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   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

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- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

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ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

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- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

IMPACT OF GLOBALISATION IN INDIA: SOME ISSUES

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ABSTRACT

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. With the onset of reforms to liberalize the Indian economy in July of 1991, a new chapter has dawned for India and her billion plus population. This period of economic transition has had a tremendous impact on the overall economic development of almost all major sectors of the economy, and its effects over the last decade can hardly be overlooked. Besides, it also marks the advent of the real integration of the Indian economy into the global economy. This era of reforms has also ushered in a remarkable change in the Indian mindset, as it deviates from the traditional 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. Now that India is in the process of restructuring her economy, with aspirations of elevating herself from her present desolate position in the world, the need to speed up her economic development is even more imperative. And having witnessed the positive role that Foreign Direct Investment (FDI) has played in the rapid economic growth of most of the Southeast Asian countries and most notably China, India has embarked on an ambitious plan to emulate the successes of her neighbors to the east and is trying to sell herself as a safe and profitable destination for FDI.

KEYWORDS

World Bank, Financial Markets, Indian economy, International Organizations.

INTRODUCTION

For the purpose of the argument in this paper, as well as understanding some of the responses to globalization, it is important to define what mean by globalization. This is all the more crucial because even if we leave out the unambiguous supporters of globalization in its present form- those who hold that it is purely beneficial, and the benefits will 'trickle down' automatically to the poor- there are still widely differing conceptions of this process. Those who either oppose globalization, or are anxious about its potentially detrimental effects on employment and poverty, encompass a wide political spectrum. The extreme right oppose it from the standpoint of economic and cultural nationalism, and liberals might deplore the loss of national sovereignty because it reduces the effectiveness of state intervention to regulate capital and labour, alleviate poverty and so forth.

Globalization is the process of integrating various economies of the world without creating any hindrances in the free flow of goods and services, technology, capital and even labour or human capital. The term globalization has, therefore, four parameters:

1. Reduction of trade barriers to permit free flow of goods and services among nation-states;
2. Creation of environment in which free flow of capital can take place among nation-stated;
3. Creation of environment, permitting free flow of technology; and
4. Last, but not the least, from the point of view of developing countries, creation of environment in which free movement of labour can take place in different countries of the world.

DEFINITION

Globalised World - What does it mean?

Does it mean the fast movement of people which results in greater interaction?

Does it mean that because of IT revolution people can be in touch with each other in any part of the world?

Does it mean trade and economy of each country is open in Non-Intrusive way so that all varieties are available to consumer of his choice?

Does it mean that mankind has achieved emancipation to a level of where we can say it means a social, economic and political globalisation?

Though the precise definition of globalisation is still unavailable a few definitions worth viewing, Stephen Gill: defines globalisation as the reduction of transaction cost of transborder movements of capital and goods thus of factors of production and goods. Guy Brainbant: says that the process of globalisation not only includes opening up of world trade, development of advanced means of communication, internationalisation of financial markets, growing importance of MNC's, population migrations and more generally increased mobility of persons, goods, capital, data and ideas but also infections, diseases and pollution

IMPACT ON INDIA

India opened up the economy in the early nineties following a major crisis that led by a foreign exchange crunch that dragged the economy close to defaulting on loans. The response was a slew of Domestic and external sector policy measures partly prompted by the immediate needs and partly by the demand of the multilateral organisations. The new policy regime radically pushed forward in favour of amore open and market oriented economy.

Major measures initiated as a part of the liberalisation and globalisation strategy in the early nineties included scrapping of the industrial licensing regime, reduction in the number of areas reserved for the public sector, amendment of the monopolies and the restrictive trade practices act, start of the privatisation programme, reduction in tariff rates and change over to market determined exchange rates.

Over the years there has been a steady liberalisation of the current account transactions, more and more sectors opened up for foreign direct investments and portfolio investments facilitating entry of foreign investors in telecom, roads, ports, airports, insurance and other major sectors.

The Indian tariff rates reduced sharply over the decade from a weighted average of 72.5% in 1991-92 to 24.6 in 1996-97.Though tariff rates went up slowly in the late nineties it touched 35.1% in 2001-02. India is committed to reduced tariff rates. Peak tariff rates are to be reduced to be reduced to the minimum with a peak rate of 20%, in another 2 years most non-tariff barriers have been dismantled by march 2002, including almost all quantitative restrictions.

India is Global: The liberalisation of the domestic economy and the increasing integration of India with the global economy have helped step up GDP growth rates, which picked up from 5.6% in 1990-91 to a peak level of 77.8% in 1996-97. Growth rates have slowed down since the country has still bee able to achieve 5-6% growth rate in three of the last six years. Though growth rates has slumped to the lowest level 4.3% in 2002-03 mainly because of the worst droughts in two decades the growth rates are expected to go up close to 70% in 2003-04. A Global comparison shows that India is now the fastest growing just after China.

