Class 10 Economics Chapter 4: Globalisation and the Indian Economy - Notes, Important Questions and MCQs (2026-27)

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These Globalisation and the Indian Economy Class 10 notes cover Class 10 Economics Chapter 4 completely: production across countries and MNCs, interlinking production across countries, foreign trade and integration of markets, what globalisation is, factors that enabled it (technology, liberalisation of trade and investment policy, WTO), its impact on India, and the struggle for fair globalisation.

You also get a 2026-27 exam scope note, tables on MNC methods, enabling factors and winners vs losers, the Ford Motors, Cargill and Ravi case studies, NCERT-style questions with answers, 10 MCQs and a free PDF with no signup.

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Chapter Overview

Over the past decades, markets have offered a much wider choice of goods and services: the latest models of cameras, phones, televisions and cars from leading global manufacturers, and new brands of clothes, food and services. This is the result of globalisation.

The chapter explains how multinational corporations spread production across countries, how foreign trade integrates markets, what factors made globalisation possible, how it has affected

Important Topics and Concepts

Production across countries and MNCs

- Until the middle of the twentieth century, production was largely organised within countries; trade, mainly in raw materials, food and finished goods, was the main link between countries.
- A multinational corporation (MNC) is 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 their costs are lower and profits higher.
- Example: a large MNC producing industrial equipment designs products in research centres in the USA, manufactures components in China, assembles them in Mexico and Eastern Europe, sells them worldwide and runs customer care through call centres in India.
- Production is thus organised in increasingly complex ways across countries.

Interlinking production across countries

- MNCs set up production where it is close to markets, where skilled and unskilled labour is available at low cost and where resources are assured. They also look for government policies that look after their interests.
- The money MNCs spend to buy assets such as land, buildings, machines and equipment is called investment; investment made by MNCs is called foreign investment.
- Joint production: MNCs set up production jointly with local companies, providing money for additional investment (such as new machines) and the latest technology.
- Buying local companies: the most common route; e.g. Cargill Foods, a very large American MNC, bought Parakh Foods, which had a large marketing network and four oil refineries. Cargill is now the largest producer of edible oil in India, with a capacity to make 5 million pouches daily.
- Placing orders with small producers: large MNCs in developed countries order garments, footwear and sports items from small producers around the world and sell them under their own brand names, deciding price, quality, delivery and labour conditions.
- Many top MNCs have wealth exceeding the entire budgets of developing country governments, giving them enormous power and influence.

Ford Motors case

- Ford Motors, an American company and one of the world’s largest automobile manufacturers, has production spread over 26 countries.
- It came to India in 1995 and spent Rs 1,700 crore to set up a large plant near Chennai, in collaboration with Mahindra and Mahindra.
- By 2017, Ford sold 88,000 cars in India and exported 1,81,000 cars to South Africa, Mexico, Brazil and the USA.
- The company wants to develop India as a base for supplying car parts for its global operations, using India’s low labour and resource costs, local suppliers and nearness to large markets.

Foreign trade and integration of markets

- Foreign trade creates an opportunity for producers to reach beyond domestic markets and for buyers to expand their choice of goods beyond what is produced at home.
- Example: Chinese toy manufacturers export plastic toys to India. Indian buyers get more choice at cheaper prices; Indian toy makers face competition and suffer losses, while Chinese makers expand.
- Foreign trade results in connecting or integrating markets across countries: with trade, goods travel from one market to another and prices tend to become equal in both markets.

What is globalisation?

- Globalisation is the process of rapid integration or interconnection between countries.
- MNCs play a major role through rapidly increasing foreign investment and foreign trade.
- There is also movement of people between countries for better incomes, jobs or education, but this has been limited by various restrictions.
- Thus globalisation involves movement of goods, services, investments, technology and, to a lesser extent, people.

Factors that have enabled globalisation

- Technology: rapid improvement in transportation technology (faster delivery at lower cost, containers for transporting goods) and remarkable developments in information and communication technology (telecommunications, computers, internet, satellite communication, mobile phones, email, voice mail, teleconferencing) allow fast access to information and services across the world.
- Liberalisation of foreign trade and investment policy: trade barriers are restrictions such as taxes on imports (tariffs). After Independence, India put barriers on foreign trade and investment to protect domestic producers. Around 1991, the government decided that Indian producers could compete with producers around the globe, so barriers were removed to a large extent. Removing barriers or restrictions set by the government is called liberalisation.
- World Trade Organisation (WTO): aims to liberalise international trade; it establishes rules regarding international trade and checks that they are obeyed. Developed countries pushed for liberalisation, but they have unfairly retained trade barriers and protect their own farmers with subsidies, while developing countries are forced to remove barriers.

