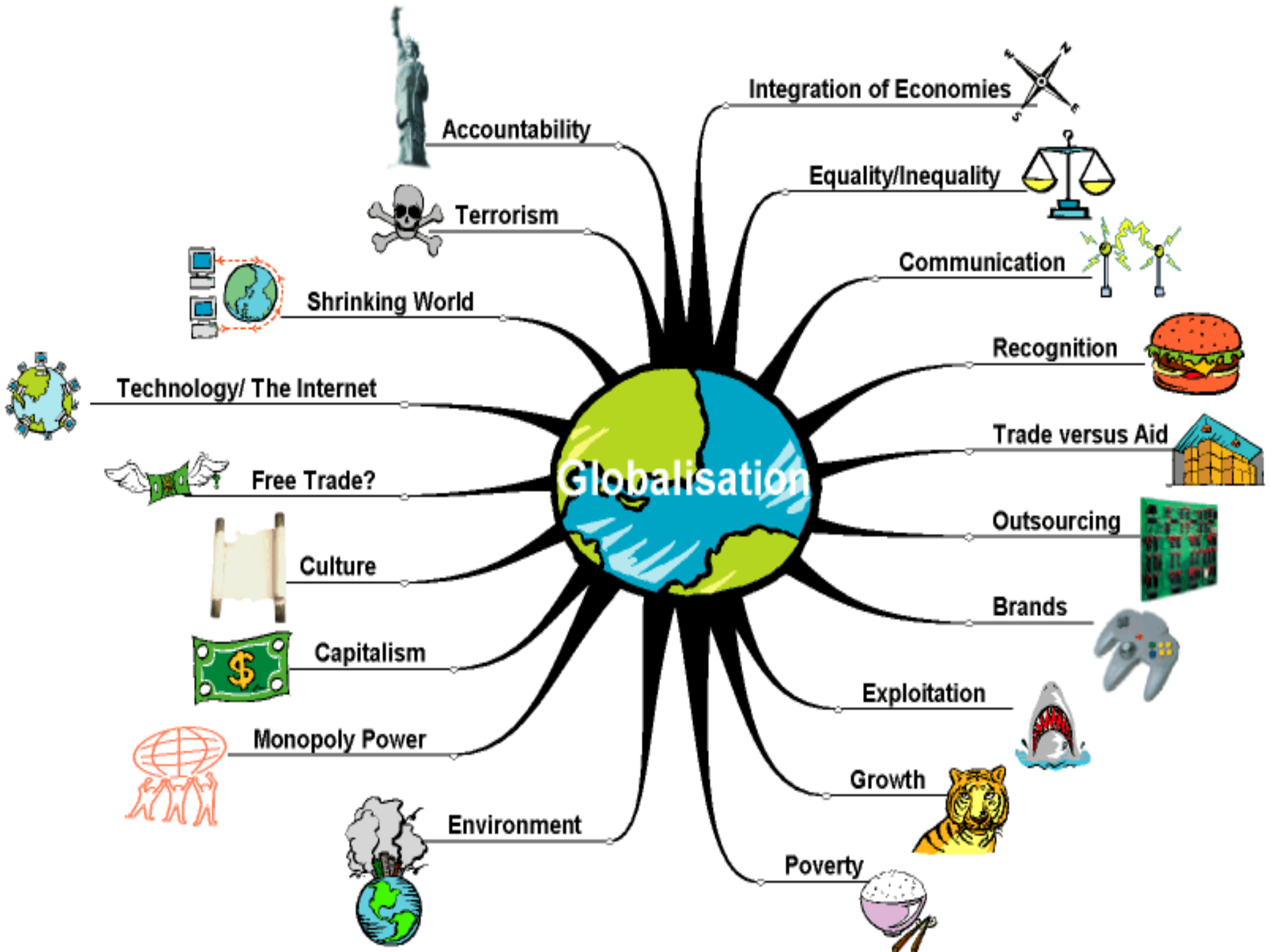




Globalization in India: Effects and Consequences

Subhankar Chatterjee



What is Globalization?

- The term globalization means International Integration.
- 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.
- It is a process through which the diverse world is unified into a single society.

Wave of Globalization

The wave of globalization hit India at the end of the last century and still the country is flowing with the current of global changes.