This is major improvement given that India is growth rate in the 1970's was very low at 3% and GDP growth in countries like Brazil, Indonesia, Korea, and Mexico was more than twice that of India. Though India's average annual growth rate almost doubled in the eighties to 5.9% it was still lower than the growth rate in China, Korea and Indonesia. The pick up in GDP growth has helped improve India's global position. Consequently India's position in the global economy has improved from the 8^{th} position in 1991 to 4^{th} place in 2001. When GDP is calculated on a purchasing power parity basis.

GLOBALISATION AND POVERTY

Globalisation in the form of increased integration though trade and investment is an important reason why much progress has been made in reducing poverty and global inequality over recent decades. But it is not the only reason for this often unrecognised progress, good national polices , sound institutions and domestic political stability also matter.

Despite this progress, poverty remains one of the most serious international challenges we face up to 1.2 billion of the developing world 4.8 billion people still live in extreme poverty.

But the proportion of the world population living in poverty has been steadily declining and since 1980 the absolute number of poor people has stopped rising and appears to have fallen in recent years despite strong population growth in poor countries. If the proportion living in poverty had not fallen since 1987 alone a further 215million people would be living in extreme poverty today.

India has to concentrate on five important areas or things to follow to achieve this goal. The areas like technological entrepreneurship, new business openings for small and medium enterprises, importance of quality management, new prospects in rural areas and privatisation of financial institutions. The manufacturing of technology and management of technology are two different significant areas in the country.

There will be new prospects in rural India. The growth of Indian economy very much depends upon rural participation in the global race. After implementing the new economic policy the role of villages got its own significance because of its unique outlook and branding methods. For example food processing and packaging are the one of the area where new entrepreneurs can enter into a big way. It may be organised in a collective way with the help of co-operatives to meet the global demand.

Understanding the current status of globalisation is necessary for setting course for future. For all nations to reap the full benefits of globalisation it is essential to create a level playing field. President Bush's recent proposal to eliminate all tariffs on all manufactured goods by 2015 will do it. In fact it may exacerbate the prevalent inequalities. According to this proposal, tariffs of 5% or less on all manufactured goods will be eliminated by 2005 and higher than 5% will be lowered to 8%. Starting 2010 the 8% tariffs will be lowered each year until they are eliminated by 2015.

GDP GROWTH RATE

The Indian economy is passing through a difficult phase caused by several unfavourable domestic and external developments; Domestic output and Demand conditions were adversely affected by poor performance in agriculture in the past two years. The global economy experienced an overall deceleration and recorded an output growth of 2.4% during the past year growth in real GDP in 2001-02 was 5.4% as per the Economic Survey in 2000-
01. The performance in the first quarter of the financial year is5.8% and second quarter is 6.1%.

EXPORT AND IMPORT

India's Export and Import in the year 2001-02 was to the extent of 32,572 and 38,362 million respectively. Many Indian companies have started becoming respectable players in the International scene. Agriculture exports account for about 13 to 18% of total annual of annual export of the country. In 2000-01 Agricultural products valued at more than US $ 6million were exported from the country 23% of which was contributed by the marine products alone. Marine products in recent years have emerged as the single largest contributor to the total agricultural export from the country accounting for over one fifth of the total agricultural exports. Cereals (mostly basmati rice and non-basmati rice), oil seeds, tea and coffee are the other prominent products each of which accounts fro nearly 5 to 10% of the countries total agricultural exports.

Where does Indian stand in terms of Global Integration?

India clearly lags in globalisation. Number of countries have a clear lead among them China, large part of east and far east Asia and eastern Europe. Lets look at a few indicators how much we lag.

- Over the past decade FDI flows into India have averaged around 0.5% of GDP against 5% for China 5.5% for Brazil. Whereas FDI inflows into China now exceeds US $ 50 billion annually. It is only US $ 4billion in the case of India
- Consider global trade - India's share of world merchandise exports increased from .05% to .07% over the pat 20 years. Over the same period China's share has tripled to almost 4%.
- India's share of global trade is similar to that of the Philippines an economy 6 times smaller according to IMF estimates. India under trades by 70-80% given its size, proximity to markets and labour cost advantages.
- It is interesting to note the remark made last year by Mr. Bimal Jalan, Governor of RBI. Despite all the talk, we are now where ever close being globalised in terms of any commonly used indicator of globalisation. In fact we are one of the least globalised among the major countries - however we look at it.
- As Amartya Sen and many other have pointed out that India, as a geographical, politico-cultural entity has been interacting with the outside world throughout history and still continues to do so. It has to adapt, assimilate and contribute. This goes without saying even as we move into what is called a globalised world which is distinguished from previous eras from by faster travel and communication, greater trade linkages, denting of political and economic sovereignty and greater acceptance of democracy as a way of life.

