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CLASS-10<sup>TH</sup>

(BASED ON N C E R T PATTERN)

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ECONOMICS

## Globalisation and the Indian Economy

### Production Across Countries

Trade was the main channel connecting distant countries. Large companies, which are now called Multinational Corporations (MNCs) play a major role in trade. An **MNC** is a company that owns or controls production in more than one nation. MNCs set up offices and factories for production in regions where they can get cheap labour and other resources so that the company can earn greater profits.

### Interlinking Production Across Countries

The money that is spent to buy assets such as land, building, machines and other equipment is called **investment**. An investment made by MNCs is called **foreign investment**. MNCs are exerting a strong influence on production at these distant locations. As a result, production in these widely dispersed locations is getting interlinked.

There are a variety of ways as mentioned below, in which MNCs are spreading their production and interacting with local producers in various countries across the globe.

1. By setting up partnerships with local companies
2. By using the local companies for supplies
3. By closely competing with the local companies or buying them up

MNCs set up production jointly with local companies which benefits local companies in the following ways:

1. First, MNCs can provide money for additional investments, like buying new machines for faster production.
2. Second, MNCs might bring with them the latest technology for production.

## Foreign Trade and Integration of Markets

Foreign trade creates an opportunity for the producers to reach beyond the domestic markets. Producers can sell their products not only in markets located within the country but can also compete in markets located in other countries of the world. Similarly, buyers have the options to choose among various goods beyond domestically produced goods. Thus, foreign trade results in connecting the markets or integration of markets in different countries.

## What is Globalisation

Globalisation is the process of rapid integration or interconnection of countries. MNCs are playing a major role in the globalisation process.

- More and more goods and services, investments and technology are moving between countries.
- There is one more way in which the countries can be connected. This is through the movement of people between countries.

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