INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS & MANAGEMENT

IJRCM

IJRCM

A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

Indexed & Listed at:

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A., Google Scholar,
Open J-Gage, India [link of the same is duly available at Inflibnet of University Grants Commission (U.G.C.)],
The American Economic Association's electronic bibliography, EconLit, U.S.A.,
Index Copernicus Publishers Panel, Poland with IC Value of 5.09 & number of libraries all around the world.
Circulated all over the world & Google has verified that scholars of more than **5000 Cities** in **187 countries/territories** are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

http://ijrcm.org.in/

CONTENTS

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to the recent developments & practices in the areas of Computer Science & Applications; Commerce; Business; Finance; Marketing; Human Resource Management; General Management; Banking; Economics; Tourism Administration & Management; Education; Law; Library & Information Science; Defence & Strategic Studies; Electronic Science; Corporate Governance; Industrial Relations; and emerging paradigms in allied subjects like Accounting; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Rural Economics; Co-operation; Demography: Development Planning; Development Studies; Applied Economics; Development Economics; Business Economics; Monetary Policy; Public Policy Economics; Real Estate; Regional Economics; Political Science; Continuing Education; Labour Welfare; Philosophy; Psychology; Sociology; Tax Accounting; Advertising & Promotion Management; Management Information Systems (MIS); Business Law; Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labour Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; International Relations; Human Rights & Duties; Public Administration; Population Studies; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism & Hospitality; Transportation Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design and emerging paradigms in allied subjects.

Anybody can submit the **soft copy** of unpublished novel; original; empirical and high quality **research work/manuscript** ***anytime*** in ***M.S. Word format*** after preparing the same as per our **GUIDELINES FOR SUBMISSION**; at our email address i.e. infoijrcm@gmail.com or online by clicking the link **online submission** as given on our website (***FOR ONLINE SUBMISSION, CLICK HERE***).

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION**:

DATED: _____________

THE EDITOR

IJRCM

Subject: **SUBMISSION OF MANUSCRIPT IN THE AREA OF ______________________.**

(e.g. Finance/Mkt./HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)

DEAR SIR/MADAM

Please find my submission of manuscript titled '____' for likely publication in one of your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published anywhere in any language fully or partly, nor it is under review for publication elsewhere.

I affirm that all the co-authors of this manuscript have seen the submitted version of the manuscript and have agreed to inclusion of their names as co-authors.

Also, if my/our manuscript is accepted, I agree to comply with the formalities as given on the website of the journal. The Journal has discretion to publish our contribution in any of its journals.

NAME OF CORRESPONDING AUTHOR	:
Designation/Post*	:
Institution/College/University with full address & Pin Code	:
Residential address with Pin Code	:
Mobile Number (s) with country ISD code	:
Is WhatsApp or Viber active on your above noted Mobile Number (Yes/No)	:
Landline Number (s) with country ISD code	:
E-mail Address	:
Alternate E-mail Address	:
Nationality	:

* i.e. Alumnus (Male Alumni), Alumna (Female Alumni), Student, Research Scholar (M. Phil), Research Scholar (Ph. D.), JRF, Research Assistant, Assistant Lecturer, Lecturer, Senior Lecturer, Junior Assistant Professor, Assistant Professor, Senior Assistant Professor, Co-ordinator, Reader, Associate Professor, Professor, Head, Vice-Principal, Dy. Director, Principal, Director, Dean, President, Vice Chancellor, Industry Designation **etc**. ***The qualification of author is not acceptable for the purpose***.

