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CLASS X · SOCIAL SCIENCE (087) · ECONOMICS · CBSE BOARD EXAMINATION 2027

ECONOMICS · CHAPTER 4

Globalisation and the Indian Economy

MNC Trade WTO

Chapter Practice Booklet · Questions only

10 note blocks + impact table | 5-mark data case + 4 cases | PYQs 2025–2026 | 63 practice questions | Model Answer Booklet

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STUDENT DETAILS

NAME _____

CLASS & SECTION _____

ROLL NO. _____

BOOKLET STARTED ON _____

CHAPTER TEST SCORE _____ / 20

1

READ THIS FIRST

Chapter Notes

The whole chapter in short-note form: MNCs and how they spread production, foreign trade, globalisation and its causes, liberalisation and the WTO, the impact on India, and fair globalisation. Revise from here – you should not need the textbook again.

1 Production across countries – MNCs

- Until the middle of the twentieth century, production was largely organised **within** countries; **trade** in raw materials, food and finished goods was the main link between countries.

Multinational corporation (MNC): a company that **owns or controls production in more than one nation**.

- MNCs set up offices and factories where they can get **cheap labour and other resources**, so that costs are low and **profits greater**.
- *Example:* an MNC making industrial equipment designs it in research centres in the USA, makes parts in China, assembles them in Mexico and Eastern Europe, sells worldwide – and runs customer care from call centres in India.

2 Where do MNCs set up production?

- **Close to the markets**.
- Where **skilled and unskilled labour** is available at **low cost**.
- Where other **factors of production** are assured.
- Where **government policies** look after their interests.

Investment: money spent to buy assets such as land, buildings, machines and equipment.
Foreign investment: investment made by MNCs.

3 Interlinking production across countries

Joint production	An MNC sets up production **jointly with a local company**. The local company gains **money for more investment** (e.g. faster machines) and the **latest technology**.
Buying local companies	The most common route: MNCs with huge wealth **buy up local companies**. *Example:* Cargill Foods, a US MNC, bought the Indian company Parakh Foods and became a leading maker of edible oil in India.
Orders to small producers	Large MNCs in developed countries **place orders** for garments, footwear and sports items with small producers, and sell them under their **own brand names**. They have **tremendous power** to decide price, quality, delivery and labour conditions.

- By these means MNCs exert a strong influence on production at distant places; production is increasingly interlinked.

4 Foreign trade and integration of markets

- Foreign trade lets producers **reach beyond domestic markets**, and gives buyers **more choice** than goods made at home.
- *Example:* cheaper toys with new designs come from China into Indian markets. Indian buyers get more choice at lower prices; Indian toy makers face competition and lose sales; Chinese makers find a bigger market.
- So foreign trade **connects markets** – the **integration of markets** in different countries – and prices of similar goods in the two markets tend to become equal. Producers in two countries now compete closely.

5 What is globalisation?

Globalisation: the process of **rapid integration or interconnection** between countries, as more and more **goods and services, investments and technology** move between them.

- **MNCs** play a major role, through foreign trade and foreign investment.
- **People** also move between countries for better jobs, income or education, but this movement has been **limited** by restrictions.

6 Factors that have enabled globalisation

- **Transport technology:** faster and cheaper delivery of goods; **containers** carry goods in sealed boxes that load onto ships, trains, planes and trucks, cutting port costs and time.
- **Information and communication technology:** telecommunications (telephone, mobile phone, fax), computers and the **internet** let people get and share information instantly, talk face to face across the world, and send work by email. A magazine for readers abroad can be designed in an Indian city and sent over the internet.
- **Liberalisation of foreign trade and investment policy** – the removal of government barriers.

7 Liberalisation and trade barriers

Trade barrier: a restriction set by the government on foreign trade, e.g. a **tax on imports**. Governments use barriers to decide what goods, and how much of each, should come into the country.
Liberalisation: removing barriers or restrictions set by the government.

- After Independence, India put barriers on foreign trade and investment to **protect domestic producers**. Industries were just coming up in the 1950s and 1960s, and competition from imports would have crushed them.
- Around **1991**, the government decided Indian producers should compete with producers around the globe, which would improve quality. Barriers were **removed to a large extent**; goods could be imported and exported easily, and foreign companies could set up factories and offices. With fewer restrictions, the economy is said to be more **liberal**.