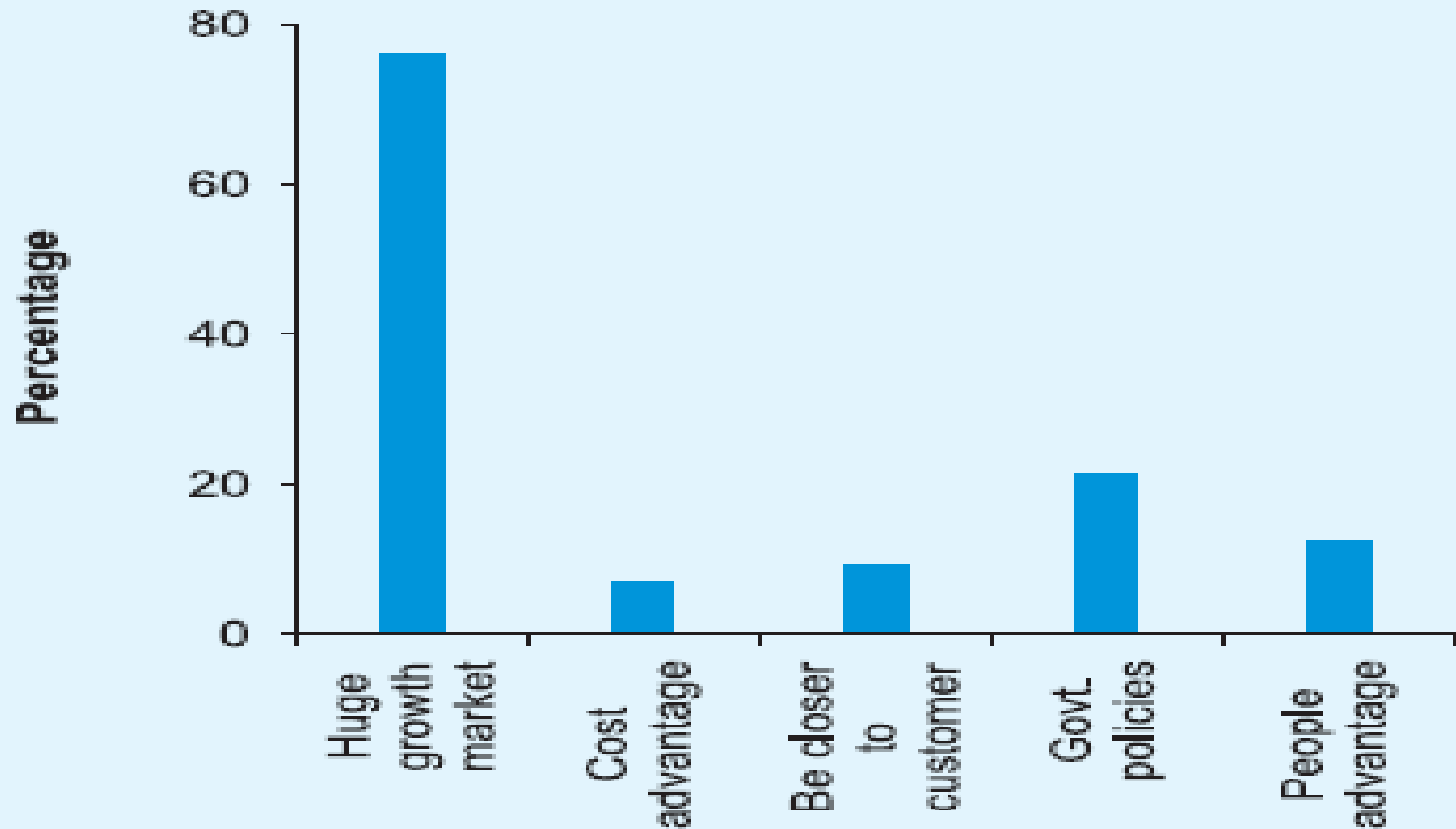


Economic Impact of globalization in India

- Multilateral agreements in trade, taking on such new agendas as environmental and social conditions.
- New multilateral agreements for services ,Intellectual properties, communications, and more binding on national governments than any previous agreements.
- Market economic policies spreading around the world, with greater privatization and liberalization than in earlier decades.
- Growing global markets in services. People can now execute trade services globally -- from medical advice to software writing to data processing , that could never really be traded before.

