

Globalization and the Indian Economy | Assertion/Reason MCQs | Class 10th

Here are the Assertion and Reason Questions along with answers and their explanations of Economics Chapter 4 'Globalization and the Indian Economy'. Let's practice all possible questions to score well in exams.

Must practice these Assertion/Reason questions

Q.1 Assertion (A): Indian markets today offer a wide variety of goods and services.

Reason (R): This is because multinational corporations (MNCs) have increased their presence in India.

- 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

Answer:- a. Both A and R are true, and R is the correct explanation of A

Explanation: The wide variety of goods in Indian markets is due to globalisation and the entry of MNCs, which bring in more brands and choices for consumers. MNCs set up production in India to reduce costs, contributing directly to product variety.

Q.2 Assertion (A): MNCs set up factories and offices in only developed countries.

Reason (R): Developed countries have cheaper labour and resources.

- 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 false, but R is true
- d. Both A and R are false

Answer:- d. Both A and R are false

Explanation: MNCs set up factories in developing countries, not just developed ones, because they seek cheap labour and resources—something developing countries like India, China, and Mexico offer.

Q.3 Assertion (A): MNCs aim to reduce production costs and increase profits.

Reason (R): They produce only in their home country to avoid extra expenses.

- 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

Answer:- c. A is true, but R is false

Explanation: MNCs reduce costs by producing in other countries, not just their home country. They seek places with cheaper labour, skilled workers, or closeness to markets.

Q.4 Assertion (A): Customer care services of some MNCs are carried out from India.

Reason (R): India has educated, English-speaking youth capable of handling global customer services.

- 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

Answer:- a. Both A and R are true, and R is the correct explanation of A

Explanation: India offers skilled, English-speaking professionals who provide customer care for global MNCs. This makes India an attractive destination for outsourcing services.

Q.5 Assertion (A): Investment by MNCs is known as foreign investment.

Reason (R): Investment is the money spent by MNCs to buy goods from local producers.

- 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

Answer:- c. A is true, but R is false

Explanation: While foreign investment **is** money spent by MNCs, it is specifically for buying assets like land, buildings, machines etc.—not just goods.

Q.6 Assertion (A): MNCs often buy local companies in the countries where they invest.

Reason (R): Buying local companies helps MNCs quickly gain market share and expand production.

- 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

Answer:- a. Both A and R are true, and R is the correct explanation of A

Explanation: MNCs buy local firms (e.g., Cargill buying Parakh Foods) to gain ready access to local markets, distribution networks, and production setups, enabling faster expansion.

Q.7 Assertion (A): The presence of MNCs helps in the interlinking of production across countries.

Reason (R): MNCs spread production by forming partnerships, buying companies, or placing orders globally.

- 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

Answer:- a. Both A and R are true, and R is the correct explanation of A

Explanation: The ways in which MNCs operate—buying companies, forming partnerships, outsourcing production—lead to an interconnected global production network.

Q.8 Assertion (A): Ford Motors invested in India to set up a large car manufacturing plant in collaboration with Mahindra & Mahindra.

Reason (R): MNCs often collaborate with local companies to reduce initial costs and access local expertise.

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

Answer:- a. Both A and R are true, and R is the correct explanation of A

Explanation: Ford collaborated with Mahindra to benefit from Mahindra's local presence and expertise, which is a common MNC strategy to reduce risks and costs in new markets.

Q.9 Assertion (A): Foreign trade creates an opportunity for producers to reach beyond domestic markets.

Reason (R): Through foreign trade, producers can only sell goods within their own country.

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

Answer:- c. A is true, but R is false

Explanation: The Reason is incorrect. Foreign trade allows producers to sell goods outside their domestic markets, not just within.

Q.10 Assertion (A): Foreign trade results in integration of markets across countries.

Reason (R): It allows goods, prices, and competition to flow between different countries, reducing differences between markets.

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

Answer:- a. Both A and R are true, and R is the correct explanation of A

Explanation: As foreign trade connects distant producers and consumers, it integrates markets by

making prices and choices more similar across countries.

Q.11 Assertion (A): Import of cheaper Chinese toys led to an increase in sales of Indian toys.

Reason (R): Indian toys were more attractive and affordable than Chinese toys.

- 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. Both A and R are false

Answer:- d. Both A and R are false

Explanation: The opposite happened—Chinese toys replaced Indian toys because they were cheaper and more attractive. Both assertion and reason are false.

Q.12 Assertion (A): Globalisation means greater integration of production and markets across countries.

Reason (R): MNCs are playing a major role in globalisation by investing, producing, and trading in multiple countries.

- 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

Answer:- a. Both A and R are true, and R is the correct explanation of A

Explanation: Globalisation refers to integration, and MNCs make this possible by connecting production and trade across countries.

Q.13 Assertion (A): Foreign investment and trade have no relation to globalisation.

Reason (R): Globalisation only depends on the movement of people between countries.

- 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. Both A and R are false

Answer:- d. Both A and R are false

Explanation: Globalisation depends heavily on foreign investment and trade. While movement of people matters, it is not the only factor.

Q.14 Assertion (A): The use of modern technology has boosted the process of globalisation.

Reason (R): Technology makes communication and transport faster and cheaper.

- 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

Answer:- a. Both A and R are true, and R is the correct explanation of A

Explanation: Advancements in transportation and communication technology have reduced costs and connected people worldwide, helping globalisation.

Q.15 Assertion (A): The Internet has made global communication almost free and instant.

Reason (R): Through internet-based services like email and voice-mail, people can communicate across the world at low cost.

- 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

Answer:- a. Both A and R are true, and R is the correct explanation of A

Explanation: Internet services have indeed enabled instant and cheap communication, supporting global linkages.

Category

1. Assertion/Reason

Date

2025/06/21