NOTES:

a) The whole manuscript has to be in ***ONE MS WORD FILE*** only, which will start from the covering letter, inside the manuscript. ***pdf. version* is liable to be rejected without any consideration**.

b) The sender is required to mention the following in the **SUBJECT COLUMN of the mail**:

New Manuscript for Review in the area of (e.g. Finance/Marketing/HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)

c) There is no need to give any text in the body of the mail, except the cases where the author wishes to give any **specific message** w.r.t. to the manuscript.

d) The total size of the file containing the manuscript is expected to be below **1000 KB**.

e) Only the **Abstract will not be considered for review** and the author is required to submit the **complete manuscript** in the first instance.

f) ***The journal gives acknowledgement w.r.t. the receipt of every email within twenty-four hours*** and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of the manuscript, within two days of its submission, the corresponding author is required to demand for the same by sending a separate mail to the journal.

g) The author (s) name or details should not appear anywhere on the body of the manuscript, except on the covering letter and the cover page of the manuscript, in the manner as mentioned in the guidelines.

2. **MANUSCRIPT TITLE:** The title of the paper should be typed in **bold letters**, **centered** and **fully capitalised**.
3. **AUTHOR NAME (S) & AFFILIATIONS:** Author (s) **name**, **designation**, **affiliation** (s), **address**, **mobile/landline number** (s), and **email/alternate email address** should be given underneath the title.
4. **ACKNOWLEDGMENTS:** Acknowledgements can be given to reviewers, guides, funding institutions, etc., if any.
5. **ABSTRACT:** Abstract should be in **fully Italic printing**, ranging between **150** to **300 words**. The abstract must be informative and elucidating the background, aims, methods, results & conclusion in a **SINGLE PARA**. ***Abbreviations must be mentioned in full***.
6. **KEYWORDS:** Abstract must be followed by a list of keywords, subject to the maximum of **five**. These should be arranged in alphabetic order separated by commas and full stop at the end. All words of the keywords, including the first one should be in small letters, except special words e.g. name of the Countries, abbreviations etc.
7. **JEL CODE:** Provide the appropriate Journal of Economic Literature Classification System code (s). JEL codes are available at www.aeaweb.org/econlit/jelCodes.php. However, mentioning of JEL Code is not mandatory.
8. **MANUSCRIPT:** Manuscript must be in ***BRITISH ENGLISH*** prepared on a standard A4 size ***PORTRAIT SETTING PAPER***. *It should be free from any errors i.e.* ***grammatical, spelling*** *or* ***punctuation.*** *It must be thoroughly edited at your end*.
9. **HEADINGS:** All the headings must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.
10. **SUB-HEADINGS:** All the sub-headings must be bold-faced, aligned left and fully capitalised.
11. **MAIN TEXT:**

THE MAIN TEXT SHOULD FOLLOW THE FOLLOWING SEQUENCE:

INTRODUCTION
REVIEW OF LITERATURE
NEED/IMPORTANCE OF THE STUDY
STATEMENT OF THE PROBLEM
OBJECTIVES
HYPOTHESIS (ES)
RESEARCH METHODOLOGY
RESULTS & DISCUSSION
FINDINGS
RECOMMENDATIONS/SUGGESTIONS
CONCLUSIONS
LIMITATIONS
SCOPE FOR FURTHER RESEARCH
REFERENCES
APPENDIX/ANNEXURE

The manuscript should preferably be in ***2000 to 5000 WORDS***, But the limits can vary depending on the nature of the manuscript.

12. **FIGURES & TABLES:** These should be simple, crystal **CLEAR**, **centered**, **separately numbered** & self-explained, and the **titles must be above the table/figure**. **Sources of data should be mentioned below the table/figure**. *It should be ensured that the tables/figures are referred to from the main text*.

13. **EQUATIONS/FORMULAE:** These should be consecutively numbered in parenthesis, left aligned with equation/formulae number placed at the right. The equation editor provided with standard versions of Microsoft Word may be utilised. If any other equation editor is utilised, author must confirm that these equations may be viewed and edited in versions of Microsoft Office that does not have the editor.

14. **ACRONYMS:** These should not be used in the abstract. The use of acronyms is elsewhere is acceptable. Acronyms should be defined on its first use in each section e.g. Reserve Bank of India (RBI). Acronyms should be redefined on first use in subsequent sections.

