

Good Morning Students,

This lesson is for class 9th for the subject of 'Economics'. The topic for today is 'Privatisation and Globalisation' which is covered in chapter 12 titled 'New Economic Policy' of your book of Economics.

This lesson is being submitted to you on 13.01.25,

All the students now please open page number 179 of your book.

Privatisation:-

Under privatisation, private sector was allowed to operate under those sectors which were earlier reserved for the public sector only. Private sector was also allowed to participate in the ownership of public sector enterprises.

'Privatisation refers to any process that reduces the participation of the state/public sector in economic activities of a country'.

Measures for privatisation:-

- (i) The number of public sector undertakings was reduced from 17 to 2 sectors only. At present railways and atomic energy are only two areas of production which are exclusively reserved for the public sector. All other sectors were opened for

private investment.

- (ii) Board for Industrial and Financial Reconstruction (BIFR) was set-up to decide whether a unit can be restructured or closed down
- (iii) The government decided to withdraw from industrial sector and public sector units were to be privatised through disinvestment process.

Positive Impacts of Privatisation:-

1. Increase in Competition.
2. Reduction in Political Interference.
3. Proper use of Resources.
4. Professional Management.

For explanation refer to page 150 of your book.

Globalisation:-

Globalisation means integrating our economy with the world economy. In other words, it implies interaction of the domestic economy relating to production, trading and financial transactions with other countries of the world.

Globalisation is an attempt to create a borderless world, wherein the need of one country can be driven from across the globe and turning into one large economy. Globalisation includes:-

- (i) In this process, we become economically

interdependent at the global or international level.

- (i) We can produce goods and services in other countries and sell them in other countries.
- (ii) Similarly, foreign investors can set up enterprises in India, produce goods for sale within the country or export them.
- (iv) Globalisation includes not only movement of capital but also labourers from one country to another.

Globalisation Measures in India:-

- (i) Imports were liberalised reducing peak import duty from 300% to just 10%.
Quota restrictions have also been lifted.
- (ii) Foreign Exchange Regulation Act 1973 (which was a tougher act) was replaced by Foreign Exchange Management Act 1999 (a more liberal act).
- (iii) Foreign Direct Investment (FDI) were liberalised by allowing more than 50% shares in some sectors.
- (iv) Convertibility of Rupee was allowed to encourage exports.

Positive Impacts of Globalisation:

- (1) Technology
- (2) Inflow of Foreign Capital.
- (3) Competition
- (4) Benefits to Consumers.
- (5) New Employment Opportunities.

For explanation refer to page 150 of your book. (3)

Multinational Corporation:-

The emergence of multinational corporations is one of the most important outcomes of the globalisation process. Multinational corporations have promoted competition in the Indian Economy which has resulted in lower prices.

'A multinational corporation is a large company that owns and controls production and marketing operations in two or more countries'.

Features of MNCs:-

- (1) It operates in two or more countries simultaneously.
- (2) It is generally very large in size.
- (3) Its purpose is to reduce transport costs, to make use of raw materials, to use labour and market of other countries.
- (4) The MNCs have advanced technology.

With this, I am ending my topic here. Write the answers of following questions in your note-books.

1. What is privatisation? Explain various measures for privatisation adopted in India.
2. Give features of Multinational Corporations.
3. Explain various positive impacts of Globalisation.
4. Explain various positive impacts of privatisation.