TNCs in India

Instructions: Highlight all the advantages of TNCs in India in one colour and all the disadvantages in a different colour. Do not forget to colour in the key!

Key:
Advantages of TNCs in India ☐ Disadvantages of TNCs in India ☐

TNCs (Trans-National Corporations) are companies that are located in more than one country, or that buy and sell products in more than one country. TNC factories are normally located LICs or NEEs where labour is cheaper. Also, there are fewer environmental regulations and employment laws here which mean that they can make even more profit. TNC headquarters and offices are normally located in MICs. Workers here tend to work in tertiary (services) and quaternary (knowledge) jobs as they are more highly trained and skilled.

In July 1991, the Indian government opened the doors of Indian market to TNCs. As a result, the number of foreign companies increased from 489 in 1991 to 3191 companies in 2012. Foreign Direct Investment also increased from $129 million (1991) to US $32 billion (2012)!

TNCs have helped to improve the infrastructure and provision of basic needs in India as this improves business conditions near to where they are operating. Local people will also have more access to the comforts of life with a larger variety of choices. Another advantage of TNCs are their contribution to government revenues through taxation.

Case study 1 : Hindustan Unilever

One disadvantage associated with TNCs in LICs and NEEs is the increased risk of pollution. For example, mercury contamination in Kodaikanal, India originated at a thermometer factory that was owned by Hindustan Unilever (part of Unilever). The factory imported mercury from the United States, and exported finished thermometers to markets in the United States and Europe. In 2001, workers at the factory began complaining of kidney and related ailments. They believed that the Unilever had been disposing mercury waste without following proper protocols. In early 2001, a pile of broken glass thermometers with remains of Mercury were found in the Shola forest. In March, the company shut down the factory and soon admitted that it did dispose of mercury contaminated waste. Unilever removed the waste and continue to test the area.

Case Study 2: Pharmaceutical TNCs in Hyderabad

One water sample from a river near the pharmaceutical manufacturing plants in the city of Hyderabad, in southern India, contained almost a million times the safe limit of antibiotics. Hyderabad is a major production area for the global drug market. Top scientists worry that this could lead to the rise of superbugs that are resistant to antibiotics, which could cause millions of deaths worldwide.

Case Study 3 : Smartphone TNCs

TNCs such as LG and Samsung have factories in India where there is low labour costs, cheap land or building costs and low business rates (the tax paid by a company). Another reason these TNCs are located in India is to be close to its customers. As consumers in LICs and NEEs have become wealthier, phone companies have expanded their businesses into Asia, Africa and South America. India has the second largest smartphone market in the world (after the USA). As many as 50 new mobile phone factories were set up in the country in 2016, creating employment for 20,000 people. Nine million smartphones can now be produced in India each month!

Smartphone companies employ a wide range of staff. Some are highly qualified or skilled, such as business managers or some Research and Development (R&D) staff. Other staff, such as some assembly workers or sales staff, do not require high-level qualifications or as much training. However, the more highly trained R&D staff tend to work in Europe, Japan or USA where the companies create new products. These devices use the latest technology and therefore need more highly trained staff to develop and produce them.

TNCs in India **Answers**

Instructions: Highlight all the advantages of TNCs in India in one colour and all the disadvantages in a different colour. Do not forget to colour in the key!

Key:
Advantages of TNCs in India   Disadvantages of TNCs in India

TNCs (Trans-National Corporations) are companies that are located in more than one country, or that buy and sell products in more than one country. TNC factories are normally located LICs or NEEs where labour is cheaper. Also, there are fewer environmental regulations and employment laws here which mean that they can make even more profit. TNC headquarters and offices are normally located in MICs. Workers here tend to work in tertiary (services) and quaternary (knowledge) jobs as they are more highly trained and skilled.

In July 1991, the Indian government opened the doors of Indian market to TNCs. As a result, the number of foreign companies increased from 489 in 1991 to 3191 companies in 2012. Foreign Direct Investment also increased from $129 million (1991) to US $32 billion (2012)!

TNCs have helped to improve the infrastructure and provision of basic needs in India as this improves business conditions near to where they are operating. Local people will also have more access to the comforts of life with a larger variety of choices. Another advantage of TNCs are their contribution to government revenues through taxation.

Case study 1 : Hindustan Unilever

One disadvantage associated with TNCs in LICs and NEEs is the increased risk of pollution. For example, mercury contamination in Kodaikanal, India originated at a thermometer factory that was owned by Hindustan Unilever (part of Unilever). The factory imported mercury from the United States, and exported finished thermometers to markets in the United States and Europe. In 2001, workers at the factory began complaining of kidney and related ailments. They believed that the Unilever had been disposing mercury waste without following proper protocols. In early 2001, a pile of broken glass thermometers with remains of Mercury were found in the Shola forest. In March, the company shut down the factory and soon admitted that it did dispose of mercury contaminated waste. Unilever removed the waste and continue to test the area.

Case Study 2: Pharmaceutical TNCs in Hyderabad

One water sample from a river near the pharmaceutical manufacturing plants in the city of Hyderabad, in southern India, contained almost a million times the safe limit of antibiotics. Hyderabad is a major production area for the global drug market. Top scientists worry that this could lead to the rise of superbugs that are resistant to antibiotics, which could cause millions of deaths worldwide.

Case Study 3 : Smartphone TNCs

TNCs such as LG and Samsung have factories in India where there is low labour costs, cheap land or building costs and low business rates (the tax paid by a company). Another reason these TNCs are located in India is to be close to its customers. As consumers in LICs and NEEs have become wealthier, phone companies have expanded their businesses into Asia, Africa and South America. India has the second largest smartphone market in the world (after the USA). As many as 50 new mobile phone factories were set up in the country in 2016, creating employment for 20,000 people. Nine million smartphones can now be produced in India each month!

Smartphone companies employ a wide range of staff. Some are highly qualified or skilled, such as business managers or some Research and Development (R&D) staff. Other staff, such as some assembly workers or sales staff, do not require high-level qualifications or as much training. However, the more highly trained R&D staff tend to work in Europe, Japan or USA where the companies create new products. These devices use the latest technology and therefore need more highly trained staff to develop and produce them.