



### Role of IT in Globalisation

Information and Communication Technology (ICT) or IT s revolutionised the spreading of production of services across the globe.

An example of this one is a news magazine published for Raders in London, which is designed and printed in Delhi. The text of the magazine is sent from London through the internet to the Delhi office. The designers in e Delhi office get orders on how to design the magazine from the office in London, using telecommunication facilities.

The designing is done on a computer. After printing ñ Delhi, the magazines are sent by air to London for sale. Even the payment of money from a bank in London to k in Delhi is done instantly through the internet (e-banking).

### Liberlisation of Foreign Trade and Foreign Investment Policy

To protect local entrepreneurs from competition, the government of a country put certain barriers to restrict the entry of foreign goods.

For example, if the Indian Government puts a tax on import of toys, buyers will have to pay a higher price on imported toys. So, toys imported from other countries will no longer be cheap in the Indian markets. Imports f toys will then automatically reduce and Indian toy-makers will prosper.

### Trade Barrier

Trade barrier is a government imposed restriction on the free international exchange of goods or services. Tax on imports (called import duty) is an example of a trade barrier. It is called a barrier because some restriction has been set-up.

Governments can use trade barriers to increase or decrease (regulate) foreign trade and to decide what kinds of goods and how much of each, should come into the country. Similarly 'Quotas' are a way of restriction on volume or quantity of goods to be imported or exported.

### Foreign Trade Before 1991

After independence, the Government of India had put barriers on foreign trade and foreign investment, to protect the producers within the country from foreign competition, as they were just coming up in 1950s and 1960s. At that time, India allowed imports of only essential items such as machinery, fertilisers, petroleum, etc. It is notable that all developed countries, during the early stages of development, have given protection to .domestic producers through a variety of means.

Around 1991, it was felt that Indian producers must compete with producers around the globe, so that they can improve their performance and quality of goods and services. That's why Government of India in 1991 made some major changes in its trade policy. This decision was supported by powerful international organisations like the World Trade Organisation (WTO).

### Liberalisation

Removing barriers or restrictions set earlier by the government is known as Liberalisation. In India, it refers to economic liberalisation undertaken by the Government of India (starting in 1991) resulting in the removal of controls to encourage economic development. With liberalisation of trade, businesses are allowed to make decisions freely about what they wish to import or export. Now,



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the government imposes less restrictions than before and is therefore considered to be more liberal.

### WORLD TRADE ORGANISATION (WTO)

World Trade Organisation (WTO) is an international organisation dealing with the global rules of trade between nations. Its main function is to ensure that trade flows as smoothly, predictably and as freely as possible. It supported the liberalisation of foreign trade and investment in India. According to WTO, all barriers to foreign trade and investment are harmful. There should be no barriers, Trade between countries should be 'free'. All countries in the world should liberalise their policies.

'WTO was started at the initiative of the developed countries. Its objective is to liberalise international trade and ensure that its members obey its rules. 160 countries of the world were members of the WTO on June, 2014, (162 on 30th November, 2015).

Though WTO is supposed to allow free trade for all, actually it is found that the developed countries have unfairly implemented some trade barriers and forced the developing countries to remove barriers.

An example of this is the trade in agricultural product. Agriculturists in the USA are heavily subsidised by their government, so that they can export products like wheat and cotton at very low prices to developing countries, thus competing with and adversely affecting farmers in these countries.

**IMPACT OF GLOBALISATION IN INDIA:** In past 20 years, globalisation of the Indian economic has come a long way. Globalisation resulted in more competition among producers (both local and foreign), benefitting consumers particularly the prosperous sections in the urban areas. Now, they have a greater choice of goods with improved quality and lower prices. Thus, these people enjoy a much higher standard of living compared to earlier. However, among the producers and workers, the impact of globalisation has been mixed.

**Increase in Investments by MNCs:** The beneficial aspects of globalisation include the fact that MNCs have increased their investments in India. They have been interested in industries such as cell phones, automobiles, electronics, soft drinks, fast food and services such as banking in urban areas. These products have a large number of prosperous buyers. Due to this many new jobs have been created and local companies supplying raw materials and services to these industries have prospered.

### Government Steps to Attract

**Foreign Investment:** In recent years, the Central and State Governments in India are taking social steps to attract foreign companies to invest in India.

