Today I'm going to talk about foreign trade and globalisation. I would like to start by saying that foreign trade has been the main channel connecting countries and is one of the main reasons for globalization to take place. Now foreign trade creates an opportunity for the producers of one country to reach beyond the domestic markets (the markets in their own country). It enables them to compete with other countries. In the same way, the consumers' choices also get expanded and they get to compare the products made in their own country and those imported from other countries. This can be a boon for the consumers as 1) the imported goods can be better in design and quality than the products made by the local companies and 2) the pricing of the imported goods might be lower as compared to domestically made products.

Now I would like to take an example of an RC car. U all hv had RC when u were young. So, u might have noticed that on the back of the RC car "made in China" is written. Now China has learned that the toys (or your RC car) were selling at a much higher price. So, what they did was that they started selling plastic toys of decent quality but a much better design at cheap rates. The buyers in India now had the option of choosing between Indian and Chinese toys. Since Chinese toys were cheaper, they succeeded in the Indian markets and within a year Chinese toys flooded the market as 70-80 percent of the toy shops replaced Indian toys with Chinese toys.

Now how many of you know Micromax and or Intex? So, they were the dominant companies in India when talking about mobile phones. But when Xiaomi released its Redmi note 4 in 2017, it took the markets by storm in the first quarter of 2017, shipping almost 1.8 million units. Xiaomi also used the same strategy as before which is lowering the price of the product while maintaining decently good quality.