15. **REFERENCES:** The list of all references should be alphabetically arranged. ***The author (s) should mention only the actually utilised references in the preparation of manuscript*** and they may follow Harvard Style of Referencing. **Also check to ensure that everything that you are including in the reference section is duly cited in the paper**. The author (s) are supposed to follow the references as per the following:

- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
- Use (**ed.**) for one editor, and (**ed.s)** for multiple editors.
- When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc., in chronologically ascending order.
- Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
- The title of books and journals should be in italic printing. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
- For titles in a language other than English, provide an English translation in parenthesis.
- ***Headers**, **footers**, **endnotes** and **footnotes** should **not be used** in the document.* However, **you can mention short notes to elucidate some specific point**, which may be placed in number orders before the references.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

- 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.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–23

UNPUBLISHED DISSERTATIONS

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

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

WEBSITES

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

IMPACT OF GLOBALIZATION ON THE EXTERNAL SECTOR OF INDIAN ECONOMY

IBRAHIM CHOLAKKAL
ASST. PROFESSOR
P.G. DEPARTMENT OF ECONOMICS
E.M.E.A COLLEGE OF ARTS & SCIENCE
KONDOTTI

ABSTRACT

The integration of domestic economies with the world economy by reducing the hindrances in the free flow of goods and services was improved the economic growth and reduced the poverty especially in the developing countries like India and China. This paper has set two objectives as to make a general overview of the impact of globalization and to examine the nature of external sector of Indian economy during the pre-reform, reform and post reform periods. This paper is based on the secondary data, which has compiled from Indian Economic Survey 2010. As far as the first objective is considered, the consumer gets more sovereign, but the producer has to face competition from global market and those who are fittest will survive. As far as the second objective is considered, in exports, there was an improvement in the rate of change of exports from pre reform period to the reform period. Therefore, it may be considered as positive impacts of globalization. But at the same time a rise in imports from pre reform period to the reform period is a sign of negative impacts of globalization. In such a situation the Kaldor – Hicks compensation criterion can be adopted as a measure of social welfare. Therefore, as per the compensation criterion, the impact of globalization is favourable (on external economy), if the gain in exports is more enough to compensate to those who make loses due to imports.

KEYWORDS

globalization, export, import, global village, foreign direct investment.

INTRODUCTION

Indian economy had experienced some major policy changes in the early 1990s. The new economic reforms of 1990s are popularly known as Liberalization, Privatization and Globalization (LPG). The LPG model reforms were with an aim to make Indian economy as a fastest growing economy and globally competitive. Globalization has its history dates back to the travel of Columbus and Vas coda Gama (1492-1498). Globalization in its present form has advocated by GATT and executed by WTO.

Globalization is the process of integrating the domestic economy with the world economy. The process of integration is through removing the obstacles in the free flow of goods and services, technology, capital and even labour or human capital. In the most general sense, globalization refers to a process, which ensures unfettered cross-national flows of capital, technology and commodities (Petras 1999). It is supposing that the liberalization in trade and investment will minimize the role of the state and provides the key role to the market. Sachs (1985) opined that the export-oriented countries, unlike their inward oriented counterparts were able to increase their share in world trade leading to higher output growth.

Globalization aims at deriving maximum benefit from a country's specialization. Therefore, It is nothing but the new version of the "Theory of Comparative Cost Advantage" propagated by classical economists. That is producing the products, which have least comparative cost and make it available in the world market. Therefore, the ultimate aim of globalization is to look up on the world as a 'global' village. The Parameters of Globalization are:

i. Reduction of trade barriers so as to permit free flow of goods across national frontiers.
ii. Creation of environment in which free flow of capital can be take place among nations-states
iii. Creation of environment, permitting free flow of technology and
iv. Free movement of labour across the national frontier.