8 World Trade Organisation (WTO)

- An organisation whose aim is to **liberalise international trade**. It was started at the initiative of the **developed countries**.
- It establishes **rules** on international trade and sees that they are obeyed. Most countries of the world are its members.
- **Unfair in practice:** developed countries have kept trade barriers unfairly, while developing countries are forced to remove theirs. *Example:* farmers in the USA get huge **subsidies** from their government, so they can sell farm products abroad at very low prices, hurting farmers in other countries.

9 Impact of globalisation on India

Consumers	Especially the **well-off** in cities: **greater choice**, **better quality** and **lower prices** – higher standards of living.
MNCs and new jobs	MNCs have raised investment in **cell phones, automobiles, electronics, soft drinks, fast food and banking**; new jobs were created, and local firms supplying them prospered.
Top Indian companies	Invested in new technology and collaborated with foreign firms. Some became **MNCs** themselves – **Tata Motors, Infosys, Ranbaxy, Asian Paints, Sundaram Fasteners**.
Services	New opportunities, especially in **IT**: data entry, accounting, administration, engineering and call centres for foreign clients.
Small producers	**Compete or perish**: many units making **batteries, capacitors, plastics, toys, tyres, dairy products and vegetable oil** shut down; workers lost jobs.
Workers	Employers want **flexibility**: jobs are temporary, with long hours, night shifts in peak seasons, low wages and no security.

Special Economic Zones (SEZs): industrial zones set up by the government with world-class facilities – electricity, water, roads, transport, storage, recreational and educational facilities – to attract foreign companies. Companies in SEZs pay **no taxes for an initial period of five years**. The government has also allowed flexibility in labour laws.

10 The struggle for a fair globalisation

- The benefits of globalisation have **not been shared equally**: educated, skilled and wealthy people gained most; many small producers and workers lost out.

> **Fair globalisation** creates **opportunities for all** and ensures that its **benefits are better shared**.

- **Government can:** ensure **labour laws** are properly implemented and workers get their rights; **support small producers** until they are strong enough to compete; use **trade and investment barriers** if necessary; **negotiate at the WTO** for fairer rules; **align with other developing countries** against domination by developed countries.
- **People's organisations** and campaigns have also influenced decisions on trade and investment at the WTO.

Who gained, who lost

5-mark 'impact' answers come from this table

Group	Effect of globalisation
Well-off consumers	more choice, better quality, lower prices
Top Indian companies	new technology, foreign partners; some became MNCs
IT and service firms	new work from abroad – software, call centres, data entry
Small producers	tough competition; many units closed
Workers	new jobs in some sectors, but temporary, insecure work

Key terms

1- and 2-mark answers

MNC – company that owns or controls production in more than one nation

Investment – money spent on assets such as land, buildings, machines

Foreign investment – investment made by MNCs

Joint production – MNC producing together with a local company

Foreign trade – buying and selling goods across countries

Integration of markets – markets of different countries getting connected by trade

Globalisation – rapid integration of countries through goods, services, investment and technology

Trade barrier – government restriction on foreign trade, e.g. tax on imports

Liberalisation – removing barriers or restrictions set by the government

WTO – organisation that aims to liberalise international trade

SEZ – zone with world-class facilities; no taxes for the first five years

Flexibility in labour laws – freedom for employers to hire workers for short periods

Fair globalisation – globalisation that creates opportunities for all and shares benefits

Exam snapshot

What the board asks, and how to prepare

SYLLABUS 2026–27

- Production across countries; interlinking production across countries
- Foreign trade and integration of markets
- What is globalisation; factors that have enabled globalisation; World Trade Organisation
- Impact of globalisation on India
- The struggle for a fair globalisation

BOARD WEIGHTAGE

20 / 80

Economics is Section D (Q29–Q38). In 2026 (32/1/1) this chapter gave an MCQ on the meaning of liberalisation (Q32) and the **3-mark Q35** (how technology has connected the world) – 4 marks. 2025 (32/1/1) gave an assertion–reason on technology (Q20) and the **2-mark Q24** (how liberalisation in the 1990s promoted globalisation) – 3 marks. Expect **3–6 marks**.