Impact of globalisation in India

- Consumers: greater choice, better quality and lower prices, especially for well-off consumers; higher standards of living.
- MNCs: increased investment in industries such as cell phones, automobiles, electronics, soft drinks, fast food and services like banking in urban areas, creating new jobs.
- Local companies: those supplying raw materials to these industries prospered; several top Indian companies benefited from new technology, collaborations and investment.
- Some large Indian companies have become MNCs themselves: Tata Motors (automobiles), Infosys (IT), Ranbaxy (medicines), Asian Paints (paints), Sundaram Fasteners (nuts and bolts).
- New opportunities in services, especially IT.

- Special Economic Zones (SEZs): industrial zones with world-class facilities; units there pay no taxes for an initial five years. The government has also allowed flexibility in labour laws, letting companies hire workers flexibly for short periods.

Small producers: compete or perish

- Rising competition hurt many small manufacturers: batteries, capacitors, plastics, toys, tyres, dairy products and vegetable oil were hard hit; many units shut down, and workers lost jobs.
- Small industries employ the second largest number of workers in the country, next only to agriculture.
- Ravi's story: Ravi set up a capacitor unit in Hosur, Tamil Nadu, in 1992 with 20 workers. In 2001, import tariffs on capacitors were reduced, and cheap imports and MNC competition hurt Indian television makers who bought from him. By now he produces less than half of what he did in 2000 and has only seven workers; many friends' units have closed.
- Small producers need better roads, power, water, raw materials, marketing and information networks; modern technology; and timely credit at reasonable interest rates.

Impact on workers

- Competition and uncertain employment: employers prefer flexible, temporary workers to cut costs.
- Example: garment exporters supplying large MNCs cut costs by hiring workers temporarily, paying low wages and making them work long hours, including night shifts, without proper benefits. Sushila's factory job changed from a permanent one with benefits to a temporary one with lower pay and long hours.
- So globalisation has benefited people with education, skill and wealth, while many others have not shared the benefits.

The struggle for fair globalisation

- Fair globalisation would create opportunities for all and ensure benefits are shared better.
- The government can ensure labour laws are properly implemented and workers get their rights.
- It can support small producers to improve performance until they become strong enough to compete.
- If necessary, it can use trade and investment barriers.
- It can negotiate at the WTO for fairer rules and align with other developing countries with similar interests to fight the domination of developed countries.
- Mass campaigns and people's organisations have influenced decisions at the WTO, showing that people can also play a role in fair globalisation.

What Is Examined in 2026-27

As per the CBSE 2026-27 curriculum, the board exam covers the meaning of globalisation and the factors that have enabled it, while topics such as production across countries, MNCs, the WTO, impact and fair globalisation are part of an interdisciplinary project with History Chapter 3 and Geography Chapter 7. Confirm the exact scope with your school, and read the full notes for the project and understanding.

- Board theory: what is globalisation; factors enabling it (technology, liberalisation, WTO)
- Project / internal assessment: MNCs, interlinking production, foreign trade, impact and fair globalisation

Ways in Which MNCs Spread Production

A common 3-mark question.

Method	Example
Joint production with local companies	Ford Motors with Mahindra and Mahindra near Chennai
Buying up local companies	Cargill Foods bought Parakh Foods
Placing orders with small producers	Garments, footwear, sports items made by small producers and sold under MNC brands
Setting up own factories and offices	Design in USA, components in China, assembly in Mexico, call centres in India

Who Gained and Who Lost?

Use for impact questions.