THE BRIGHT SIDE OF GLOBALIZATION

The rate of growth of the Gross Domestic Product of India has been on the increase from 5.6 per cent during 1980-90 to seven per cent in the 1993-2001 period. In the last four years, the annual growth rate of the GDP was impressive at 7.5 per cent (2003-04), 8.5 per cent (2004-05), nine per cent (2005-06) and 9.2 per cent (2006-07). Prime Minister Manmohan Singh is confident of having a 10 per cent growth in the GDP in the Eleventh Five Year Plan period.

The foreign exchange reserves (as at the end of the financial year) were $ 39 billion (2000-01), $ 107 billion (2003-04), $ 145 billion (2005-06) and $ 180 billion (in February 2007). It is expected that India will cross the $ 200 billion mark soon.

The cumulative FDI inflows from 1991 to September 2006 were Rs.1, 81,566 crores (US $ 43.29 billion). The sectors attracting highest FDI inflows are electrical equipments including computer software and electronics (18 per cent), service sector (13 per cent), telecommunications (10 per cent), transportation industry (nine per cent), etc. In the inflow of FDI, India has surpassed South Korea to become the fourth largest recipient.

India controls at the present 45 per cent of the global outsourcing market with an estimated income of $ 50 billion.

In respect of market capitalization (which takes into account the market value of a quoted company by multiplying its current share price by the number of shares in issue), India is in the fourth position with $ 894 billion after the US ($ 17,000 billion), Japan ($ 4800 billion) and China ($ 1000). India is expected to soon cross the trillion dollar mark.

As per the Forbes list for 2007, the number of billionaires of India has risen to 40 (from 36 last year)more than those of Japan (24), China (17), France (14) and Italy (14) this year. A press report was jubilant: This is the richest year for India. The combined wealth of the Indian billionaires marked an increase of 60 per cent from $ 106 billion in 2006 to $ 170 billion in 2007. The 40 Indian billionaires have assets worth about Rs. 7.50 lakh crores whereas the cumulative investment in the 91 Public Sector Undertakings by the Central Government of India is Rs. 3.93 lakh crores only.

THE DARK SIDE OF GLOBALIZATION

On the other side of the medal, there is a long list of the worst of the times, the foremost casualty being the agriculture sector. Agriculture has been and still remains the backbone of the Indian economy. It plays a vital role not only in providing food and nutrition to the people, but also in the supply of raw material to industries and to export trade. In 1951, agriculture provided employment to 72 per cent of the population and contributed 59 per cent of the gross domestic product. However, by 2001 the population depending upon agriculture came to 58 per cent whereas the share of agriculture in the GDP went down drastically to 24 per cent and further to 22 per cent in 2006-07. This has resulted in a lowering the per capita income of the farmers and increasing the rural indebtedness.

The agricultural growth of 3.2 per cent observed from 1980 to 1997 decelerated to two per cent subsequently. The Approach to the Eleventh Five Year Plan released in December 2006 stated that the growth rate of agricultural GDP including forestry and fishing is likely to be below two per cent in the Tenth Plan period.

The reasons for the deceleration of the growth of agriculture are given in the Economic Survey 2006-07: Low investment, imbalance in fertilizer use, low seeds replacement rate, a distorted incentive system and lo post-harvest value addition continued to be a drag on the sectors performance. With more than half the population directly depending on this sector, low agricultural growth has serious implications for the inclusiveness of growth.

ADVANTAGES OF GLOBALISATION

Cost reduction
Global learning
Rapid industrialzatiojn
Better allocation of resources
Reduction in poverty
Employment generation
Balanced development
Better quality of life
Human development

DISADVANTAGES OF GLOBALIZATION

Threat to domestic industries
Unemployment
Exploitation of labour
Widening gap between rich and poor
Overuse of natural resources.
Threat to national sovereignty
Globalization can be broadly defined as social, political and economic changes that we all adapt do. The strong currency rates, constructions, trading etc are all consequences of globalization.

POSITIVE IMPACT

- A better economy – it introduces rapid development of the capital market
- Introducing new technologies- the new technologies and progress in telecommunication, introduction of satellites, mobiles etc are all results of globalization.
- The new scientific research patterns are all results of globalization.
- Living standards are risen.
- Globalization introduces better trade. This is because more people are employed. This increases productivity.
- Apart from economical aspect, globalization has also brought an impact on political and cultural domain.
- Culturally speaking, globalization has brought in different ideologies, and thought process amongst people.
- Politically speaking, onset of western democratic system has an impact on politics.

NEGATIVE IMPACT

- Along with positive impact, there is negative too. Globalization brings fear as well. Because of too much flow of capital amongst countries, it introduces unfair and immoral distribution of income.
- Another fear is loosing national integrity. Because of too much exchange of trade, money etc independent domestic policies are lost.
- Mental pressure on companies that causes many people to loose their jobs.

