***Date – Sept.2020***

***Std – X***

***Economics – L-4, Globalization and the Indian Economy***

***General Instructions-***

1. ***Check the Question and Answers of worksheet-1, and do the necessary***

***corrections.***

1. ***Write textual question and answers of L-3, Money and Credit.***

***SYMBIOSIS SCHOOL, NASHIK***

***Std - X TERM-1 (2020-21)***

***ECONOMICS L-4 Globalization and the Indian Economy***

***Worksheet-1 MM-15***

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| **Concepts-Production across countries, Interlinking production across countries, foreign trade and integration of markets, Factors that have enabled Globalization, Impact of Globalization in India.** |  |  |
| Ans.1. a) MNC sets up production where it is close to the markets.  b) Where there is skilled and unskilled labour available at low costs.  c) Where the availability of other factors of production is assured.  d) MNCs might look for government policies that look after their interests.  This is done so that the cost of production is low and the MNC can earn greater  profits.  Ans.2. When an MNC sets up production jointly with the local company, the benefit of  the local company is twofold-   1. MNCs can provide money for additional investments, like buying new machines for faster production. 2. MNCs might bring with them the latest technology for production.   Ans.3. IT has played a major role in spreading out production of services across  countries-  Example-a) A news magazine published for London readers is to be designed  and printed in Delhi.   1. The text of the magazine is sent through Internet to the Delhi office. 2. The designers in the Delhi office get orders on how to design the magazine   from the office in London using telecommunication facilities.   1. The designing is done on a computer. 2. After printing, the magazines are sent by air to London. Even the payment of money for designing and printing from a bank in London to a bank in Delhi is done instantly through the Internet (e-banking). |  |  |
| Ans.4. a) Tax on imports is an example of trade barrier. It is called a barrier because  restrictions have been set up.   1. Governments can use trade barriers to increase or decrease (regulate) foreign   trade and to decide what kinds of goods and how much of each should come into the country.  c) The Indian government, after independence, had put barriers to foreign trade and foreign investment. This was considered necessary to protect the producers within the country from foreign competition.  Ans.5. a) People with education, skill and wealth have made the best use of the new opportunities.  b) Fair globalization would create opportunities for all, and also ensure that the benefits of globalization are shared better.  c) Government policies must protect the interests not only of rich and powerful, but all the people in the country.  d) The government can ensure that labour laws are properly implemented and the workers get their rights.  e) The government can support small producers to improve their performance till the time they become strong enough to compete.  f) The government can negotiate at the WTO for ‘fairer rules.  Textual Question and Answers of L-3, Money and Credit  Q.1. In situations with high risks, credit might create further problems for the borrower. Explain.  Ans.1. a) In rural areas, the main demand for credit is for crop production which involves considerable cost on seeds, fertilizers, pesticides etc.  b) Farmers take such crop loans at the very beginning of the season and repay the loan after the harvest.  c) Loan repayment is fully dependent on the income from farming. But crop failure makes it impossible to repay the loan.  d) As a result, a farmer often has to sell a piece of his land to repay the loan.  e) Credit (loan) here plays a negative role and lowers down the financial position of the farmers and pushes the farmer (borrower) in a position where recovery of loan is very painful.  Q.2. How does money solve the problem of double coincidence of wants? Explain with example.  Ans.2. Double coincidence of wants-   1. This term states that both parties, seller and buyer have to agree to buy and sell their commodities. But this system has some drawbacks. 2. The use of money as medium of exchange has helped to overcome the problem. 3. Example- A person holding money can easily exchange it for any commodity he/she wants. Everyone prefers to receive payment in cash and then exchange it for things/commodities he wants. |  |  |
| 1. Consider the example of a cobbler. He wants to sell shoes in market and buy wheat and rice. He is able to exchange shoes that he has produced for money and then exchange the money for wheat and rice or other commodities he wants.   Q.3. How do banks mediate between those who have surplus money and those who  need money?  Ans.3. a) Accepting deposits and lending money are the primary functions of bank.  b) Banks keep only a small proportion of their deposits as cash with themselves. For example, banks in India these days hold about 15 per cent of their deposits as cash. This is kept as a provision to pay the depositors who might come to withdraw money from the bank.   1. Banks use the major portion of the deposits to extend loans. Banks make use of the deposits to meet the loan requirements of the people. 2. In this way banks mediate between those who have surplus funds (the depositors) and those who are in need of these funds (the borrowers).     Q.4. Look at a 10 rupee note. What is written on top? Can you explain this statement?  Ans.4. RESERVE BANK OF INDIA  Guaranteed by the Central Government  I promise to pay the bearer  the sum of Ten Rupees  Signed  Governor of the Reserve Bank  a) It means that the Reserve Bank of India (RBI) has been authorized by the  Central Government to issue 10 Rupee Notes and the Governor of this Bank  promises to pay Rs. 10 to the bearer of this note.  b) Without this authority given by the Central Government, the 10 rupees note  is mere a piece of paper and nothing else. It is the authority of the Central  Government which makes it a legal currency.  Q.5. Why do we need to expand formal sources of credit in India?  a) The formal sources work under the supervision of the Reserve Bank of India.  b) The RBI monitors that the banks give loans not just to profit-making business  and traders, but also to small cultivators small scale industries, to small  borrowers etc.   1. On the other hand, there is no organization which supervises the credit   activities of lenders in the informal sector. They can lend at any interest rate.   1. The rate of interest of the formal lenders is decided by the RBI. So, normally,   the interest rate is very low. On the other hand, the informal lenders charge a  much higher interest on loans.  Thus, we need to expand formal sources of credit in India. |  |  |