Globalisation and the Indian Economy

Case Study Based Questions

Source 1

Read the source given below and answer the questions that follow by choosing the most appropriate option:

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 1700 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 27,000 cars in the Indian markets, while 24,000 cars were exported from India to South Africa, Mexico and Brazil. The company wanted to develop Ford India as a component supplying base for its other plants across the globe. (CBSE SQP 2020)

Q1. The passage given above relates to which of the following options?

a. Increased employment
b. Foreign investment
c. Foreign collaboration
d. International competition

Q2. According to the given passage, Ford Motors can be termed as a Multinational Company based on which of the following options?

a. Production of different types of automobiles
b. Largest automobile manufacturer in the world
c. Because of large scale exports of cars across globe
d. Industrial and commercial ventures across globe

Q3. By setting up their production plants in India, Ford Motors wanted to:

a. collaborate with a leading Indian Automobile company
b. satisfy the demands of American, African and Indian markets
c. tap the benefits of low-cost production and a large market
d. take over small automobile manufacturing units in India

Q4. 'Ford Motors' wish to develop Ford India as a component supplying base for its other plants across the globe is an evidence of:

a. promoting local industries of India

b. merging trade from different countries

c. supplying jobs to factory workers in India

d. Interlinking of production across countries

Answers

1. (b)
2. (d)
3. (c)
4. (d)

Source 2

Read the source given below and answer the questions that follow by choosing the most appropriate option:

In general, MNCs set up production where it is close to the markets; where there is skilled and unskilled labour available at low costs and where the availability of other factors of production is assured. In addition, MNCs might look for government policies that look after their interests. A large MNC, producing industrial equipment, designs its products in research centres in the United States and then has the components manufactured in China. These are then shipped to Mexico and Eastern Europe where the products are assembled and the finished products are sold all over the world. Meanwhile, the company's customer care is carried out through call centres located in India.

Q1. According to the passage, what is an MNC?

a. A company that owns or controls production in more than one nation

b. A company that owns or controls production in China

c. A company that owns or controls production in India

d. All of the above

Q2. What was the main channel connecting distant countries? Choose the correct option:

a. Food stuff

b. Imported finished goods
c. Trade
d. Raw materials

Q3. According to the given passage, which of the following countries provide the advantage of being a cheap manufacturing location?
a. China
b. Mexico
c. USA
d. India

Q4. Which of the following statements is not a feature of an MNC?
a. MNCs set up production jointly with some of the international companies of other countries
b. MNCs can provide money for additional investments, like buying new machines for faster production
c. MNCs might bring with them the latest technology for production
d. All of the above

Q5. Which condition is required to set up a factory by an MNC in a country?
a. Closeness of market
b. Availability of skilled and unskilled labour
c. Favourable government policies
d. All of the above

Q6. The money that is spent to buy assets such as land, building, machines and equipment is known as:
a. Cost of production
b. Investment
c. Cost of final goods and services
d. None of the above

Answers

1. (a)
2. (c)
3. (a)

4. (a)
5. (d)
6. (b)

Source 3

Read the source given below and answer the questions that follow:

For a long time, foreign trade has been the main channel connecting countries. In history, you would have read about the trade routes connecting India and South Asia to markets both in the East and West and the extensive trade that took place along these routes. Also, you would remember that it was trading interests which attracted various trading companies such as the East India Company to India. What then is the basic function of foreign trade? To put it simply, foreign trade creates an opportunity for the producers to reach beyond the domestic markets, i.e., markets of their own countries. Producers can sell their produce not only in markets located within the country, but can also compete in markets located in other countries of the world. Similarly, for the buyers, import of goods produced in another country is one way of expanding the choice of goods beyond what is domestically produced.

Q1. Why had the foreign trade been the main channel connecting countries?

Ans. The foreign trade had been the main channel connecting countries due to the following reasons:

(i) There were trade routes connecting India and South Asia to markets both in the East and West.

(ii) There was extensive trade that took place along these routes and it was trading interests which attracted the trading companies such as the East India Company to India.

Q2. What are the basic functions of foreign trade? Explain any two.

Ans. The basic functions of foreign trade are as follows:

(i) Foreign trade creates an opportunity for the producers to reach beyond the domestic markets.

(ii) Producers can sell their products not only in markets located within the country but they can also compete in markets located in other countries of the world.

(iii) For the buyers, import of goods produced in another country is one way of expanding the choice of goods beyond what is domestically produced. (Any two)