GLOBALISATION AND ITS POSITIVE IMPACT ON INDIAN AGRICULTURE

Globalisation is the new concept that has come to dominate the world since the nineties of thelast century with the end of the cold war and the break-up of the former Soviet Union. The frontiers of the state with increased reliance on the market economy and renewed faith in the private capital and resources, a process of structural adjustment spurred by the studies and influences of the World Bank and other International organisations have started in many of thedeveloping countries. Also Globalisation has brought in new opportunities to developingcountries. Greater access to developed country markets and technology transfer hold outpromise improved productivity and higher living standard.But globalisation has also thrown up new challenges like growing inequality across and withinnations, volatility in financial market and environmental deteriorations. Another negative aspectof globalisation is that a great majority of developing countries remain removed from theprocess.Till the nineties the process of globalisation of the Indian economy was constrained by thebarriers to trade and investment. Liberalisation of trade, investment and financial flows initiatedin the nineties has progressively lowered the barriers to competition and hastened the pace of globalisation.
An early description of globalization was penned by the founder of the Bible Student movement Charles Taze Russell who coined the term 'corporate giants' in 1897,although it was not until the 1960s that the term began to be widely used by economists and other social scientists. The term has since then achieved widespread use in the main stream press by the later half of the 1980s. Since its inception, the concept of globalization has inspired numerous competing definitions and interpretations, with antecedents dating back to the great movements of trade and empire across Asia and the Indian Ocean from the 15th century onwards. Broadly speaking, the term �globalization� means integration of economies and societies through cross country flows of information, ideas, technologies, goods, services, capital, finance and people. Cross border integration can have several dimensions � cultural, social, political and economic. But the term is most closely associated with the term economic globalization. Limiting ourselves to economic integration, one can see this happen through the three channels of (a) trade in goods and services, (b) movement of capital and (c) flow of finance. Besides, there is also the channel through movement of people.

EVOLUTION AND DEVELOPMENT OF GLOBALIZATION IN INDIA

Globalization is not a new phenomenon. It began towards the end of the nineteenth century, but it slowed down during the period from the start of the First World War, suffered from great depression and until the end of Second World War. This slowdown can be attributed to the inward-looking policies pursued by a number of countries in order to protect their respective industries... however, the pace of globalization picked up rapidly during the fourth quarter of the twentieth century. The liberalization of India's economy was adopted by India in 1991. Facing a severe economic crisis, India approached the IMF for a loan, and the IMF granted what is called structural adjustment loan, which is a loan with certain conditions attached which relate to a structural change in the economy. The government ushered in a new era of economic reforms based on these conditions. These reforms (broadly called Liberalization by the Indian media) can be broadly classified into three areas: Liberalization, privatization and globalization. Essentially, the reforms sought to gradually phase out government control of the market (liberalization),privatize public sector organizations (privatization), and reduce export subsidies and import barriers to enable free trade (globalization). There was a considerable amount of debate in India at the time of the introduction of the reforms, it being a dramatic departure from the protectionist, socialist nature of the Indian economy up until then. India is a signatory to the Uruguay Round Agreement of the General Agreement on Tariffs and Trade (GATT). This makes it mandatory for India and all member countries to open up their economies to the world market. In this process, agriculture will be a key sector. For the first time in world trade history, the World Trade Agreement of 1994 brought agriculture within its policy framework. With the signing of

WTO Agreement on Agriculture in 1994, India, along with 119 other member countries, will have to implement the agreement. The obligations and disciplines incorporated in the agreement which seek to reform trade in agriculture and provide the basis for market-oriented policies on agriculture, relate to the aspects of market access, domestic support, export competition/subsidies, and Trade Related Intellectual Property Rights (TRIPS).Some agreements are made for the simplicity in international dealings. In 1947, 23 countries came together and made GATT agreement. But after 1985 there had differences in practice of GATT the president of GATT of that time Mr. Dankel prepared Dankel Proposal draft. In the beginning developing countries, workers union and others opposed the Dankel Proposal. Then in 1994, 124 countries along with India were singed the proposal and final act was made. Giving the final pass to proposal World Trade Organization was established in January 1995. The member countries involved themselves in globalization through WTO.

IMPACT OF GLOBALIZATION ON INDIAN AGRICULTURE

The specific objectives of the study of positive impact of globalization on agriculture are (i) to examine how globalization of agriculture would affect agricultural production, change efficiencies and influence social issues in India, and (ii) to appraise the development in agriculture in the changing scenario to take advantage of the globalization process. With the operationalisation of the provisions of the WTO, the process of globalization commenced in the major parts of the world. There has always been an air of confusion among the members and non-members of the WTO in assessing the pros and cons of globalization on the health of their economy. The sector which has created the highest number of deliberations in the WTO as well as views and counterviews has been the agriculture- an area of utmost concern for the developed and the developing world's alike. India is no exception to it better say it has been among few countries in the world spear-heading the campaign against the biased provisions of the WTO concerning agriculture.