Open Market policy -advantages

Key considerations for entering India



Growing Indian Economy



2010

- **GDP** – USD 1.36 trillion
- **GDP growth rate** – 9%
- **Services contribution** – 60-65%
- **Balance of Trade** – Negative balance should increase with surging imports versus exports
- **Investment goal** – USD 370 billion

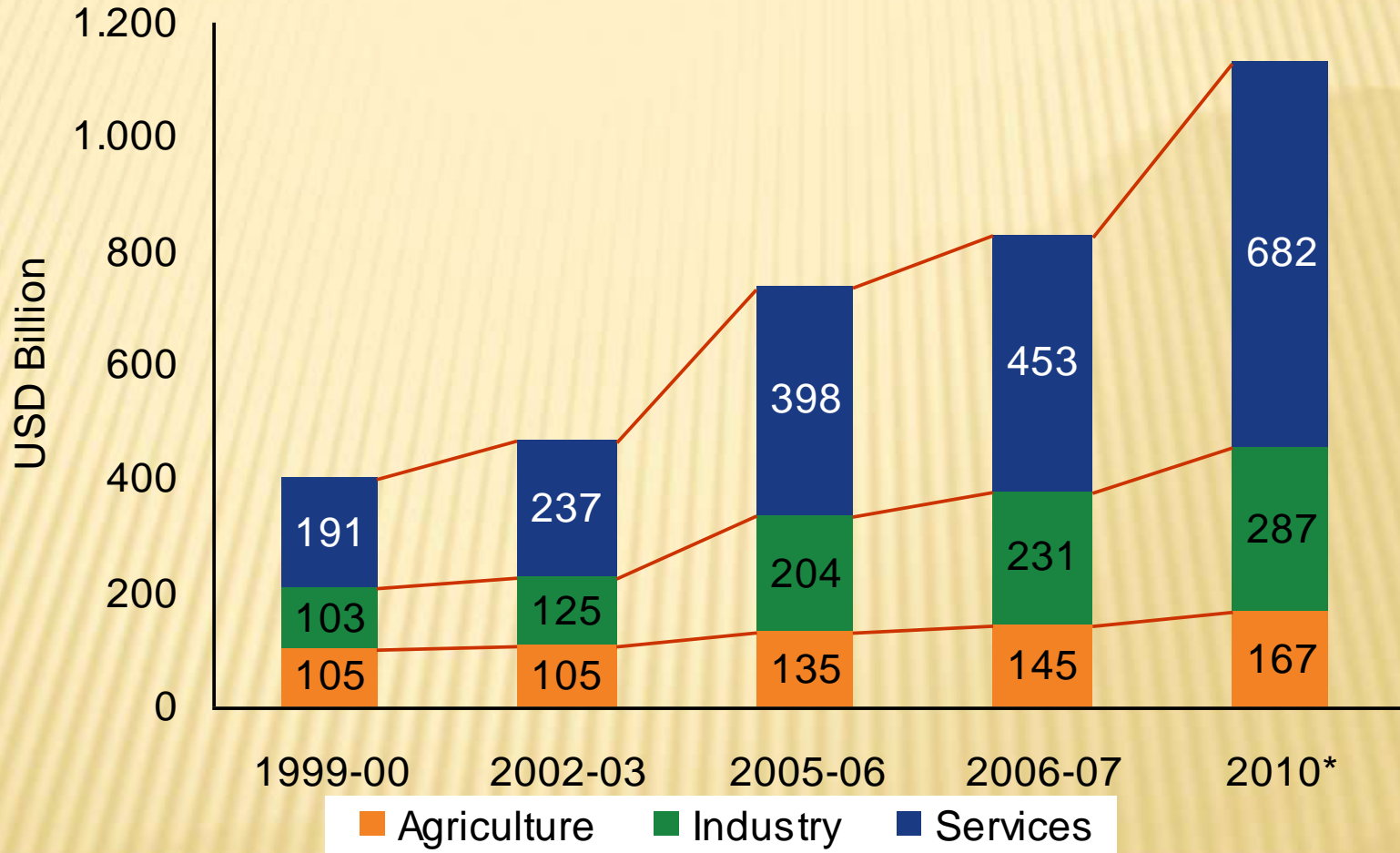
2008

- **GDP** – USD 1.16 trillion
- **GDP growth rate** – 9.5%
- **Services contribution** – 60%
- **Balance of Trade** – Negative balance should increase with surging imports versus exports
- **Investment goal** – USD 305 billion