MOST ASKED IN BOARD PAPERS, 2025–2026 (2 PAPERS READ IN FULL)

How often	Topic / question type	Marks	Papers
★★★	Technology as a factor of globalisation	1–3	2 of 2
★★★	Liberalisation of trade and investment; trade barriers	1–2	2 of 2
★★☆	MNCs – meaning, how they spread production	3–5	NCERT core
★★☆	Impact of globalisation on India; SEZs	3–5	NCERT core
★★☆	Fair globalisation; role of government; WTO	3–5	NCERT core
★★☆	Foreign trade and integration of markets	1–3	NCERT core

ANSWER-WRITING RULES FOR SOCIAL SCIENCE (CBSE 2026–27)

2 marks
Very short answer · up to 40 words · 2 clear points

3 marks
Short answer · up to 60 words · 3 points

4 marks
Case / source based · up to 100 words in all · answer from the source

5 marks
Long answer · up to 120 words · 5 points, with an intro line

Write in points, underline key words, and give one example or date wherever you can. Read every "OR" choice before you start, and attempt only one.

MISTAKES THAT COST MARKS

- Defining liberalisation as 'globalisation' – it is the **removal of government barriers**; it is one **cause** of globalisation.
- Writing that an MNC is any big company – it must **own or control production in more than one nation**.
- Writing that globalisation helped everyone equally – benefits went mostly to the **well-off and skilled**; small producers suffered.
- Forgetting the year – barriers were largely removed around **1991**.
- In 'technology' answers, writing only 'internet' – add **transport** (containers) and **telecommunications**.
- Saying the WTO is fair to all – developed countries **keep their barriers** and subsidies while others must remove theirs.

HOW TO USE THIS BOOKLET

1. **Day 1:** Read the Chapter Notes twice; learn the key terms.
2. **Next day:** Parts A and B. **Then:** Parts C and D – MUST DO questions first.
3. Check every answer against the **Model Answer Booklet**: same points, same keywords, within the word limit.
4. Write every mistake on the My Mistakes page and redo it after 3 days.

A

PART A · NCERT PRACTICE

Textbook Check

Every section of the chapter and every NCERT exercise idea, asked in new words. Model answers for all of these are in the Model Answer Booklet.

MNCs and production

A1. What is a multinational corporation? Why do MNCs set up production in other countries? MUST DO [2]

A2. What factors do MNCs consider before setting up production in a country? [3]

A3. Explain three ways in which MNCs spread their production across countries. MUST DO [3]

A4. How does joint production with an MNC benefit a local company? [2]

A5. What is investment? What is foreign investment? [2]

Foreign trade and globalisation

A6. How does foreign trade integrate markets of different countries? Give an example. MUST DO [3]

A7. What is globalisation? MUST DO [2]

A8. Name three factors that have enabled globalisation. MUST DO [3]

A9. What is a trade barrier? Give an example. [2]

A10. Why did the Indian government put barriers on foreign trade after Independence? [2]

A11. What is liberalisation? When did India adopt it? MUST DO [2]

A12. What is the WTO? What is its aim? [2]

Impact and fair globalisation

A13. How has globalisation benefited consumers in India? [3]

A14. How has globalisation affected small producers in India? MUST DO [3]

A15. What are Special Economic Zones? [3]

A16. What is fair globalisation? [2]

B

PART B · SECTION D STYLE

Objective Practice

All the MCQ types used in the board paper: definitions, short cases, statements, matching and assertion–reason.

ASSERTION–REASON: HOW TO ANSWER

(a) Both A and R are true, and R is the correct explanation of A.
(b) Both A and R are true, but R is not the correct explanation of A.
(c) A is true, but R is false.
(d) A is false, but R is true.

Multiple choice

1 mark each

B1. A company that owns or controls production in more than one nation is called: [1]

(a) a multinational corporation **(b)** a cooperative
(c) a public sector unit **(d)** a Self-Help Group

B2. Cargill Foods buying Parakh Foods is an example of an MNC: [1]

(a) setting up joint production **(b)** buying up a local company
(c) placing orders with small producers **(d)** setting up an SEZ

B3. Money spent on buildings, machines and equipment is called: [1]

(a) credit **(b)** trade **(c)** investment **(d)** collateral

B4. MNCs usually set up production where they find: [1]

(a) high taxes on companies **(b)** strict limits on foreign investment
(c) poor roads and power supply **(d)** cheap labour and nearness to markets

B5. Foreign trade results in: [1]