The favorable impacts of globalization on Indian agriculture are as under-

1) USE OF NEW TECHNOLOGIES

Increased use of various technologies such as pesticides, herbicides, and fertilizers as well as new breeds of high yield crops were employed to increase food production. These technologies included modern implementations in irrigation projects, pesticides, synthetic nitrogen fertilizer and improved crop varieties developed through the conventional, science-based methods available at the time. Use of High Yielding Varieties (HYVs) like IR8 a semi-dwarf rice variety, dubbed as Miracle Rice". IR8 was also developed into Semi-dwarf IR36. HYVs significantly outperformed traditional varieties in the presence of adequate irrigation, pesticides, and fertilizers.

2) INCREASE IN AGRICULTURAL PRODUCTION AND PRODUCTIVITY

The green revolution had many effects on Indian economy. Due to adoption of HYV technology the production of food grains increased considerably in the country. The production of wheat has increased from 8.8 million tons in 1965-66 to 184 million tones in 1991-92. The productivity of other food grains has increased considerably. It was 71% in case of cereals, 104%for wheat and 52% for paddy over the period 1965-66 and 1989-90.Though the food grain production has increased considerably but the green revolution has no impact on coarse cereals, pulses and few cash corps. In short the gains of green revolution have-not been shared equally by all the crops.

3) INCREASE IN NATIONAL INCOME

Receiving the international market for the agricultural goods of India, there is an increase in farmer's agricultural product. New technology, new seeds, new agriculture practices etc. helped to grow the agricultural product. From the monetary point of view the share of agriculture sector in the economy is at 14.2% of the GDP (2010-11).Sector 1980-91 1992-2001 2002-07(Tenth PlanProjected)AgricultureIndustryService3.67.16.73.36.58.24.09.59.1 GDP 5.6 6.4 8.0

4) INCREASE IN EMPLOYMENTS

While exporting agricultural products it is necessary to classify the products, its standardization and processing, packing etc. The industries depending on agriculture are stored and it made an increase in employments. Agriculture is the biggest unorganized sector of the Indian economy accounting for more than 90% share in the total unorganized labour force. The share of agriculture in total employment stands at 52.1%

5) AGRICULTURE AS A PRIME MOVING FORCE

Agriculture is deeply related to industrial growth and national income in India. 1% increase in the agricultural growth leads to 0.5% increase in the industrial output and 0.7% increase in the national income in India. As a result, the government of India announced agriculture as the prime moving force of the Indian economy in 2002.

6) INCREASE IN THE SHARE IN TRADE

Because of the conditions of WTO all of the countries get the same opportunities so there is an increase in the export of agricultural products. According to data provided by WB, India's share in exports (goods and services) rose from 0.54%in 1990 to0.67% in 1999. Indian exports rose by 103% during the same period.

7) INCREASE IN THE EXPORT OF AGRICULTURAL GOODS

The prices of agricultural goods are higher in the international market than Indian markets. If the developed countries reduced grants, they have to increase in the prices. So there will be increase in the export in Indian market and if the prices grow, there will be profit. Agricultural products account for 10.23% of the total export income of the economy, while agricultural imports account for just 2.74% of the total imports.

8) REDUCTION IN POVERTY

It is also true that globalization is commonly characterized as increasing the gap between the rich and the poor, but it is a matter of looking at poverty in relative terms. India's prior concern is of absolute poverty, which is worse than death, and if India makes efforts, globalization can be a key to get rid of it. Moreover, the percentage of people below the poverty line has been decreasing progressively, from 36 percent in 1993-94 to26 percent in 1999-2000.

SECOND PUSH TO AGRICULTURE

The urgent need for taking agriculture to a higher trajectory of four percent annual growth needs a second push. Inspiring from the success of first Green Revolution, in Jan 2004 the Govt of India announced a major agriculture programme named as the second Green Revolution. In order to tap the benefits of globalization and to bridge the gap evolved after the first GR, the second Green Revolution is a concept as well as the name of a programme. Use of all eco-friendly means in cultivation is its motto. The second GR has every prospect of revolutionizing the agriculture sector of India with multi-dimensional positive impact on agriculture in particular and the economy, in general. The following points can be noted:1. As agriculture production will increase, India will be safe from food security concern. This will provide India physical access to food.2. Every Indian will have economic access to food because of increase in production and cost cut due to genetically modified foods (GMFs) will make food cheaper.3. As this is a sustainable kind of agriculture revolution, India will also be able to make its agriculture sector ecologically safe-the achievement of ecological access will become possible.4. The surplus agricultural produce will enter the world market and agriculture sector will be able to tap the benefits of globalization thus, farmers, rural areas and agri-business will be able to feel the benefits of economic reforms and globalization.5. It will create gainful employment sources in the agriculture sector on which more than 58% of the population depends for its livelihood. It will serve the purpose of poverty alleviation, bridging economic inequalities, boosting rural development etc. it will also eliminate hunger and malnutrition in India.6. India won't be an example of market failure- its market will succeed by increasing the purchasing capacity of the population.7. There will also be improvement in the living standard of the population with improvement in India's rank on the human development index (HDI).