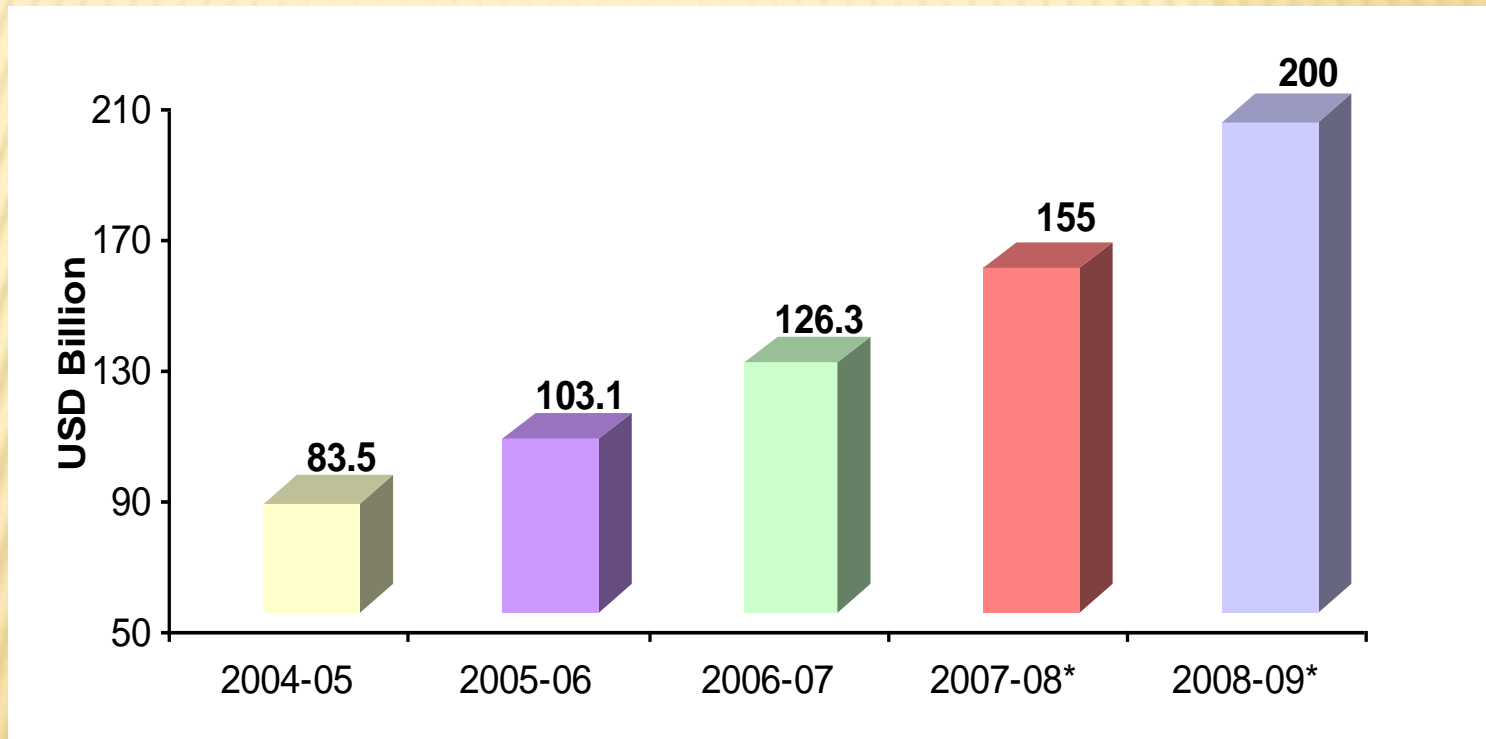
2006

- **GDP** – USD 590 billion
- **GDP growth rate** – 9%
- **Services contribution** – 54%
- **Balance of Trade** – USD (-)46.2 billion
- **Investment goal** – USD 250 billion