THE ADVOCATES OF GLOBALIZATION ARE DEFENDING THE RIVALS WITH THE FOLLOWING ARGUMENTS

i. Globalization will promote foreign direct investment and foreign portfolio investment and thus, it enables the developing countries to raise capital even without own resources.
ii. Globalization enables developing countries to make use of technology of developed countries without the cost for research and development
iii. Globalization widens the access of developing countries to export their products in the developed countries. Simultaneously, it enables the consumers of developing countries to obtain quality consumer durables at relatively much lower prices.
iv. Globalization introduces faster diffusion of knowledge and thus enables developing countries to raise their level of production and productivity.
v. Globalization reduces costs of transport and communication. It also reduces tariffs and thus enlarges the share of foreign trade as a percentage of GDP
vi. More than that it is considered as the engine of growth, technical advancement, raising productivity, enlarging employment and bringing about poverty reduction along with modernization.

OBJECTIVES OF THE PAPER

1. To make a general overview of the impact of globalization
2. To examine the state of external sector of Indian economy during the pre-reform, reform and post reform period

METHODOLOGY

This paper is based on the secondary data, which has compiled from Indian Economic Survey 2010, and the collected data has been classified and analyzed in a systematic manner. The data of external sector were analysed in way by considering three decades. The first decade is from 1980-81 to 1989-90 (Pre reform period). The second decade is from 1990-91 to 1999-2000 (Reform period) and the third decade is from 2000-2001 to 2009-2010 (Post reform period). For analysis, the statistical tools like Ratios, percentages and Averages were used.

GENERAL OVERVIEW OF IMPACT OF GLOBALIZATION

POSITIVE IMPACTS

- **IMPROVE THE EFFICIENCY IN PRODUCTION OF COMMODITIES**

Due to competition from domestic and world economy, the existing lazy industrial units have improved their efficiency in order to survive the world competition.

- **REDUCE THE RELATIVE PRICES COMMODITIES IN THE DOMESTIC MARKET**

Due to the availability of advanced technology to all, it reduces the capital-output ratio and increases the labour productivity leads to reduction in the relative prices of commodities in domestic market

- **CONSUMER SOVEREIGNTY**

The consumer gets more power to choose the best one out of the alternatives. Therefore, the producing sectors will compete to provide the goods and services in accordance with the desire of consumers.

- **RESTRUCTURE THE PRODUCTIVE SYSTEM OF THE COUNTRY**

In order to survive the competition, a capital scarce country need not produce capital-intensive goods but can specialise in labour intensive goods. Similarly, capital abundant countries can specialise in capital intensive technology of production

- **FOREIGN CAPITAL INFLOWS AND OUTFLOWS IN THE FORM OF FDI AND FPI**

Due to the relaxation in trade barriers, foreign capital will be attracted to the country so that it can useful to utilize the domestic natural resources and human resources more effectively than in the state of inadequacy of capital

- **IMPROVE THE QUALITY OF THE PRODUCTS**

With the entry of foreign competition, the domestic industries will be compelled to increase the quality of products in order to survive in the global market.

- **GREATER EMPLOYMENT OPPORTUNITIES**

With expansion of domestic as well as foreign market and free movement of labours across the national frontiers will open a wide opportunity before the labours.

- **IMPROVE THE EFFICIENCY OF BANKING, FINANCE AND OTHER SERVICE SECTOR**

The entry of new foreign and private banks will increase the level of competition and hence it will lead to reduce the rate of interest for loans.

- **GOODS AND PEOPLE ARE CAN BE TRANSPORTED WITH MORE EASINESS AND SPEED**

The goods like consumer durables, capital goods, medicines, cinema etc. produced in the world can be accessible in the domestic market.

- **IMPROVE THE FOREIGN TRADE**

The norms of globalization will open up foreign trade in the form of exports and imports. Therefore, import substitution and export promotion will be helped the economy to develop

- **PROMOTE BALANCED REGIONAL DEVELOPMENT**

By providing the basic infrastructure in the remotest region in eve of globalization, the development of backward states would help to achieve the goal of balanced regional development and lead to reduction in regional disparities.