GLOBALIZATION AND POLITICS IN INDIA

Edited by ***Baldev Raj Nayar*** in OUP Catalogue from Oxford University Press

Abstract: This volume-in the Themes in Politics series-asks three important questions: What is the nature of the phenomenon under study? What are the causes of this pattern or phenomenon? What are its consequences? In addition, it asks what policies that would accentuate or attenuate the consequences? These questions form the overarching framework of this reader. The introduction provides a broad overview of the nature and development of economic globalization and India's experience with it. The readings offer a wide range of viewpoints and are organized into five broad sections: the nature of globalization, both in its past and contemporary incarnations; the nature of economic strategy in India that preceded globalization; the shift to economic liberalization and the stimulus for it; the consequences of globalization and liberalization for India in relation to its external setting; and the consequences of these processes for India's domestic situation.

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 labor. 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.

The Important Reform Measures (Step Towards liberalization privatization and Globalization)

Indian economy was in deep crisis in July 1991, when foreign currency reserves had plummeted to almost $1 billion; Inflation had roared to an annual rate of 17 percent; fiscal deficit was very high and had become unsustainable; foreign investors and NRIs had lost confidence in Indian Economy. Capital was flying out of the country and we were close to defaulting on loans. Along with these bottlenecks at home, many unforeseeable changes swept the economies of nations in Western and Eastern Europe, South East Asia, Latin America and elsewhere, around the same time. These were the economic compulsions at home and abroad that called for a complete overhauling of our economic policies and programs. Major measures initiated as a part of the liberalization and globalization strategy in the early nineties included the following:

Devaluation: The first step towards globalization was taken with the announcement of the devaluation of Indian currency by 18-19 percent against major currencies in the international foreign exchange market. In fact, this measure was taken in order to resolve the BOP crisis

Disinvestment-In order to make the process of globalization smooth, privatization and liberalization policies are moving along as well. ***Under the privatization scheme, most of the public sector undertakings have been/ are being sold to private sector***

Effects of Globalization on Indian Industry started when the government opened the country's markets to foreign investments in the early 1990s. Globalization of the Indian Industry took place in its various sectors such as steel, pharmaceutical, petroleum, chemical, textile, cement, retail, and BPO.

Globalization means the dismantling of trade barriers between nations and the integration of the nations economies through financial flow, trade in goods and services, and corporate investments between nations. Globalization has increased across the world in recent years due to the fast progress that has been made in the field of technology especially in communications and transport. The government of India made changes in its economic policy in 1991 by which it allowed direct foreign investments in the country. As a result of this, globalization of the Indian Industry took place on a major scale.

The various beneficial effects of globalization in Indian Industry are that it brought in huge amounts of foreign investments into the industry especially in the BPO, pharmaceutical, petroleum, and manufacturing industries. As huge amounts of foreign direct investments were coming to the Indian Industry, they boosted the Indian economy quite significantly. The benefits of the effects of globalization in the Indian Industry are that many foreign companies set up industries in India, especially in the pharmaceutical, BPO, petroleum, manufacturing, and chemical sectors and this helped to provide employment to many people in the country. This helped reduce the level of unemployment and poverty in the country. Also the benefit of the Effects of Globalization on Indian Industry are that the foreign companies brought in highly advanced technology with them and this helped to make the Indian Industry more technologically advanced.

The various negative Effects of Globalization on Indian Industry are that it increased competition in the Indian market between the foreign companies and domestic companies. With the foreign goods being better than the Indian goods, the consumer preferred to buy the foreign goods. This reduced the amount of profit of the Indian Industry companies. This happened mainly in the pharmaceutical, manufacturing, chemical, and steel industries. The negative Effects of Globalization on Indian Industry are that with the coming of technology the number of labor required decreased and this resulted in many people being removed from their jobs. This happened mainly in the pharmaceutical, chemical, manufacturing, and cement industries.

The effects of globalization on Indian Industry have proved to be positive as well as negative. The government of India must try to make such economic policies with regard to Indian Industry's Globalization that are beneficial and not harmful.

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EFFECTS ON INDIAN INDUSTRY

1) **INDIAN INDUSTRIAL SECTOR**
- Petroleum Industry
- Pharmaceutical Industry
- Chemical Industry
- Textile Industry

2) **MANUFACTURING SECTOR**
- Indian Steel Industry
- Indian Cement Industry

Globalization and Structural Changes in the Indian Industrial Sector took place in the early 1990s when the government decided to open the markets to foreign investments by forming new economic polices.

Structural Changes in the Indian Industrial Sector and Globalization were initiated because the government wanted to encourage growth by doing away with supply bottlenecks that stopped efficiency and competitiveness.

Globalization implies the dismantling of trade barriers between nations and the integration of the economies of the nations through financial flow, trade in services and goods, and corporate investments between nations. Globalization has increased in the recent years due to the rapid progress that has been made in the area of technology especially in communications and transport. The Indian policies with regard to the industrial sector before globalization had imposed many restrictions on the sector with regard to the use and procurement of capital and raw material, type and nature of industry where the entry of private sector was allowed, the operation scale, and the various markets where they could supply. The Indian industrial policies favored firms of small size that were labor intensive.