(a) integration of markets in different countries
(b) fewer choices for buyers
(c) higher trade barriers
(d) less competition

B6. A tax on imports is an example of: [1]

(a) liberalisation **(b)** a trade barrier
(c) foreign investment **(d)** an SEZ

B7. The removal of barriers or restrictions set by the government is called: [1]

(a) globalisation **(b)** privatisation **(c)** liberalisation **(d)** nationalisation

B8. India removed barriers on foreign trade and investment to a large extent around: [1]

(a) 1947 **(b)** 1966 **(c)** 1980 **(d)** 1991

B9. The World Trade Organisation aims to: [1]

(a) liberalise international trade **(b)** fix the prices of crops
(c) give loans to farmers **(d)** protect domestic industry

B10. Which of these Indian companies has become a multinational? [1]

(a) Indian Railways (b) Tata Motors
(c) A village dairy cooperative (d) A small toy unit

B11. Read the statements: [1]
I. Faster and cheaper transport has helped globalisation.
II. The internet lets people get and share information instantly.
Choose the correct option.

(a) Only I is correct (b) Only II is correct
(c) Both are correct (d) Neither is correct

B12. Companies that set up units in an SEZ do not pay taxes for an initial period of: [1]

(a) one year (b) two years (c) ten years (d) five years

B13. Match and choose: [1]
(a) MNC (b) Trade barrier (c) Liberalisation (d) WTO
(i) removing government restrictions (ii) controls production in more than one nation (iii) sets rules for international trade (iv) tax on imports

(a) a-ii, b-iv, c-i, d-iii (b) a-iv, b-ii, c-i, d-iii
(c) a-ii, b-i, c-iv, d-iii (d) a-iii, b-iv, c-i, d-ii

B14. Indian toy makers lost sales when cheaper imported toys reached Indian shops. This shows the effect of: [1]

(a) trade barriers (b) competition from foreign trade
(c) demand deposits (d) disguised unemployment

B15. Which group in India has gained LEAST from globalisation? [1]

(a) Well-off urban consumers (b) Top Indian companies
(c) Small producers of batteries and toys (d) IT service companies

B16. Which step would make globalisation fairer? [1]

(a) Ignoring labour laws
(b) Removing all support for small producers
(c) Letting rich countries keep unfair barriers
(d) Proper implementation of labour laws

Assertion–Reason

1 mark each

B17. ASSERTION–REASON [1]
Assertion (A): Technology has stimulated the process of globalisation.
Reason (R): Faster, cheaper transport and the internet have connected countries closely.

B18. ASSERTION–REASON [1]
Assertion (A): MNCs place orders with small producers for garments and footwear.
Reason (R): MNCs set up joint production with local companies.

B19. ASSERTION–REASON [1]
Assertion (A): Globalisation has benefited all workers equally.
Reason (R): Many workers now have temporary jobs with no security.

B20. ASSERTION–REASON [1]

Assertion (A): The Indian government put barriers on foreign trade after Independence.

Reason (R): Indian industries were already strong enough to face foreign competition in the 1950s.

C

PART C · BOARD PATTERN

Board Pattern Practice

Written-answer questions grouped by topic. ★★★ = asked more than once in the papers read · ★★ = asked once or NCERT core · ★ = supporting topic.

Factors enabling globalisation

★★★ 2 of 2 papers · 1–3 marks

C1. "Technology has connected the world." Explain. MUST DO [3]

C2. How did liberalisation in the 1990s promote globalisation in India? MUST DO [3]

C3. Explain the factors that have enabled globalisation. [5]

MNCs and foreign trade

★★☆ NCERT core · 3–5 marks

C4. Explain how MNCs spread and control production across countries. MUST DO [5]

C5. How does foreign trade lead to integration of markets? Explain with an example. [3]

C6. Why had India put barriers on foreign trade and investment after Independence? Why were they removed? [3]

Impact of globalisation on India

★★☆ NCERT core · 3–5 marks

C7. Explain the impact of globalisation on India. MUST DO [5]

C8. How has globalisation created new opportunities for Indian service companies? [3]

C9. "Globalisation has made workers' jobs less secure." Explain. [3]

Fair globalisation and the WTO

★★☆ NCERT core · 3–5 marks

C10. What can the government do to make globalisation fair? MUST DO [5]

C11. How are WTO rules unfair to developing countries? [3]

C12. What are SEZs? Why has the government set them up? [3]

PART D · CASE-BASED STYLE

D Case-Based Questions

D1 is a 5-mark data case (1 + 2 + 2). D2–D5 carry 4 marks each (1 + 1 + 2).