NEGATIVE IMPACTS

- Unhealthy competition returns the old jungle law 'survival of the fittest'
- Cultural degradation: globalization homogenizes our world and destroys cultural heritage and its diversity
- Imports of hazardous commodities
- Weakens cottage and small scale enterprises
- Global inequality
- Over exploitation of Environment and Natural Resources
- Dismay the dignity of labour
- Increase the workload
- Elimination of surplus labour (Voluntary retirement, Golden handshake etc)
- Reduction of employee's welfare schemes (Curtailments of Pension, PF, HRA, DA, ESI etc)
- Reduce employment opportunities
- No work no pay norms
- Weaken trade unions
- Concession Bargaining instead of collective bargaining
- Inequality and Poverty: cheap imports lead to closure of large number of small enterprises which will increase the inequality and poverty
- Jobless growth

GLOBALIZATION AND EXTERNAL SECTOR OF INDIAN ECONOMY

Globalization advocated the acceptance of the new strategy of liberalization and globalization on the plea that India will be able to access foreign markets more effectively. The exports value rose from Rs. 6711 crores in 1980-81 to Rs. 32553 crores in 1990-91 and to Rs. 845534 crores in 2009-10. But the trend of imports, they increased from Rs. 12549 Crore in 1980-81 to Rs. 43198 Crore in 1990-91 and to Rs. 1363736 crores in 2009 to 2010. For the sake analysis the time period has been classified in to three as Pre-reform period (1980-81 to 1989-90), reform period (1990-91 to 1999-2000) and Post reform period (2000-01 to 2009-10)
The nature of India's external sector in pre reform period can be seen from the following table 1.

TABLE 1: EXPORT, IMPORT AND TRADE BALANCE (RS. CRORE) DURING THE PRE REFORM PERIOD (1980-81 TO 1989-90)

Year	Export	Import	Trade Balance	Rate of Change Export (%)	Rate of Change in Imports (%)
1980-81	6711	12549	-5838	4.6	37.3
1981-82	7806	13608	-5802	16.3	8.4
1982-83	8803	14293	-5490	12.8	5
1983-84	9771	15831	-6060	11	10.8
1984-85	11744	17134	-5390	20.2	8.2
1985-86	10895	19658	-8763	-7.2	14.7
1986-87	12452	20096	-7644	14.3	2.2
1987-88	15674	22244	-6570	25.9	10.7
1988-89	20232	28235	-8003	29.1	26.9
1989-90	27658	35328	-7670	36.7	25.1
Total	**131746**	**198976**	**-67230**	**163.7**	**149.3**
Average	**13174.6**	**19897.6**	**-6723**	**16.37**	**14.93**

Source: Compiled from Government of India, Economic Survey 2010-11

In the pre reform period, the average export value is of Rs. 13174.6 crore, the average import value is of Rs. 19897.6 crore and the average trade balance is of Rs -6723 crore. The average rate of change of export during the pre-reform period is of Rs. 16.37 and the average rate of change in imports is Rs. 14.93.
The nature of India's external sector in the reform period can be analysed from the following table 2:

TABLE 2: EXPORT, IMPORT AND TRADE BALANCE (RS. CRORE) DURING THE REFORM PERIOD (1990-91 TO 1999- 2000)

Year	Export	Import	Trade Balance	Rate of Change Export (%)	Rate of Change Import (%)
1990-91	32553	43198	-10645	17.7	22.3
1991-92	44041	47851	-3810	35.3	10.8
1992-93	53688	63375	-9687	21.9	32.4
1993-94	69751	73101	-3350	29.9	15.3
1994-95	82674	89971	-7297	18.5	23.1
1995-96	106353	122678	-16325	28.6	36.4
1996-97	118817	138920	-20103	11.7	13.2
1997-98	130100	154176	-24076	9.5	11
1998-99	139752	178332	-38580	7.4	15.7
1999-2000	159561	215236	-55675	14.2	20.7
Total	**937290**	**1126838**	**-189548**	**194.7**	**200.9**
Average	**93729**	**112683.8**	**-18954.8**	**19.47**	**20.09**