- They have set-up industrial zones, called Special Economic Zones (SEZs). SEZs have world class facilities: electricity, water, roads, transport, storage, recreational and educational facilities.
- Companies who set-up production units in the SEZs do not have to pay taxes for an initial period of five years.
- Government has also allowed flexibility in the labour laws to attract foreign investment.



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- The companies in the organised sector have to obey certain, rules that aim to protect the workers' rights. The government has allowed companies to ignore many of these.
- Instead of hiring workers on a regular basis, companies hire workers flexibly for short periods when there is intense pressure of work. This is done to reduce the cost at labour for the company.

However, still not satisfied, foreign companies are demanding more flexibility in labour laws.

### Facilitated Growth of Indian Companies

Several top Indian companies have benefitted from the increased competition by investing in newer technology and production methods to raise their production standards and quality. A few companies have also gained from foreign collaborations.

### Indian Companies Emerged as MNCs

Globalisation has enabled some large Indian companies to emerge as MNCs. Some large Indian companies like Infosys (IT), Tata Motors (auto), Ranbaxy, Asian Paints, Sundaram Fasteners, etc have set-up plants in other countries and became MNCs themselves. Today Tata, Reliance, Ranbaxy and many more companies are global companies.

### Growth of Service Providing Companies

Companies providing call centre facilities and IT related services, administrative and accounting services have benefitted from globalisation. For example, the Indian company producing magazine for London based company and call centres, Besides, a host of services such as data entry, accounting, administrative tasks, engineering are now being done cheaply in countries such as India and are exported to the developed countries.

### Threat to small producers

The rising competition has posed major challenges for small producers of items like batteries, capacitors, plastics, toys, tyres, dairy products and vegetable oil. Many of these units have shut down due to competition from imported goods available at low prices. It led rendering many workers jobless...

### Growing Competition & Uncertain Employment (Garment Industry)

Globalisation and the pressure of competition have changed the lives of workers. Faced with growing competition, most employers these days prefer **flexible employment** or to employ workers flexibly'. This means that workers jobs are no longer secure. Its typical example is the garment export industry. Large MNCs with a worldwide network look for the cheapest goods to maximise their profits. To get these large orders, Indian garment exporters try to cut their own costs by reducing labour costs, as raw material costs cannot be reduced. So, they employ workers only on a temporary basis, i.e. only when work is there which means they do not get other benefits which they earlier used to get with a permanent job like Provident Funds (PF), provision for leave, etc.

### Working Conditions of Workers

Workers put in very long working hour regularly during the peak demand season workers are forced to do overtime to manage their expenses. Workers



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are denied their fair share of benefits brought about by globalisation. These working conditions and hardships of the workers have become common to many industrial units and services in India.

Most workers are employed in the unorganised sector, but now the conditions of work in the organised sector have started looking like those in the unorganised sector. Workers no longer get the protection and benefits that they enjoyed earlier.

### THE STRUGGLE FOR A FAIR GLOBALISATION

People with education, skill and wealth have made the best use of the new opportunities due to globalisation. To make it more 'fair', it should ensure that the benefits of globalisation are shared better and government policies must protect the interests of all the people in the country. For instance, the government can ensure that labour laws are properly implemented and the workers get their rights. It can support small producers to improve their performance till the time they become strong enough to compete. If necessary the government can use trade and investment barriers.

### Government and WTO

Government can negotiate with the 'WTO for 'fairer rules'. It can also align with other developing countries with similar interests to fight against the authority of developed countries in the 'WTO. In the past few years, massive campaigns and representations by people's organisations have influenced important decisions relating to trade and investments at the WTO. This has demonstrated that people also can play an important role in the struggle for fair globalisation.

### CONCLUSION

Globalisation is the process of rapid integration of countries. This is happening through greater foreign trade and foreign investment. MNCs are playing a major role in the globalisation process. Technology, particularly IT, has played a big role in organising production across countries. In addition, liberalisation of trade investment has facilitated globalisation by removing barriers imposed earlier. WTO has put pressure on developing countries to liberalise trade and investment. Fair globalisation would create better opportunities and share for all.

### Call Centre

A centralised office used for the purpose of receiving or transmitting a large volume of requests by telephone. Flexible Employment Employment on a temporary basis, i.e. only as and when required. This is in contrast with permanent employment, which means employment throughout the year.

Unorganised Sector The unorganised sector of the economy refers to the household based manufacturing activity and small scale and tiny sector of industry.

