Revision Notes

Chapter-4
Globalisation and the Indian Economy

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.

INTERLINKING PRODUCTION ACROSS COUNTRIES:

1. In general, MNCs set up production where it is close to the markets; where there is skilled and unskilled labour available at low costs; and where the availability of other factories of production is assured.
2. The money that is spent to buy assets such as land, building, machines and other equipment is called investment. The investment made by the MNCs is called foreign investment.
3. The benefit to the local company of such joint production is two-fold.
(i) MNCs can provide money for additional investments, like buying new machines for faster production.
(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.