Source: Compiled from Government of India, Economic Survey 2010-11

During the reform period, the average export value is of Rs. 93729 crores, the average import value is of Rs. 112683.8 crore and the average trade balance is of Rs -18954.8 crore. The average rate of change of export during the reform period is of Rs. 19.47 and the average rate of change in imports is Rs. 20.09

The nature of India's external sector during the post reform period can be analysed from the following table 3:

TABLE 3: EXPORT, IMPORT AND TRADE BALANCE (RS. CRORE) DURING THE POST REFORM PERIOD (2000-01 TO 2009-10)

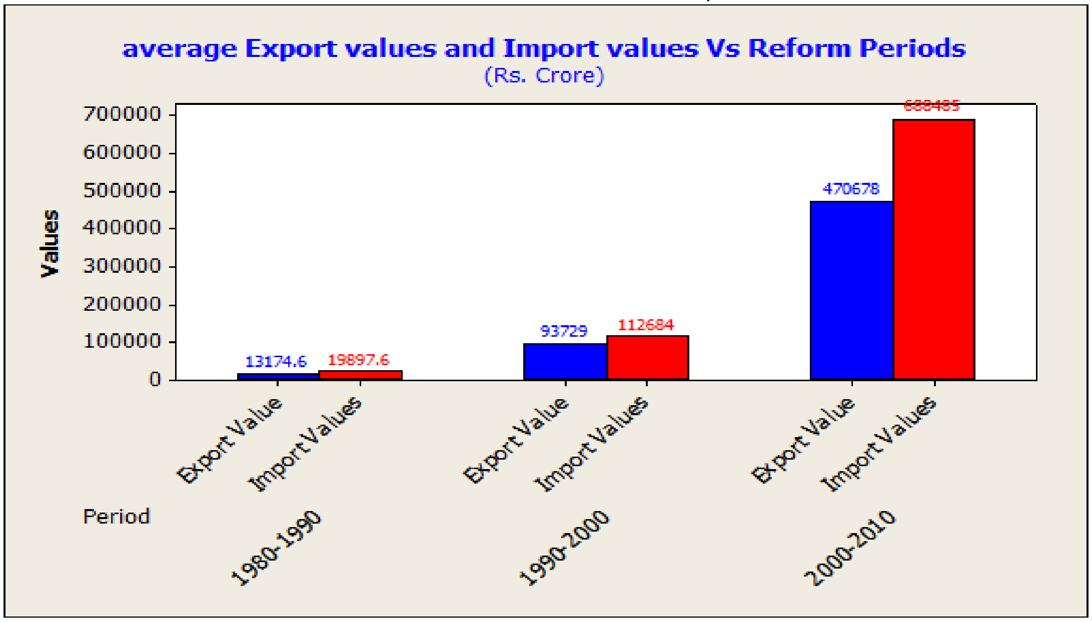
Year	Export	Import	Trade Balance	Rate of Change Export(%)	Rate of Change Import (%)
2000-01	203571	230873	-27302	27.6	7.3
2001-02	209018	245200	-36182	2.7	6.2
2002-03	255137	297206	-42069	22.1	21.2
2003-04	293367	359108	-65741	15	20.8
2004-05	375340	501065	-125725	27.9	39.5
2005-06	456418	660409	-203991	21.6	31.8
2006-07	571779	840506	-268727	25.3	27.3
2007-08	655864	1012312	-356448	14.7	20.4
2008-09	840755	1374436	-533680	28.2	35.8
2009-10	845534	1363736	-518202	0.6	-0.8
Total	**4706783**	**6884851**	**-2178067**	**185.1**	**209.5**
Average	**470678.3**	**688485.1**	**-217807**	**18.51**	**20.95**

Source: Compiled from Government of India, Economic Survey 2010-11

During the post reform period, the average export value is of Rs. 470678.3 crore, the average import value is of Rs. 688485.1 crore and the average trade balance is of Rs -217807 crore. The average rate of change of export during the post reform period is of Rs. 18.51 and the average rate of change in imports is Rs. 20.95.