The Structural Changes in the Indian Industrial Sector was brought about by the New Economic Policy of 1991 which did away with many of the regulations and restrictions. The various advantages of Globalization and Structural Changes in the Indian Industrial Sector are that it brought in huge amounts of foreign investments and this gave a major boost to this sector. Many foreign companies entered the Indian market and they brought in highly technologically advanced machines into the country as a result of which the Indian Industrial Sector became technologically advanced. With new companies being set up in the Indian Industrial Sector it provided employment opportunities for many people in the country which in its turn helped to reduce the level of poverty in the country. The number of factories in India in 1990-1991 stood at 110,179 and in 2003-2004, the figure increased to 129,074.

The various disadvantages of Globalization and Structural Changes in the Indian Industrial Sector are that with many foreign companies entering the sector increased the competition for the domestic companies. With foreign goods being better then the Indian products, the consumer in the country preferred to buy the foreign goods. This reduced the profit levels of the Indian companies and they had to resort to lowering the prices of their products which in turn further lowered their levels of profit. With highly advanced technology entering the Indian Industrial Sector, the number of labor required in the sector reduced. The number of labor in the Indian Industrial Sector in 1990-1991 was 81,62,504 and in 2003-2004, the figure has decreased to 78,70,081. Thus, Globalization and Structural Changes in the Indian Industrial Sector poses advantages and disadvantages for the country.

So the government of India must take steps in order to ensure that the changes in the structure of the Indian Industrial Sector are such that it facilitates globalization in a manner that is gainful and constructive for a country like India.

Globalization and the Indian Petroleum Industry go hand in hand since Globalization of the Indian Petroleum Industry started soon after the independence of the country.

The Indian Petroleum Industry was dependent from the very beginning on foreign capital, expert personnel, and technology, which led to the industry's globalization. Globalization entails the integration of the nations' economies through corporate investments, financial flow, and trade in goods and services between nations. Globalization also means the dismantling of trade barriers between nations and it has increased in the last few years due to the massive progress that has been made in the area of technology, especially in transport and communications. The Indian Petroleum Industry's Globalization took place since foreign involvement in the various important stages such as production, refining, exploration, and transportation increased over the years. In order to further encourage the Globalization of the Indian Petroleum Industry, the government of India took certain measures in the early 1990s when the country opened its markets to foreign investments.

The various measures taken by the government to encourage Globalization and the Indian Petroleum Industry are converting the legal status of the Oil and Natural Gas Commission to a corporation. In order to encourage the involvement of the private sector in production and exploration, the government set up the Directorate General of Hydrocarbon. The government in an effort to encourage Indian Petroleum Industry's Globalization has offered the contract of discovered fields to foreign and private companies. The various companies that have helped in the Globalization of the Indian Petroleum Industry are Enron Oil and Gas Company, Videocon Petroleum Ltd, Reliance Industries Ltd., Ravva Oil Ltd., and Command Petroleum.

The Indian government in an attempt to further boost the Globalization of the Indian Petroleum Industry formed the Exploration Licensing Policy by which it tried to attract the foreign and Indian companies to production and exploration. The incentives that were declared by the government to encourage Globalization and the Indian Petroleum Industry are that on imports that were required for petroleum operations custom duty would not have to be paid, state participation is not compulsory, no tax on the production of crude oil, provisions for liberal depreciation, tax holidays for 7 years from the day that production starts, and the freedom to sell natural gas and crude oil in the domestic market at prices that are related to the market.

Globalization and the Indian Petroleum Industry has been going together as has been seen for the past many years. The government of India has taken several measures in order to ensure that the Globalization of the Indian Petroleum Industry is successful for the industry. In the future, the government is likely to ensure that Indian Petroleum Industry's Globalization is beneficial for the industry and not harmful.

INDIAN TEXTILE INDUSTRY

The initiation and development of globalization and Indian textile industry took place simultaneously in the 1990s. The Indian textile industry, until the economic liberalization of Indian economy was predominantly an unorganized industry. The economic liberalization of Indian economy in the early 1990s led to stupendous growth of this Indian industry. The Indian textile industry is one of the largest textile industries in the world and India earns around 27% of the foreign exchange from exports of textiles and its related products. Further, globalization of India textile Industry has seen a paradigm increase in the 'total industrial production' factor of this Industry, which presently stands at 14%. Furthermore, the contribution of the Indian textile Industry towards the gross domestic product (GDP) of India is around 3% and the numbers are steadily increasing. The process of globalization and Indian textile industry development was the effect of rapid acceptance of 'open market' policy by the developing countries, much in the lines of the developed countries of the world.

