WELCOME TO ECONOMICS CLASS

SUBJECT : ECONOMICS

CHAPTER NUMBER: 04 GLOBALISATION AND INDIAN ECONOMY

PERIOD-1 & 2

WHAT WE EXPECT TO LEARN?

1. The student will understand the real scenario of market
2. They will know about the MNCs.
3. How the MNCs control the production across the countries and interlinking the production across the countries.

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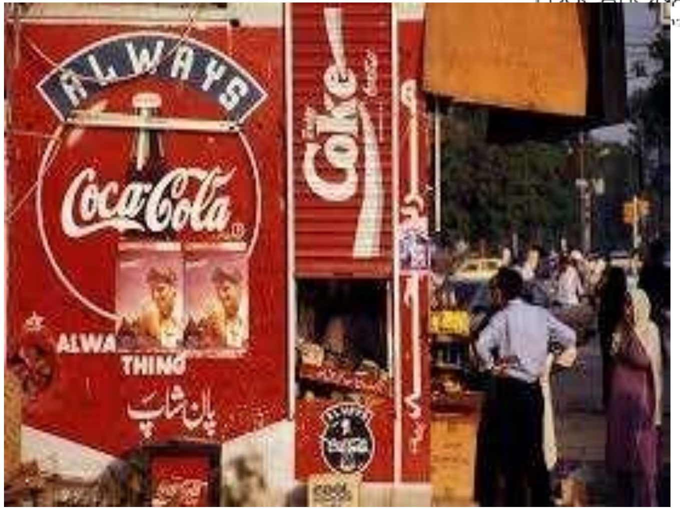
Changing your Tomorrow

INTRODUCTION

1. https://www.youtube.com/watch?v=txuvc6ZOBrA
2. https://www.youtube.com/watch?v=IJS0Z-i9rEw


Microsoft
P&G
SUN
IBM
citi
PEPSICO
SONY
Top MNCs in India
SAMSUNG
Coca-Cola


ALWAYS
Coca-Cola
Coke


STARBUCKS COFFEE
T-Mobile


GLOBALISATION

PRODUCTION ACROSS COUNTRIES

1. Until the middle of the twentieth century, production was largely organized within countries.
2. Colonies such as India export the raw materials and food stuff and imported finished goods.
3. Trade was the main channel connecting distant countries. This was done before large companies called multinational corporation (MNCs) emerged on the scene.
4. An MNC is a company that owns or controls production in more than one nation.
5. MNCs set up offices and factories for production in regions where they can get cheap labour and other resources.
6. MNCs are not only selling its finished products globally but more important, the goods and services are produced globally.
7. As a result, production is organized in increasingly complex ways.

SPREADING OF PRODUCTION BY AN MNC

1. A MNC producing industrial equipment,
2. research centres in United States-Designs products
3. components manufactured in China-cheap manufacturing location.
4. Mexico and Eastern Europe -Finished products (Useful for their closeness to the markets in the US and Europe)
5. Products are sold all over the world.
6. Customer care is carried out through call centres Located in **INDIA**.

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India has Highly skilled engineers who can understand the technical aspects of production

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50-60 cost savings for MNC

(ii) MNCs might bring with them the latest technology for production.

4. . But the most common route for MNC investments is to buy up local companies and then to expand production.

5.Many of the top MNCs have wealth exceeding the entire budget of the developing country government.

6.We see that there are a variety of ways in which the MNCs are spreading their production and interacting with local producers in various countries across the globe.

7.MNCs are exerting a strong influence on production at these distant locations.

8.. As a result, production in these widely dispersed locations is getting interlinked.

9. Large MNCs in developed countries placed orders for production with small producers.(Garments, footwear,sports items etc.)

0.These large MNCs has power to determine price, quality, delivery and labour conditions for these distant producers.

Advantages of MNCs to the Host Country

- They bring new jobs to an area;
- Often at the forefront of new technology and can brin g this to another country;
- Often more efficient than local companies;
- They can lead to the introduction of new management techniques;
- Often export their output therefore help the Balance o f Payments;
- They can lead to new businesses being set up locally once people have learned new skills.

Disadvantages of MNCs

- They are very powerful and can influence the gover nment of a country;
- Local employment can be dependent on one large e mployer;
- They may use up natural resources which may not b e renewable;
- They can force local firms out of business;
- The profit they make goes back to the 'home' count ry;
- They can be 'footloose' and may move to another c ountry if better incentives offered.

HOME ASSIGNMENT

Q1. Define MNCs.

Q2. Would you say Ford motor is an MNC? Why?

Q3. Let's work these out page no-59,

Q4. Exercise question no-4

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THANKING YOU

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