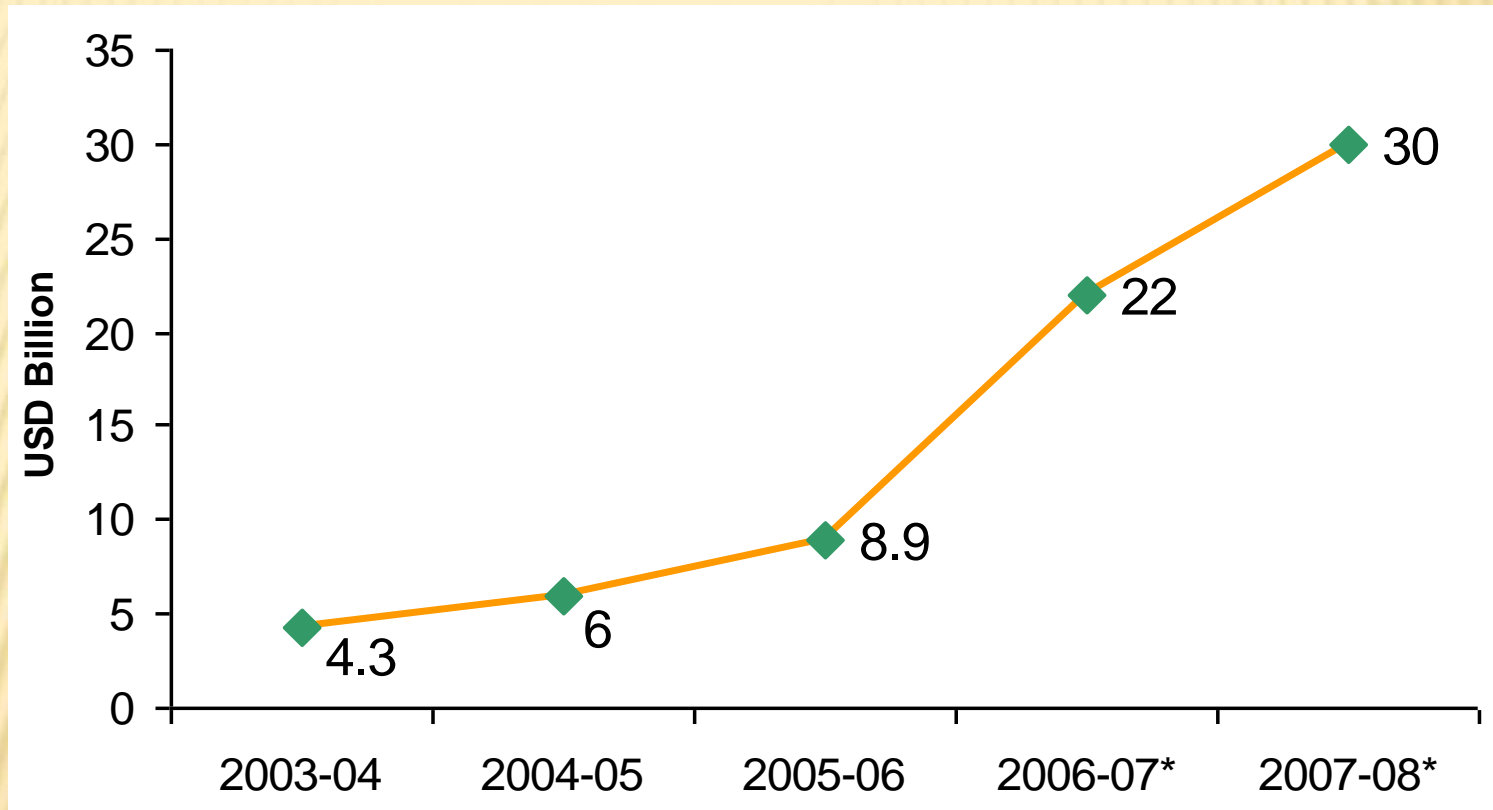
Growing GDP



Growing Exports



Growing FDI Inflows

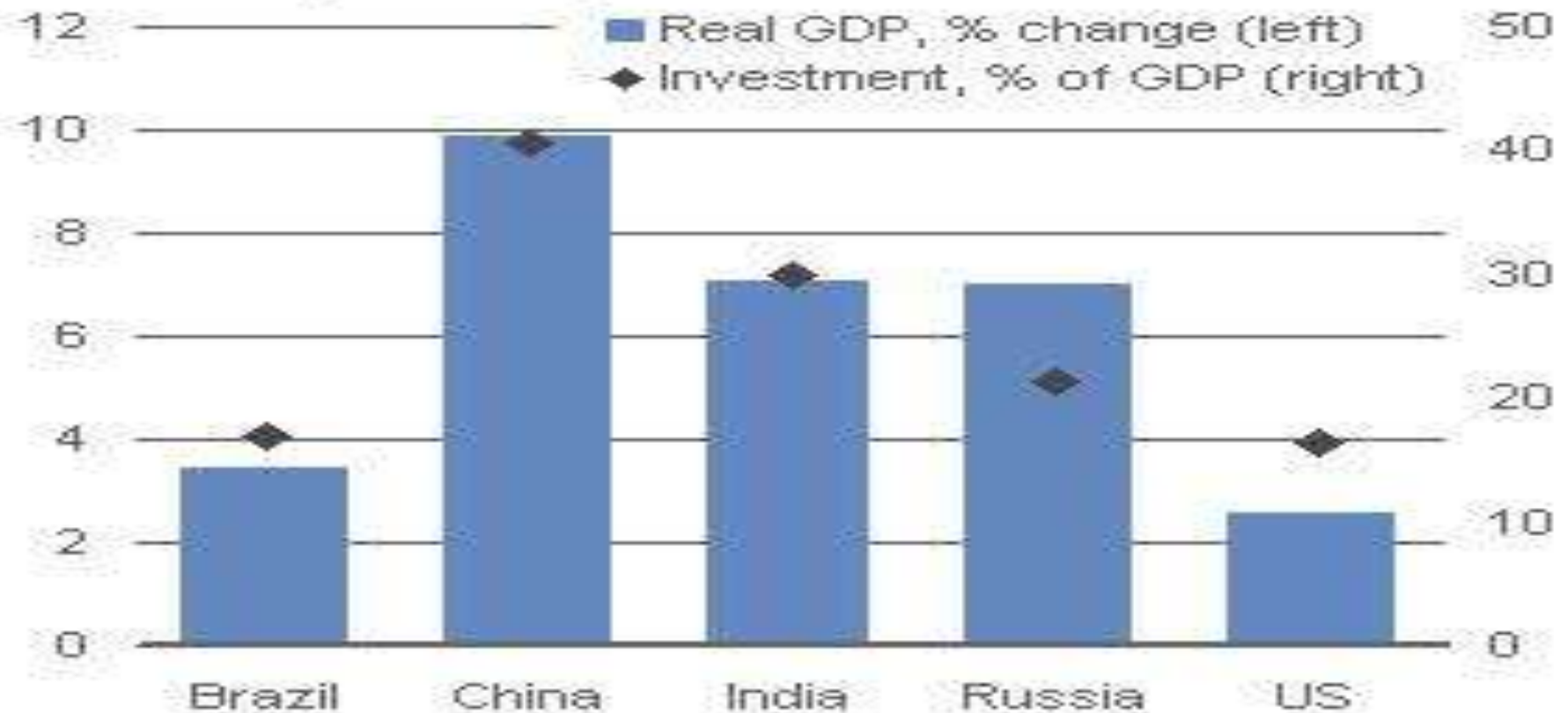


India is ranked second in AT
Kearney's FDI confidence index
(2007)

India's economic position among BRIC countries

Investment ratios favour China & India

Investment, % of GDP, 2000-07



Source: IMF

Impact of globalization on business in India

- India has a consumer base of 1.14 billion people.
- India is the 3rd largest global telecom market. The mobile subscriber base has grown from 0.3 Million in 1996 to over 250 million currently.
- India is likely to add over 200 shopping malls by 2010 and 715 malls by 2015.
- India is the world's:
 - 2nd largest two-wheeler market,
 - 4th largest commercial vehicle market
 - 11th largest passenger car market.
- Expected to be the 7th largest automobile market by 2016.