Benefited	Faced problems
Well-off consumers: more choice, better quality, lower prices	Small producers of batteries, capacitors, plastics, toys, tyres, dairy, vegetable oil
MNCs and their suppliers	Workers with temporary, low-paid jobs
Indian companies that became MNCs (Tata Motors, Infosys, Ranbaxy, Asian Paints, Sundaram Fasteners)	Workers who lost jobs when units closed
IT and service sector workers	Small producers unable to compete with cheap imports

Factors That Have Enabled Globalisation

Factor	How it helped
Transportation technology	Faster delivery of goods over long distances at lower cost; containers
Information and communication technology	Telecommunications, computers, internet, mobiles, email and teleconferencing connect the world instantly
Liberalisation (around 1991)	Removal of barriers on foreign trade and investment; goods can be imported and exported easily and MNCs can set up factories
World Trade Organisation	Rules to liberalise international trade; pressure on countries to remove barriers

Important Definitions and Terms

Term	Meaning
Multinational corporation (MNC)	A company that owns or controls production in more than one nation
Investment	Money spent to buy assets such as land, buildings, machines and equipment

Term	Meaning
Foreign investment	Investment made by MNCs
Foreign trade	Trade between countries
Integration of markets	Connecting markets across countries through trade so prices tend to become equal
Globalisation	Process of rapid integration or interconnection between countries
Trade barrier	Restriction on trade, such as a tax on imports
Tariff	A tax on imports
Liberalisation	Removing barriers or restrictions set by the government
WTO	World Trade Organisation, which sets rules to liberalise international trade
Special Economic Zone (SEZ)	Industrial zone with world-class facilities and tax benefits to attract investment
Fair globalisation	Globalisation that creates opportunities for all and shares benefits fairly

Short Answer Questions

Q1. What do you understand by globalisation?

Globalisation is the process of rapid integration or interconnection between countries, through the movement of goods, services, investment, technology and people, largely driven by MNCs and foreign trade.

Q2. What is an MNC? How is it different from other companies?

An MNC owns or controls production in more than one nation, setting up factories and offices where costs are low and markets are close. Other companies operate mainly within one country.

Q3. In what ways do MNCs set up or control production in other countries?

By setting up their own units, entering joint production with local companies, buying local companies (like Cargill buying Parakh Foods), and placing orders with small producers who supply under the MNC’s brand.

Q4. How does foreign trade lead to integration of markets?

Foreign trade lets goods move from one market to another, giving buyers more choice and producers wider markets. As a result, prices of goods in different markets tend to become equal, integrating markets across countries.

Q5. What was the reason for putting barriers on foreign trade and investment after Independence?

To protect domestic producers from foreign competition, since Indian industries were just starting and could not compete with imports.

Q6. What is liberalisation? When did India adopt it?

Liberalisation is removing barriers or restrictions set by the government on trade and investment. India adopted it around 1991, believing Indian producers could compete globally.

Q7. What is the role of the WTO, and why is it criticised?

Q8. What is an SEZ?

A Special Economic Zone is an industrial zone with world-class facilities like electricity, water, roads, transport and storage. Companies there pay no taxes for an initial five years, to attract foreign investment.

Long Answer Questions

Q1. Explain the factors that have enabled globalisation.

Rapid improvement in transportation technology has made delivery of goods faster and cheaper, including through containers.

Information and communication technology like telecommunications, computers, internet, mobile phones and teleconferencing allow quick communication and services across the world.

Liberalisation of foreign trade and investment policy in India around 1991 removed many barriers, allowing imports, exports and MNC investment.

The WTO pushed countries to liberalise trade and set common rules.

Together, these made rapid integration of countries possible.

Q2. How has globalisation affected the lives of people in India?

Well-off consumers have more choice, better quality and lower prices.

MNCs increased investment in industries and services, creating new jobs; local suppliers prospered.

Indian companies like Tata Motors, Infosys and Asian Paints became MNCs; IT services grew.

But small producers of goods like capacitors, toys and tyres faced severe competition and many shut down, as in Ravi’s case.

Workers face temporary jobs, low wages and long hours, as employers prefer flexible labour.

Benefits have gone mostly to people with education, skill and wealth.

Q3. What steps can be taken to make globalisation fair?

The government should implement labour laws properly so workers get their rights.

It should support small producers with infrastructure, technology and cheap credit until they can compete.

It can use trade and investment barriers if necessary.

It should negotiate at the WTO for fairer rules and join hands with other developing countries.

People’s organisations and mass campaigns can influence decisions at the WTO.

