

WELCOME TO ECONOMICS CLASS

SUBJECT : ECONOMICS

**CHAPTER NUMBER: 04 GLOBALISATION AND INDIAN
ECONOMY
PERIOD-3**

Sub-Topic-Foreign trade and integration of
markets, case study Chinese toys in India

CHANGING YOUR TOMORROW

WHAT WE EXPECT TO LEARN?

1. The students will recognise the benefits of foreign trade for consumers and producers.
2. They will know about the extension of import and export of India under the new economic policy.

Recapitulation of the previous class

The teacher will ask the following questions to recall the previous concepts:-

- Q1. What are MNCs?
- Q2. How do MNCs gain greater profit?
- Q3. Which regions are favorable to set up MNCs?
- Q4. What is the most common route for MNCs' investment?
- Q5. Define investment.

FOREIGN TRADE AND INTEGRATION OF MARKETS

- ★ Foreign trade has been the main channel connecting countries.
- ★ In History- the trade routes connecting India and south Asia to markets both in the East and West and the extensive trade took place along these routes.
- ★ Foreign trade creates an opportunity for the producers to reach beyond the domestic markets i.e., markets of their own countries.
- ★ For the buyers, import of goods produced in another country is one way of expanding the choice of goods beyond what is domestically produced
- ★ In general, with the opening of trade, goods travel from one market to another.
- ★ Foreign trade thus results in connecting the markets or integration of markets in different countries.

In general, with the opening of trade, goods travel from one market to another.

- ★ Choice of goods in the markets rises.
- ★ prices of similar goods in the two markets tend to become equal.
- ★ Producers in the two countries now closely compete against each other even though they are separated by thousands of miles.
- ★ For example- during the Diwali seasons, buyers in India have the option of choosing between Indian and the Chinese decorative lights and bulbs.

Many Indian shops replaced Indian decorative lights with Chinese decorative lights.

★ For Chinese light manufacturers, this provides an opportunity to expand their business.



CASE STUDY- CHINESE TOYS IN INDIA

Foreign trade has been integrating markets of different countries, as it allows the producers to cross international boundaries in search of cheap raw materials. The manufactured goods and services can now be sold in various markets of different countries.



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

THANKING YOU
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GROUP