D1. Case-Based · The Toy Market [5]

The table gives imaginary data for Country K after it lowered taxes on imported toys.

Toy market of Country K	Year 1	Year 2	Year 3
Imported toys sold (lakh pieces)	20	45	80
Local toy units still working	500	380	260
Average price of a toy (₹)	300	240	200

(i) By how many did the local toy units fall from Year 1 to Year 3? [1]

(ii) How were buyers and local producers affected? One point each. [2]

(iii) Suggest two steps the government could take to protect small toy producers. [2]

D2. Case-Based · The Shoe Contract [4]

A large foreign sports brand orders 50,000 pairs of shoes from small factories in Agra. It fixes the price, the quality and the delivery date, and sells the shoes abroad under its own brand name at many times the price it pays.

(i) How is the MNC controlling production here? [1]

(ii) Who decides the price and quality of the shoes? [1]

(iii) Give two effects of such contracts on workers. [2]

D3. Case-Based · Pages Across the Ocean [4]

A publisher in New York asks a design firm in Pune to lay out its weekly magazine. The pages are sent over the internet each night, printed in the USA the next morning, and the Pune firm is paid through online banking.

(i) Which factor of globalisation does this show? [1]

(ii) To which sector does the Pune firm's work belong? [1]

(iii) Give two other ways technology has helped globalisation. [2]

D4. Case-Based · Opening the Doors [4]

In 1991 India cut taxes on many imports and allowed foreign companies to set up factories. Within a few years foreign car and phone companies had arrived, and Indian buyers could choose from many new brands.

(i) What is this policy change called? [1]

(ii) Why had India kept such barriers earlier? [1]

(iii) Give two effects of this change. [2]

D5. Case-Based · The Bucket Maker [4]

Kiran's small unit in Indore made plastic buckets for fifteen years. After import taxes fell, cheaper buckets came from abroad and a big company cut its prices. Her sales halved; she let six of her ten workers go and now hires them only when orders come.

(i) Why did Kiran's sales fall? [1]

(ii) What has happened to her workers' jobs? [1]

(iii) Suggest two ways the government can help producers like Kiran. [2]

PART E · REAL BOARD QUESTIONS

E Board PYQ Index

Real questions from recent Social Science board papers, by topic. Open the official paper and attempt the listed questions.

Frequency	Topic	Marks	Where asked (year: paper code, question number)	Practise here
★★★	**Technology as a factor of globalisation**	1–3	**2026:** 32/1/1 Q35 (3 marks) · **2025:** 32/1/1 Q20 (assertion–reason)	A8, B11, B17, C1, C3, D3
★★★	**Liberalisation; trade barriers**	1–2	**2026:** 32/1/1 Q32 (meaning of liberalisation) · **2025:** 32/1/1 Q24 (2 marks)	A9–A11, B6–B8, B20, C2, C6, D4
★★☆	**MNCs; interlinking production**	3–5	Not asked in the papers read – NCERT core.	A1–A5, B1–B4, B18, C4, D2
★★☆	**Foreign trade and integration of markets**	1–3	Not asked in the papers read – NCERT core.	A6–A7, B5, B14, C5, D1
★★☆	**Impact of globalisation on India; SEZs**	3–5	Not asked in the papers read – NCERT core.	A13–A15, B10, B12, B15, B19, C7–C9, C12, D5
★★☆	**Fair globalisation; WTO**	3–5	Not asked in the papers read – NCERT core.	A12, A16, B9, B13, B16, C10–C11, D1

Papers read in full for this chapter (2): 2026 – 32/1/1 · 2025 – 32/1/1. The chapter gave 4 marks in 2026 and 3 marks in 2025. Download official papers from cbse.gov.in → Previous Year Question Papers.

F

PART F · YOUR RECORD

My Mistakes

Write down each mistake from this chapter, including the Sunday Chapter Test.

Every wrong answer is a free lesson. Write it here, find the point you missed, and redo the question after three days.

Date	Part & Q No.	What went wrong	Correct point or fact	Redone ✓