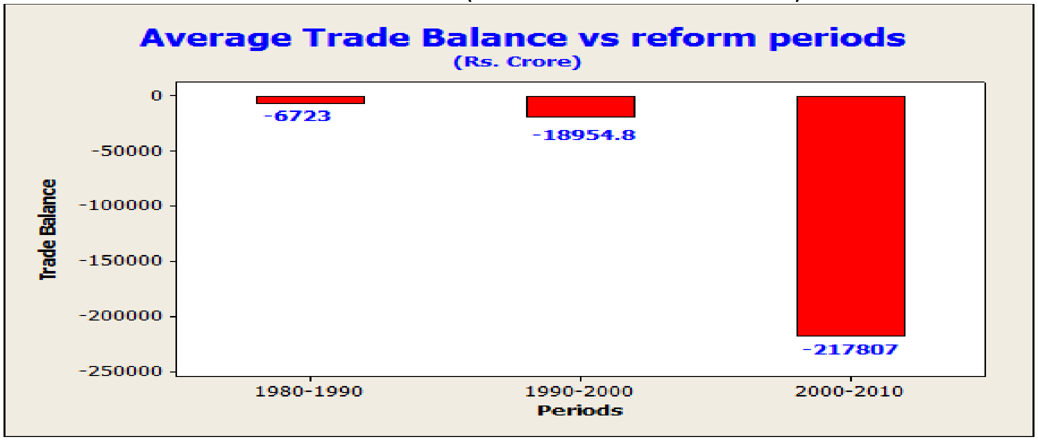
The average export value and average import value during the pre-reform period, reform period and post-reform period is depicted in the following figure 1:

FIGURE 1: EXTERNAL SECTOR OF INDIAN ECONOMY DURING THE PRE REFORM, REFORM AND POST REFORM PERIODS



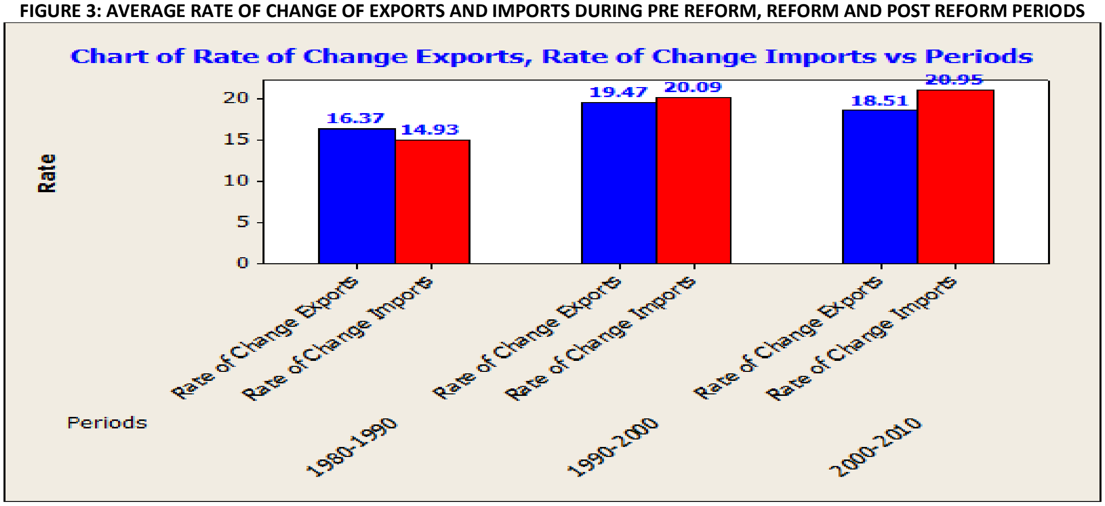
The average trade balance during the pre-reform, reform and post-reform periods is depicted in following figure 2.

