of such joint production is two-fold."* Examiners expect both points to be stated clearly. For 2 marks, one point each — keep it crisp and label them. Avoid writing general benefits; stick to the two specific ones the textbook mentions.

Q5. medium | initial-understanding | § INTERLINKING PRODUCTION ACROSS COUNTRIES **[3]**

How do large MNCs control the production of small local producers — such as those making garments or sports items — without directly owning those production units?

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Model Answer

Large MNCs control small local producers **without owning them** by placing orders for production of garments, footwear, and sports items with these small producers. The finished products are then collected and sold under the MNC's own brand name.

Through this arrangement, MNCs exercise **tremendous power** to determine:

- The **price** at which they buy the product
- The **quality** standards to be maintained
- **Delivery** schedules
- **Labour conditions** for the workers

Thus, although the MNC does not own the production unit, it effectively controls every aspect of production through its purchasing power and strict conditions.

Source: Chapter 4 — Globalisation and the Indian Economy, "Interlinking Production Across Countries"

Explanation

- The examiner wants two things: (1) the **mechanism** (orders placed, products sold under MNC brand) and (2) the **four control levers** (price, quality, delivery, labour conditions) — these exact terms appear in the textbook and must be included.
- Do not confuse this with joint production or buying up local companies — those are separate methods described in the same chapter.
- Listing the four control points as bullets saves time and scores full marks clearly.

Q6. straightforward | initial-understanding | § FOREIGN TRADE AND INTEGRATION OF MARKETS **[1]**

How does foreign trade benefit buyers in a country?

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Model Answer

Foreign trade allows buyers to import goods produced in other countries, expanding their choice of goods beyond what is domestically produced, often at lower prices.

Source: Foreign Trade and Integration of Markets, Chapter 4

Explanation

The question is directly from the textbook passage. The examiner expects two key points in one line: (1) expanded choice of goods, and (2) possibility of lower prices. Mentioning only one point may cost half a mark. Avoid writing lengthy examples — just state the benefit concisely.

Q7. medium | initial-understanding | § FOREIGN TRADE AND INTEGRATION OF MARKETS **[3]**

When Chinese toys were exported to India at cheaper prices, what happened to Indian toy-makers and Indian buyers? Explain both effects.

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Model Answer

Effect on Indian toy-makers: When Chinese toys were exported to India at cheaper prices, Indian toy-makers faced heavy losses. Chinese toys were more popular due to lower prices and new designs, so 70–80% of toy shops replaced Indian toys with Chinese ones. Indian toy-makers saw a sharp fall in sales.

Effect on Indian buyers: Indian buyers benefited greatly. They had a greater choice of toys and could buy them at lower prices than before. This improved their purchasing power and standard of living.

Source: Foreign Trade and Integration of Markets, Chapter 4

Explanation

- The question asks for **both effects** — examiners expect you to address each separately and clearly.
- Use data from the passage (70–80% figure) to strengthen your answer — it shows you read carefully.
- The contrast is key: **Indian toy-makers = losers; Indian buyers = gainers**. State this explicitly.
- For 3 marks, roughly equal space to each effect with a brief explanation of *why* is sufficient — no need to discuss trade barriers or liberalisation here.

Q8. medium | initial-understanding | § FOREIGN TRADE AND INTEGRATION OF MARKETS **[2]**

How does foreign trade lead to the integration of markets across countries? Explain with an example.

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Model Answer

Foreign trade allows producers to sell in markets beyond their own country and gives buyers access to goods from other countries, thereby connecting markets globally.

Example: When Chinese manufacturers exported toys to India, Indian buyers got cheaper toys with new designs. Prices of toys fell in India, and Indian and Chinese producers began competing directly. This connected the two markets — showing **integration of markets**.

Explanation

- The key idea is: trade → goods move across countries → prices equalise → markets get connected (integrated).
- Always include the Chinese toys example as it is the textbook example for this concept.
- Use the phrase **"integration of markets"** — examiners look for it.
- Don't confuse integration with globalisation; integration is the *result* of foreign trade.

Source: Chapter 4, "Foreign Trade and Integration of Markets"

Q9. straightforward | initial-understanding | § WHAT IS GLOBALISATION? **[1]**

What is the primary role of multinational corporations (MNCs) in the process of globalisation?

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Model Answer

MNCs play a major role in globalisation by integrating production and markets across countries through foreign investment, foreign trade, and spreading production to locations with cheap labour and resources.