Indian companies going Global

Buyer	Acquisition	Price
Mittal Steel	Arcelor,Luxembourg	US\$ 26.5 bi
Reliance Industries	Flag Telecom, Bermuda	US\$ 212mi
Tata Motors	Daewoo, Korea	US\$ 118mi
Infosys Technologies	Expert Information Services, Australia	US\$ 3.1mi
Bharat Forge	Carl Dan Peddinghaus, Germany	N/A
Ranbaxy	RPG (Aventis) Laboratories, France	N/A
Wockhardt	CP Pharmaceuticals, UK	US\$ 18mi
Cadila Health	Alpharma SAS, France	US\$ 5.7mi
Hindalco	Straits Ply, Australia	US\$ 56.4mi
Wipro	NerveWire Inc, USA	US\$ 18.5mi
Aditya Birla	Dashiqiao Chem, China	US\$ 8.5mi
United Phosphorus	Oryzalin Herbicide, USA	US\$ 21.3mi

Technological & Cultural impact of globalization in India.

- Access to television grew from 20% of the urban population (1991) to 90% of the urban population (2009). Even in the rural areas satellite television has a grown up market.
- In the cities Internet facility is everywhere .Extension of internet facilities even to rural areas.
- Global food chain /restaurants has already found a huge market in the urban areas of India.
- Lavish Multiplex movie halls, big shopping malls and high rise residential are seen in every cities.

Technological & cultural impact of globalization in India

- Telecommunication and Software Industries are booming in India.
- Entertainment sector in India has a worldwide market. Bollywood movies are distributed and accepted worldwide. Big international companies (Walt Disney, 20th Century Fox, Columbia Pictures) are investing on this sector.
- Famous International brands (Armani, Gucci, Nike, Omega etc.) are investing in the Indian market with the changing of fashion statement of Indians.



The Bombay Electric Supply and Transport undertaking has put into services modern air-conditioned buses under JNNURM

Impact of globalization on agriculture in India

- Agriculture acquired 17% of India's GDP in 2008.
- 60% of population still depends on agriculture for their livelihood.
- Occupied 43% of India's geographical areas.
- Agriculture Scientists are applying new technologies and instruments in growing crops.
- Different state governments of India are taking initiative to literate the farmers.



Impact of globalization on education in India

- Literacy rate in India at present is 74.04%
- Foreign Universities are collaborating with different Indian Universities.

Year	Literacy Rate			Male - Female
	Person	Male	Female	Gap
1981	43.6	56.4	29.8	26.6
1991	52.2	64.1	39.3	24.8
2001	65.4	75.8	54.2	21.6
2010	74.04	82.4	65.46	16.94



Two different face of globalization in India.

India's problem with Globalization

- Some section of people in India, basically poor and very poor, tribal groups, they did not feel the heat of globalization at all. They remain poor & poorest as they were.
- Increased gap between rich and poor fuels potential terrorist reaction.
- Ethical responsibility of business has been diminished.
- Youth group of India leaving their studies very early and joining Call centres to earn easy money thereby losing their social life after getting habituated with monotonous work.
- High growth but problem of unemployment.
- Multi party rule, hence political ideology intervenes globalization (reservation, labor law reforms).
- Price hike of every daily usable commodities.

What are people talking about India?

India has a fantastic pool of software professionals. The world needs to benefit from this.

Bill Gates, Microsoft
Chairman

India on its way to becoming
IT, manufacturing kingdom of
the world

Mr Yasukuni Enoki,
Japanese Ambassador to
India

The dynamism shown by India
in the last 15 years is
phenomenal

Paul Wolfowitz, Ex-
President, World Bank

This market (India) is critical
to our plans for building a
Ford Motor Co. for the 21st
century

Bill Ford,
Chairman and
CEO

Conclusion

- Flowing with globalization ,India is shining in nearly every perspects.
- India is getting a global recognition and slowly moving towards to become a major economic and political strength.
- Though the developement is progressing rapidly,still many basic problems like rural poverty,corruption and political instability remained unsolved.



Thank You



Acknowledgement

Websites:

**Reserve Bank of India,
Ministry of Finance & Commerce,India**

Indian chamber of Commerce

IBFF

IFFCO

IBN

Google Images.