

GLOBALISATION IN INDIA

Ancy Oommen, Chanchal Pal

Student, Dronacharya College Of Engineering, Gurgaon

ABSTRACT - Globalization is the process of international integration arising from the interchange of world views, products, ideas, and other aspects of culture. Advances in transportation and telecommunications infrastructure, including the rise of the telegraph and its posterity the Internet, are major factors in globalization, generating further interdependence of economic and cultural activities. It also means that increasing the interdependence, connectivity, and integration on a global level, with respect to the social, cultural, political, technological, economic, and ecological levels. It is the collaboration of countries to provide a boost to trade practices, and also to reduce cultural differences. Its various advantages can be felt all across the globe by one and all, and also to a very large extent in our daily lives such as peaceful relations, free trade, global connectivity, new market etc. There are many disadvantages of globalisation such as health issues, loss of culture, uneven of wealth distribution, environment degradation etc. In this research paper we would study that how globalisation has effect on increased competition, foreign trade etc. we will discuss the the positive benefits as well as bad benefits of the globalisation in detail.

Index Terms: foreign trade, liberalisation, privatisation, WTO.

I. INTRODUCTION

India had the distinction of being the world's largest economy in the beginning of the christian era, as it accounted for about 32.9% share of world gdp and about 17%. The goods produced in india had long been exported to far off destinations across the world. Therefore, the concept of globalisation is hardly new to india. India currently accounts for 1.2% of world trade as of 2006 according to the world trade organisation (wto). Until the liberalisation of 1991, india was largely and intentionally isolated from the world markets, to protect its fledgling

Economy and to achieve self-reliance. Foreign trade was subject to import tariffs, export taxes and quantitative restrictions, while foreign direct investment was restricted by upper-limit equity participation, restrictions on technology transfer, export obligations and government approvals; these approvals were needed for nearly 60% of new fdi in the industrial sector. The restrictions ensured that fdi averaged only around \$200m annually between 1985 and 1991; a large percentage of the capital flows consisted of foreign aid, commercial borrowing and deposits of non-resident indians. Despite reducing import restrictions several times in the 2000s, india was evaluated by the world trade organisation in 2008 as more restrictive than similar developing economies, such as brazil, china, and russia. The wto also identified electricity shortages and inadequate transportation infrastructure as significant constraints on trade. Its restrictiveness has been cited as a factor which has isolated it from the global financial crisis of 2008–2009 more than other countries, even though it has reduced ongoing economic growth.



FIGURE . 1 GLOBALISATION

II. IMPACT ON INDIAN ECONOMY

Indian economy had experienced major policy changes in early 1990s. The new economic reform, popularly known as **Liberalization, Privatization and Globalization** (LPG model) aimed at making the Indian economy as fastest growing economy and globally competitive. The series of reforms undertaken with respect to industrial sector, trade as well as financial sector aimed at making the economy more efficient. Values held since Independence in 1947, such as self reliance and socialistic policies of economic development,

which mainly due to the inward looking restrictive form of governance, resulted in the isolation, overall backwardness and inefficiency of the economy, amongst a host of other problems. This, despite the fact that India has always had the potential to be on the fast track to prosperity.

Globalization has many meanings depending on the context and on the person who is talking about. Though the precise definition of globalization is still unavailable a few definitions are worth viewing, Guy Brainbant: says that the process of globalization not only includes opening up of world trade, development of advanced means of communication, internationalization of financial markets, growing importance of MNCs, population migrations and more generally increased mobility of persons, goods, capital, data and ideas but also infections, diseases and pollution. The term globalization refers to the integration of economies of the world through uninhibited trade and financial flows, as also through mutual exchange of technology and knowledge. Ideally, it also contains free inter-country movement of labour. In context to India, this implies opening up the economy to foreign direct investment by providing facilities to foreign companies to invest in different fields of economic activity in India, removing constraints and obstacles to the entry of MNCs in India, allowing Indian companies to enter into foreign collaborations and also encouraging them to set up joint ventures abroad; carrying out massive import liberalization programs by switching over from quantitative restrictions to tariffs and import duties, therefore globalization has been identified with the policy reforms of 1991 in India.

III. POSITIVE IMPACT AND NEGATIVE IMPACT

POSITIVE IMPACT

1. Greater competition among producers resulting from globalisation is a great advantage to consumers as there is greater choice before them. Consumers now enjoy improved quality and lower prices for several product.