Source: Chapter 4, What is Globalisation? / Production Across Countries

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Explanation

The examiner expects you to directly state MNCs' **primary role** — driving globalisation through foreign investment and trade, leading to integration of production across countries. Avoid vague phrases like "they help globalisation"; be specific. The key terms are **foreign investment**, **foreign trade**, and **integration of production and markets**.

Q10. straightforward | initial-understanding | § FACTORS THAT HAVE ENABLED GLOBALISATION **[1]**

Which of the following best explains how containerisation has helped globalisation?
((A)) It reduced the cost and time of transporting goods across long distances by sea
((B)) It allowed governments to remove trade barriers more easily
((C)) It enabled faster communication between producers in different countries
((D)) It helped multinational companies set up factories in developing countries

A It allowed goods to be manufactured at lower costs inside factories.
B It reduced port handling costs and increased the speed of delivering exports to markets.
C It replaced the need for telecommunication between countries.
D It enabled companies to set up offices in multiple countries simultaneously.

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Model Answer

Answer: B

Containerisation led to a huge reduction in port handling costs and increased the speed with which exports can reach markets, thus facilitating globalisation.

Source: Factors that have enabled Globalisation, Chapter 4

Explanation

The passage explicitly states: *"Containers have led to huge reduction in port handling costs and increased the speed with which exports can reach markets."* Option B mirrors this directly. The question stem's options A–D are distractors; only B matches the textbook explanation. Never confuse containerisation (a transport technology) with IT/communication technology — a common exam mistake.

Q11. medium | initial-understanding | § FACTORS THAT HAVE ENABLED GLOBALISATION **[3]**

How has the growth of information and communication technology (ICT) enabled the production of services to spread across different countries? Support your answer with one example.

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Model Answer

ICT has enabled service production to spread across countries by allowing instant communication, data transfer, and remote coordination across borders. Companies can now send work digitally to locations with cheaper skilled labour, completing tasks without physical movement.

Example: A news magazine published for London readers is designed and printed in Delhi. The text is sent via Internet; designers receive instructions through telecommunication; payment is made through e-banking. This way, one service is produced across two countries using ICT.

Source: *Globalisation and the Indian Economy*, Chapter 4 — Factors that have Enabled Globalisation (Technology/Using IT in Globalisation)

Explanation

- The question is directly from the textbook example of the London magazine. Examiners expect students to use this specific example.
- Three things to cover: (1) how ICT enables spread of services, (2) the mechanism (internet, telecom, e-banking), (3) the example — each earns roughly 1 mark.
- Do not confuse with the MNC production example (industrial equipment/call centres) — that works too, but the magazine example is the one explicitly used in the "Using IT in Globalisation" section.

Q12. straightforward | initial-understanding | § Liberalisation of foreign trade and foreign investment policy **[3]**

What is a trade barrier, and why did the Indian government use trade barriers after Independence?

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Model Answer

A **trade barrier** is a restriction on foreign trade, such as a tax on imports. It is called a barrier because it limits the free flow of goods between countries. For example, a tax on imported toys raises their price, making them less competitive and reducing imports.

After Independence, the Indian government used trade barriers to **protect domestic producers from foreign competition**. Industries were just developing in the 1950s and 1960s, and competition from cheaper imports would have prevented these industries from growing. Therefore, India allowed imports of only essential goods like machinery, fertilisers, and petroleum.

Source: Liberalisation of foreign trade and foreign investment policy, Chapter 4

Explanation

- **1 mark** for defining trade barrier (with example).
- **2 marks** for explaining the reason (protect new/infant industries from foreign competition + specific context of 1950s–60s).
- Always mention the specific examples from the text (machinery, fertilisers, petroleum) — it shows you've read the chapter.
- Avoid writing a long essay; the examiner looks for these key points, stated clearly and concisely.

Q13. straightforward | initial-understanding | § Liberalisation of foreign trade and foreign investment policy **[3]**

What is liberalisation of trade? How did India change its trade and investment policy in the early 1990s?

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Model Answer

Liberalisation of trade means removing barriers or restrictions set by the government on foreign trade and investment. With liberalisation, businesses are free to decide what they wish to import or export, and the government imposes much fewer restrictions than before.

Changes in India's policy (early 1990s):
Starting around 1991, India made far-reaching changes in trade and investment policy:

- The government decided Indian producers should compete globally to improve their quality and performance.
- Barriers on foreign trade and foreign investment were removed to a large extent.
- Goods could now be imported and exported easily.
- Foreign companies could set up factories and offices in India.