The initiation and its subsequent development of globalization and Indian textile industry respectively, was effected by the Ministry of Textiles under the Government of India. The aggressive policy that was undertaken for the rapid development of globalization and Indian textile industry were really praiseworthy. The most significant step amongst them was introduction of "The National Textile Policy 2000". This policy envisaged to address the following issues -

- Increased global competition in the post 2005 trade regime under WTO
- Huge import volume of cheap textiles from other Asian neighbors
- High production cost with respect to other Asian competitors
- Use of outdated manufacturing technology
- Poor supply chain management and huge transit cost
- Huge unorganized and decentralized sector

Further, this policy also aims at increasing the foreign exchange earnings to the tune of US $ 50 billion by the end of the year 2010. It includes rational projections for the overall development and promotion of all the sectors involved directly or indirectly with the Indian textile industry. Furthermore, this policy also envisages the inclusion of the huge unorganized and decentralized Indian textile sector under the organized textile industry. This is because the unorganized textile manufacturing sector in India accounts for 76% of the total textile production.

The globalization of the Indian textile sector was the cumulative effect of the following factors:

- Huge textile production capacity
- Efficient multi-fiber raw material manufacturing capacity
- Large pool of skilled and cheap work force
- Entrepreneurial skills
- Huge export potential
- Large domestic market
- Very low import content
- Flexible textile manufacturing systems

The Indian textile industry consist of the following sectors -

- Man-made Fiber
- Filament Yarn Industry
- Cotton Textile Industry
- Jute Industry
- Silk and Silk Textile Industry
- Wool & Woolen Industry
- Power loom Sector

An approximate number of textile manufacturing companies operating in India are given below -

- Badges, emblems ribbons and allied products - 175
- Bed covers, curtains, cushions and other draperies - 2471
- Carpets and rugs - 270
- Embroidery and embroidered garments, made ups and furnishing - 848
- Fabrics and textiles - 3013
- Yarns and threads - 1201
- Jute products - 337
- Kids apparel and garments -1052
- Ladies apparel and garments - 2932
- Men's' apparel and garments - 2936
- Miscellaneous garments, textile and leather accessories - 1658
- Yarns and threads - 1201
- Wool, woolen garments, blankets and accessories - 468
- Textile chemicals, dyeing and finishing chemicals - 239

The overall growth of the Indian textile industry can be attributed to the globalization. Today, the Indian textile industry employs around 35 million personnel directly and it accounts for 21% of the total employment generated in the economy. Globalization of the Indian textile industry has also facilitated introduction of modern and efficient manufacturing machineries and techniques in the Indian textile sector. Thus, much of India's economic growth is largely dependent on textile manufacturing and exports.

The initiation and development of **globalization of the Indian manufacturing sector** took place simultaneously in the 1990s. The widespread acceptance and development of globalization of the Indian manufacturing sector effected astronomical growth of this industry.

GLOBALIZATION

The meaning of globalization may vary from person to person depending on the context. There are some scholars who believe that globalization is not only about growth in technology and communication, opening of world trade, rising of multinational companies, population migration or expansion of financial markets. Globalization, according to them, cannot also be defined in terms of capital, statistics, ideas or goods alone. They hold that globalization causes pollution, infections and diseases also. Hence, both the positive as well as negative impact of the globalization has been shown here.

The other views suggest that globalization means financial consolidation of the world channelized through free trade and capital inflows. This is also inclusive of technology transfer and knowledge. Free labor movement between the countries is another aspect of the globalization. As per India is concerned, globalization means opening doors for foreign direct investment (FDI) by facilitating the process of investment for international companies in various areas of economic activity in the nation. It also signifies MNCs entry into India and tie-ups of Indian companies with foreign institutions. Launching joint ventures in the foreign destinations and liberalization programs are also the part of the globalization process in India. Thus, in the context of India, globalization is primarily referred to as policy reforms.

GLOBALIZATION AND DEVELOPING COUNTRIES

Globalized countries like India and China emerged stronger during the worst global recession period and continued to rule the chart with their impressive performance. The credit for this can be given to their policy reforms that hit the right chord at the right time, making them one of the safest destinations for the foreign investors. Today, most of the developed nations are looking keenly at these two developing countries to come out of the troubled waters and to re-establish their economy on firm grounds. Governments of both India and China are also trying their best to attract capital inflows as much as possible by relaxing their tax and duty rules.

Truly speaking, this is the real effect of globalization and all the globalized or globalization countries whether developed or developing can draw huge benefit from this system, if aptly used.

CONCLUSIONS

The implications of globalisation for a national economy are many. Globalisation has intensified interdependence and competition between economies in the world market. This is reflected in Interdependence in regard to trading in goods and services and in movement of capital. As a result domestic economic developments are not determined entirely by domestic policies and market conditions. Rather, they are influenced by both domestic and international policies and economic conditions. It is thus clear that a globalising economy, while formulating and evaluating its domestic policy cannot afford to ignore the possible actions and reactions of policies and developments in the rest of the world. This constrained the policy option available to the government which implies loss of policy autonomy to some extent, in decision-making at the national level.

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