

GLOBALISATION

★ What is globalisation?

- for the past few years MNC's have been looking for location around the world which would be cheap for their product.

Eg: apple designed in California hai but manufacture hota china mein

- Ford motor ka plant India mein hai and dikta har jagha hai.

⇒ The result of greater foreign investment and greater foreign trade has been greater integration of production and markets across countries.

Globalisation is the process of rapid integration or interconnection between countries.

- MNC's play a major role in globalisation.
- more and more goods and services, investments and technology are making between countries.
- people can also be connected through migration.

★ Factors that have enabled globalisation.

Technology

i] Transportation:

goods are placed in containers that can be loaded intact onto ships, railways, planes and trucks.
cost of air transport has fallen.

Liberalisation of foreign trade & foreign investment policy.

[removal of restrictions (trade) barrier]

ii] Information and communication technology.

→ telecommunication, computer, Internet has connected the world at negligible cost.

* Liberalisation of foreign trade and foreign investments policy.

- Tax on import is an example of trade barrier.
- it is called barrier because some restrictions has been set up to regulate foreign trade and decide what kind of goods and how much of each should come into the country.

$$\text{trade barrier} \propto \frac{1}{\text{globalisation}}$$

* Indian government after independence has put barrier to foreign trade and investment.

* This was considered necessary to protect the producers within the country from foreign competition.

* Around 1991. The govt decided that the time had come for Indian producers to ~~complete with~~ compete with producers around the globe.

Removing barrier or restriction set by the government is what is known as liberalisation.