Source: Chapter 4, Liberalisation of foreign trade and foreign investment policy

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Explanation

- The question has two parts — define liberalisation (1 mark) and explain India's policy changes in 1991 (2 marks). Budget your words accordingly.
- Examiners expect the key phrase: **"removing barriers/restrictions set by the government."**
- For the second part, mention the **year 1991**, the **reason** (competition to improve quality), and the **outcome** (easier imports/exports, foreign companies allowed). Three points = 2 marks.
- Avoid writing about WTO or SEZs here; that's beyond the scope of this specific question.

Q14. straightforward | initial-understanding | § WORLD TRADE ORGANISATION **[1]**

What is the World Trade Organisation (WTO)? State its main objective in the context of international trade.

◆ Globalisation and the Indian Economy

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Model Answer

WTO (World Trade Organisation) is an international organisation started at the initiative of developed countries whose aim is to liberalise international trade by establishing and enforcing rules regarding international trade.

Source: World Trade Organisation, Chapter 4

Explanation

This is a 1-mark question, so one crisp sentence defining WTO and stating its objective is sufficient. Examiners look for two things: **what WTO is** (an international organisation) and **its aim** (liberalise international trade / establish and enforce trade rules). Avoid writing extra details about developed vs. developing countries — that exceeds the word limit for 1 mark.

Q15. medium | initial-understanding | § WORLD TRADE ORGANISATION **[3]**

What is a trade barrier? Explain, with an example, how a government can use a trade barrier to protect its domestic producers from foreign competition.

◆ **Globalisation and the Indian Economy**

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Model Answer

Trade barrier is a restriction set up by the government to regulate foreign trade — controlling what kinds of goods and how much of each can enter the country. Tax on imports (tariff) is a common example.

Example: The Indian government can impose a tax on imported Chinese toys. This raises their price in Indian markets, making them less attractive to buyers. As a result, imports from China reduce automatically, and Indian toy-makers face less competition and are able to prosper.

After Independence, India used such barriers to protect its newly developing industries from foreign competition, allowing only essential imports like machinery, fertilisers, and petroleum.

Source: Liberalisation of foreign trade and foreign investment policy, Chapter 4

Explanation

- **1 mark** for defining trade barrier correctly (restriction/regulation on trade; tax on imports is a barrier).
- **1 mark** for explaining *how* it works (tax → higher price → reduced imports).
- **1 mark** for linking it to protection of domestic producers (Indian toy-makers benefit / post-Independence context).
- Use the **Chinese toys example** directly — it's from the textbook and examiners expect it.
- Avoid writing about liberalisation or WTO in detail; that's beyond the scope of this question.

Q16. straightforward initial-understanding § IMPACT OF GLOBALISATION IN INDIA **[1]**

[mcq] Why are multinational companies (MNCs) attracted to invest in a developing country like India?
Options: (A) To reduce competition among themselves (B) To take advantage of cheap labour, large markets, and lower production costs (C) To avoid paying taxes in their home countries (D) To gain control over the Indian government's policies

A These sectors had cheap labour and no competition from local producers.
B These sectors had a large number of well-off buyers in urban areas.
C The Indian government offered permanent tax exemptions in these sectors.
D These sectors required very little foreign investment to set up production.

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Model Answer

(B) To take advantage of cheap labour, large markets, and lower production costs.

MNCs set up production where cheap labour and other resources are available so that production costs are low and they can earn greater profits.

Source: Chapter 4, "Production Across Countries" and "Interlinking Production Across Countries"

Explanation

- The textbook explicitly states MNCs look for **cheap labour**, **low production costs**, and **large markets** (e.g., MNCs interested in India for its well-off urban buyers and cost savings of 50–60%).
- Options A, C, and D are not supported by the chapter — tax exemptions in SEZs are time-limited (not permanent), and controlling government policy is not mentioned as a motive.
- Always link your MCQ choice to the textbook reasoning, even in 1-mark answers, for full credit.

Q17. medium | initial-understanding | § IMPACT OF GLOBALISATION IN INDIA **[3]**

What are Special Economic Zones (SEZs), and why does the Indian government set them up?

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Model Answer

Special Economic Zones (SEZs) are industrial zones set up by the government where companies get world-class infrastructure facilities such as electricity, water, roads, transport, storage, and recreational and educational facilities.

Why the government sets them up:
The Indian government establishes SEZs to attract foreign companies to invest in India. Companies setting up production units in SEZs do not have to pay taxes for an initial period of five years. The government also allows flexibility in labour laws within these zones to reduce production costs, making India a more attractive destination for foreign investment and MNCs.