FIGURE 2: TRADE BALANCE (EXPORT VALUE MINUS IMPORT VALUE)



The average rate of change of exports and imports during pre-reform, reform and post-reform periods is depicted in the following figure 3:

FIGURE 3: AVERAGE RATE OF CHANGE OF EXPORTS AND IMPORTS DURING PRE REFORM, REFORM AND POST REFORM PERIODS



SUMMARY

The impact of globalization is said to be positive if it makes an improvement in export and a reduction in the import. While considering the rate of change of export and import in India during the pre-reform, reform and post reform periods, the export make an improvement in the reform period (19.41%) than the pre reform period (16.37%), but make a slight fall 18.5% during the post reform period.

The rate of change of import was increased from 14.93% during the pre-reform period to 20.09% during the reform period and to 20.95% during the post reform period. Therefore, when considering the export, there was an improvement in the rate of change of export from pre reform period to the reform period is may be considered as positive impact. But at the same time a rise in import from pre reform period to the reform period is a sign of negative impact of globalization.

CONCLUSION

Any policy change will make both positive and negative impacts on the society. In such a case the Pareto criterion is not possible to attain because it is impossible to make any one better-off without making someone worse-off (Koutsoyiannis 1979). In such a situation the Kaldor –Hicks compensation criterion can be adopted as a measure of social welfare if those who benefit from the change would be compensate those who hurt, and still be left with some net gain (Koutsoyiannis 1979). Therefore, as per the compensation criterion, the impact of globalization is favourable (in the case of external sector), if the gain in exports is enough to compensate to those who make loses due to imports.

REFERENCES

1. Ajithan. M. B 2008., *"Impact of Globalization on the Village Industries in Kerala: A Study with special reference to Handloom Industry in Eranakulam District"*, PhD Thesis Mahatma Gandhi University, Kerala-India.
2. *Economic Survey 2008-09*, Government of India, Ministry of Finance Department of Economic Affairs, Economic Division- March 2010, Oxford university Press
3. *Economic Survey 2010-11*, Government of India, Ministry of Finance Department of Economic affairs, Economic Division-March 2012, Oxford university Press
4. Koutsoyiannis, A., 1979, *Modern Microeconomics*, Second Edition, Macmillan Press Ltd, Houndmills, Basingstoke, Hampshire RG21 6Xs and London.
5. Krishna A Goyal 2006, *"Impact of Globalization on Developing Countries with special Reference to India"*, International Research Journal of Finance and Economics, ISSN 1450- 2887, Issue 5 (2006)
6. Petras J. 1999, *"Globalization: A Critical Analysis"*, Journal of Contemporary Asis, Vol 29, No.1. pp 3-37.
7. Pratheep, P.S.,2010, *Globalization, Identity and Culture: Tribal Issues in India,* Catholicate College (Mahatma Gandhi University) LSCAC 2010 Proceedings.
8. Reserve Bank of India Annual Report, 2004-05
9. Rodrik, D., 1992, *"Limits to Trade Policy Reform in Developing Countries"* Journal of Economic and Perspectives, Vol. 6, No. 1
10. Ruddar Datt & Sundharam K.P.M., 2006, *Indian Economy,* 52nd Edition, S. Chand &Company Ltd. Ram Nagar, New Delhi.
11. Sachs. J., 1985, "*External debt and macroeconomic performance in Latin America and East Asia"*, Brooking Papers on Economic Activity, 2:565-573.
12. Sonia, Rajeev Kansal, 2009, *Globalization and its impact on small industries in India,* PCMA Journal of Business, Vol.1, No.2 (June 2009) pp. 135-146, ISSN.0974-997

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Commerce, Economics & Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue as well as, on the journal as a whole, on our e-mail **infoijrcm@gmail.com** for further improvements in the interest of research.

If you have any queries, please feel free to contact us on our e-mail **infoijrcm@gmail.com**.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward to an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-
Co-ordinator

DISCLAIMER

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals