

WHAT IS GLOBALIZATION?

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- • Globalisation connects countries through trade, investment, and cultural exchange.
- • Major change in late 20th century with economic, political, and cultural impacts.
- • Example: Magazine published in London, designed in Delhi, shows global links.
- • Involves flow of goods, services, labour, capital, ideas, and technology.

ROLE OF MULTINATIONAL CORPORATIONS (MNCs)

- • MNCs own/control production in multiple countries for profit.
- • Set up factories where labour and resources are cheap (e.g., China, India).
- • Example: MNC designs in USA, manufactures in China, assembles in Mexico.
- • MNCs drive global production by linking markets and lowering costs.

HOW MNCS OPERATE GLOBALLY

- • Choose locations based on cheap labour, market proximity, and government policies.
- • Methods: Joint ventures with local companies, buying local firms, or outsourcing.
- • Example: Cargill Foods bought Parakh Foods to become India's largest edible oil producer.
- • MNCs control prices, quality, and labour conditions for small producers.

FOREIGN TRADE AND MARKET INTEGRATION

- • Foreign trade connects markets, allowing producers to sell globally.
- • Expands consumer choices with goods from other countries.
- • Example: Ford Motors in India sells cars locally and exports to South Africa, Mexico.
- • Trade integrates markets, but MNCs control a large share of global trade.

FOREIGN INVESTMENT AND ITS IMPACT

- • Foreign investment: MNCs buy assets (land, machines) to earn profits.
- • Example: Ford Motors invested Rs. 1700 crores in Chennai plant.
- • Benefits local economy with jobs and technology but may harm small producers.
- • Governments attract investment with tax breaks and Special Economic Zones (SEZs).

TECHNOLOGY'S ROLE IN GLOBALISATION

- • Improved transportation delivers goods faster and cheaper globally.
- • Information and communication tech (e.g., internet, mobile phones) enables instant contact.
- • Example: Delhi designs magazine for London via internet and e-banking.
- • Technology creates a “borderless world” for trade and communication.

LIBERALISATION OF TRADE AND INVESTMENT

- Liberalisation removes trade barriers (e.g., taxes, quotas) for free trade.
- India reduced barriers in 1991 to compete globally and improve quality.
- Example: Chinese toys became cheaper in India after import tax cuts.
- Debate: Economic forces vs. government policies drive liberalisation.

WORLD TRADE ORGANISATION (WTO)

- • WTO promotes free trade by setting global trade rules (150+ member countries).
- • Criticised for favouring developed countries who retain barriers.
- • Example: US subsidises farmers, hurting developing countries' markets.
- • Developing countries demand fairer rules and less domination by rich nations.

IMPACT OF GLOBALISATION IN INDIA

- • Benefits: More consumer choices, better quality, new jobs in IT and services.
- • Challenges: Small producers (e.g., Ravi's capacitor unit) struggle with competition.
- • Indian MNCs like Tata Motors and Infosys expand globally.
- • Uneven benefits: Wealthy urban consumers gain more than rural workers.

FAIR GLOBALISATION AND FUTURE OUTLOOK

- • Fair globalisation needs equal opportunities and shared benefits for all.
- • Government role: Enforce labour laws, support small producers, negotiate at WTO.
- • Challenges: Cultural homogenisation, loss of local control, environmental concerns.
- • Future: Continued integration but needs balance to protect workers and small businesses.