Source: Globalisation and the Indian Economy, Chapter 4 — Impact of Globalisation in India

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Explanation

- The question has two parts: **definition** (1 mark) and **reason/purpose** (2 marks) — distribute your answer accordingly.
- Examiners expect the **tax exemption for 5 years** and **world-class infrastructure** to be mentioned specifically — these are the textbook details that earn marks.
- Avoid vague phrases like "to help the economy." Be specific: attract foreign investment, tax holiday, flexible labour laws.
- The answer is grounded in the "Steps to Attract Foreign Investment" section of Chapter 4.

Q18. straightforward | initial-understanding | § Small producers: Compete or perish **[1]**

Which of the following best explains why small manufacturers in India struggled to survive after the entry of large foreign companies?

((A)) The government stopped giving loans to small businesses
((B)) Small producers could not compete with cheaper, better-quality imported goods
((C)) Small manufacturers were banned from selling their products
((D)) Foreign companies bought out all small businesses in India

A They chose to reduce their production voluntarily to focus on quality.
B They could not compete with cheaper imported goods once trade barriers were removed.
C The government banned them from selling in domestic markets.
D MNCs directly bought out these small manufacturing units.

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Model Answer

Answer: B

Small producers could not compete with cheaper imported goods once trade barriers were removed through liberalisation, allowing foreign goods to flood the Indian market.

Explanation

The textbook states that before 1991, trade barriers protected Indian producers from foreign competition. After liberalisation, barriers were removed and cheaper foreign goods entered Indian markets, making it difficult for small domestic producers to survive. Options A, C, and D are not supported by the textbook.

Q19. straightforward | initial-understanding | § Competition and Uncertain Employment **[1]**

Why do many companies in India's export industries prefer to hire workers on a temporary or contractual basis rather than as permanent employees?

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Model Answer

To cut labour costs, exporters hire workers temporarily so they don't have to pay wages for the whole year, helping them compete for large MNC orders.

Source: Globalisation and the Indian Economy, Chapter 4

Explanation

The examiner expects you to link **cost-cutting** (not raw materials, but labour costs) with **temporary hiring** as a direct consequence of competition pressure from MNCs. One crisp causal sentence is enough for 1 mark.

Q20. medium | initial-understanding | § SUMMING UP **[3]**

What role do Multinational Corporations (MNCs) play in the process of globalisation? How do they connect countries through trade and investment?

◆ Globalisation and the Indian Economy

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Model Answer

MNCs play a major role in the globalisation process by integrating production and markets across countries.

Role of MNCs in Globalisation:

- MNCs set up factories and offices in countries where labour and resources are cheap, increasing **foreign investment**.
- They control a large part of **foreign trade** between countries.
- They interlink production by dividing it into parts spread across different countries.

How they connect countries through trade and investment:

- MNCs invest in local companies or buy them up (e.g., Cargill Foods buying Parakh Foods).
- They export goods produced in one country to markets worldwide (e.g., Ford India exports cars to South Africa, Mexico, Brazil).
- They place orders with small local producers, linking distant economies through trade in goods and services.

Thus, MNCs drive globalisation through greater foreign trade and foreign investment, resulting in closer integration of countries.

Source: Chapter 4 — Production Across Countries; Interlinking Production Across Countries

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Explanation

Examiners expect three clear points for 3 marks: (1) what MNCs do (set up production globally), (2) how they use foreign investment, and (3) how they drive foreign trade. Use the textbook examples (Ford, Cargill) to support your points — this shows you've read the chapter. Avoid vague statements; be specific about *how* MNCs connect countries.

Q21. straightforward | initial-understanding | § ADDITIONAL ACTIVITY / PROJECT **[2]**

Give one example of a Multinational Corporation (MNC) whose product is commonly used in Indian households. State any one feature of an MNC that distinguishes it from a local company.

◆ **Globalisation and the Indian Economy**

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Model Answer

Example of MNC: Coca-Cola (or Pepsi/Nokia/Ford Motors) — its products are commonly found in Indian households.

Feature distinguishing MNC from a local company: An MNC owns or controls production in **more than one nation**, whereas a local company operates only within its own country.

Source: Globalisation and the Indian Economy, Chapter 4 — "Production Across Countries"

Explanation

- For 1 mark, name any well-known MNC with a product used in India (soft drinks, electronics, automobiles, etc.). Any valid example is accepted.
- For the second mark, give the **defining feature**: ownership/control of production across multiple countries. Avoid vague answers like "it is bigger" — examiners want the textbook definition.
- Keep it concise; two clear sentences are enough for 2 marks.

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