MCQs with Answers

1. A company that owns or controls production in more than one nation is called(a) A public company (b) A multinational corporation (c) A cooperative (d) A joint sector firmAnswer: (b) A

2. Cargill Foods bought which Indian company?(a) Parakh Foods (b) Amul (c) Britannia (d) Nestle IndiaAnswer: (a) Parakh Foods

3. Ford Motors set up its plant near Chennai in collaboration with(a) Tata Motors (b) Mahindra and Mahindra (c) Maruti (d) Ashok LeylandAnswer: (b) Mahindra and Mahindra

4. Removing barriers or restrictions set by the government is called(a) Globalisation (b) Privatisation (c) Liberalisation (d) NationalisationAnswer: (c) Liberalisation

5. India liberalised its trade and investment policy around(a) 1947 (b) 1971 (c) 1991 (d) 2001Answer: (c) 1991

6. A tax on imports is an example of(a) Investment (b) Trade barrier (c) Foreign trade (d) LiberalisationAnswer: (b) Trade barrier

7. Which organisation aims to liberalise international trade?(a) IMF (b) World Bank (c) WTO (d) UNDPAnswer: (c) WTO

8. Units in SEZs do not have to pay taxes for an initial period of(a) Two years (b) Three years (c) Five years (d) Ten yearsAnswer: (c) Five years

9. Which Indian company has become an MNC in IT?(a) Infosys (b) Asian Paints (c) Sundaram Fasteners (d) RanbaxyAnswer: (a) Infosys

10. Ravi’s small unit in Hosur produced(a) Toys (b) Capacitors (c) Tyres (d) BatteriesAnswer: (b) Capacitors

Quick Revision Points

- MNC: owns or controls production in more than one nation.
- MNCs seek cheap labour, resources, markets and favourable policies.
- Methods: joint production, buying local companies (Cargill–Parakh), orders to small producers.
- Ford Motors: 1995, Rs 1,700 crore, with Mahindra; India as parts base.
- Foreign trade integrates markets (Chinese toys).
- Globalisation: rapid integration of countries.
- Factors: technology, liberalisation (1991), WTO.
- Impact: consumer choice, MNC investment, Indian MNCs (Tata Motors, Infosys, Ranbaxy, Asian Paints, Sundaram Fasteners).
- SEZs: tax-free for five years; flexible labour laws.
- Losers: small producers (Ravi’s capacitors), temporary workers.
- Fair globalisation: labour laws, support small producers, barriers if needed, WTO negotiations, people’s campaigns.

Chapter Summary

Globalisation is the rapid integration of countries through the movement of goods, services, investment, technology and people. Multinational corporations spread production across countries through their own units, joint production, buying local firms and placing orders with small producers, while foreign trade integrates markets. Technology, liberalisation of trade and investment around 1991, and the WTO enabled globalisation.

Exam Tips and PYQ Pattern

- For the 2026-27 board exam, focus on the meaning of globalisation and the factors enabling it.
- Use the remaining notes for the interdisciplinary project with History Ch 3 and Geography Ch 7.
- Learn the Ford, Cargill and Ravi examples for case-based questions.
- Liberalisation and the role of WTO are often asked as 3-mark questions.
- For impact questions, give both benefits and problems.

Frequently Asked Questions

What is globalisation?

The process of rapid integration or interconnection between countries.

What are the factors that enabled globalisation?

Improvements in technology, liberalisation of trade and investment policies, and pressure from the WTO.

What is an MNC?

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

What part of this chapter is in the 2026-27 board exam?

As per the CBSE curriculum, the meaning of globalisation and its enabling factors; other topics are for project work. Confirm with your school.

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Conclusion

Globalisation and the Indian Economy shows how MNCs, trade and technology have connected India to the world and why globalisation must be made fair for all. Revise the enabling factors, the MNC methods and the impact tables, and use the case studies for project work.

More Notes: Class 10 Economics Chapter 3: Money and Credit notes | Class 10 Economics Chapter 5: Consumer Rights notes | Class 10 Economics Chapter 3: Money and Credit notes | Class 10 Economics Chapter 5: Consumer Rights notes | All Class 10 Social Science notes

Author Bio: Written and reviewed by the Nextoper Editorial Team, a group of CBSE social science educators who build chapter notes directly from the NCERT textbook and past board paper patterns.

Freshness Note: These notes follow the NCERT Class 10 Economics textbook, Understanding