2. Due to globalisation many mnc have been increased their investment in india . This means thousands of people are getting highly paid jobs and enjoy much higher standards of living than was possible earlier.

3. Local companies supplying raw materials to these industries have prospered .

4. Some Indian companies have gained from successful collaborations with foreign countries .

5. Large Indian companies have emerged as multinationals like tata motors .

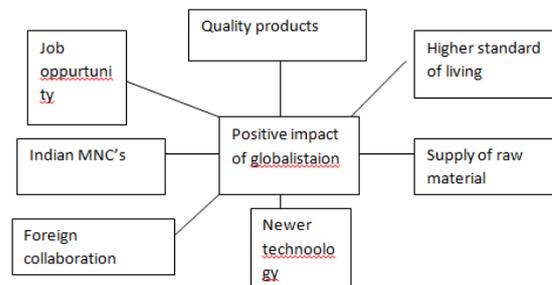


FIGURE 2 . POSITIVE IMPACT

NEGATIVE IMPACT

1. RISING COMPETITION

Liberalisation of foreign trade policies allowed the import of electronic goods at very cheap cost . local producers of of electronic goods were not able to meet t hem with this challenge .MNC’s flooded the market with quality products at cheap price .

2. UNCERTAIN EMPLOYMENT

In order to compete in the world market exporters try and cut labour costs . workers are denied their fair share of benefits as manufacturers are always on the look out of cheaper labour.

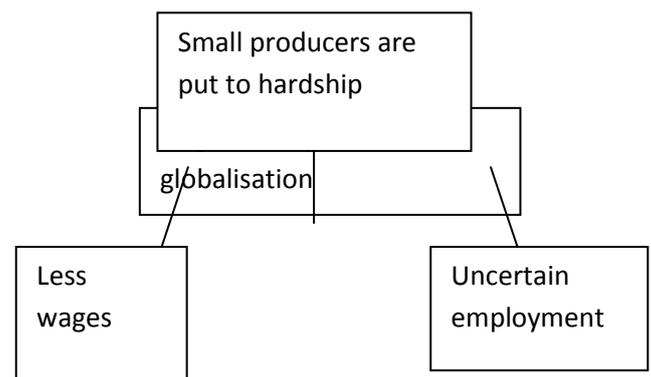


FIGURE 3. NEGATIVE IMPACT

IV. THE STRUGGLE FOR A FAIR GLOBALISATION

As seen ,the globalisation has two sides , the positive and negative . if a balance has to be brought about we should strive towards fair globalisation. On one hand we have people with

education, skill ,wealth who have benifited from globalisation. .on the other hand we have uneducated people who have not benifited from it. The government can play a major role in ensuring that the fruits of globalisation reached everyone the educated and uneducated equally .

The Indian government should ensure that:

1. Labour laws are properly implemented an the workers get their own rights.
2. Government should support all small producers to improve their performance till they become enough to compete with others.
3. If necessary , the government should use trade and investment barriers to protect small producers.
4. The government should negotiate at the WTO for “ fair rules”.
5. It can also assign with other developing countries with similar interests to fight against the domination of developed countries in the WTO.

Massive campaigns and representation by people organisation have influenced important decisions relating to trade and investments at the WTO. This has demonstrated that people also can play a important role in the struggle for fair globalisation .

V. CONCLUSIONS

1. The interconnectedness across countries on many dimensions such as cultural , political , social and economical is globalisation .
2. Globalisation has been facilitated by the rapid improvement in technology , liberalisation of trade and investment policies and international organisations such as the WTO (world trade organisations).
3. A MNC is a company that owns or controls production in more than one nation. MNCs set up offices and factoris for production in regions where they can get cheap labour and other resources.
4. MNCs not only sell their finished products globally, the goods and services are produced globally.
5. For a long time foreign trade has been the main channel connecting countries.

6. The factors that enable globalisation are , Technology and Liberalisation of foreign trade and investment policy.
7. World Trade Organisation (WTO) ia an international body which aims at liberalisation international trade and it was started at the initiative of developed countries.
8. At the international level , WTO has put pressure on developing countries to liberalise trade and investment .
9. Globalisation in india has lead to greater competition among producers ,increase in the number of MNCs etc .
10. Globalisation has also brought negative impact like stiff comptetion and uncertain employment .
11. While globalistion has benifited well – off consumers and also producers with skills , education and wealth, many small producers and workers have suffered as a result of the rising competition.
12. Fair globalisation would create oppurtunities for all and ensure that the benefits of globalisation are shared equally.

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