The background features a white page with a blue border. Three large, overlapping blue circles of varying shades are positioned in the upper right and lower right corners. A thin blue line runs diagonally from the top left towards the center, and another thin blue line runs diagonally from the top right towards the center. The text is centered on the page.

GLOBALIZATION

India's Theme For A Dream

This Article is a Copyright of Kaushal Shah & Associates. No reader should act on the basis of any statement contained herein without seeking professional advice. The author and the firm expressly disclaim all and any liability to any person who has read this article, or otherwise in respect of anything, and of consequences of anything done, or omitted to be done by any such person.

Kaushal Shah & Associates is a boutique law firm located in Mumbai the commercial capital of India, which provides a unique service by focusing on effective discussion, careful listening, skilled and systematic planning process to approach our work. Based on our knowledge of key industry sectors and legal practice, the Law Firm provides holistic, innovative flexible commercial solutions to result in good transaction management.

The Law Firm is distinguished by its unsurpassed expertise in Corporate, Media Entertainment and Sport, Private Equity and Venture Capital Investment Funds, Intellectual Property, Human Resource, Life sciences, Technology and Real Estate. Each of our associates has expertise in specific area of law and is a leader in one's own field. Each of our specialist teams has a wealth of knowledge and practical experience.

At Kaushal Shah & Associates, we offer more than just law. We make it our business to understand your business and complex legal problems. We aim to be an integral part of your organization and place our emphasis on working closely with you to achieve your business goals through our sound, distinctive culture that puts people first. We believe that cultivating relationships is the key to our success.

Kaushal Shah & Associates

Advocates, Solicitors and Legal Consultants

Corporate Office:

406, Peninsula Plaza
Fun Republic Lane,
Off Andheri Link Rd.,
Andheri (W),
Mumbai - 400 053
Tel: # 91 22 267 333 94
Telefax: # 91 22 401 098 21

Research Centre:

Chamber 10 A, 4th Floor
Central Bank of India Building,
Fountain,
Mumbai - 400 023
Tel: # 91 22 226 549 25

Web: www.ksaattorneys.com

INTRODUCTION

Globalization is the process of making the global community increasingly more connected and co-dependent. Through the internet, and the various convenient modes of travel and communication, we are now more aware of the rest of the world than before. It is a course of integration and interaction amid different nations, a process inspired by international trade and investment and aided by information technology.

Globalization came into popular practice in the 19th Century to express the increased movement of people, knowledge and ideas, goods and money across national borders that has led to increased inter connectivity among the world's populations in all aspects, including economical, political, social and cultural.

Although globalization is mostly thought of in terms of economy i.e., "the global marketplace", this process has various social and political implications as well. Many people associate globalization with modernization i.e., the conversion of "traditional" societies into "Western" industrialized societies.

People around the globe are more connected to each other than ever before. Information and resources flow more quickly than ever. Goods and

services produced in one part of the world are increasingly available in all parts of the world. International travel has become more frequent and international communication more ordinary. This phenomenon has been termed as "globalization."

While some people think globalization is the same as global business, the



same stands incorrect.

Globalization is a lot more than global business. It not only allows businesses to operate as if national borders did not exist but

also allows social activists, labor organizers, journalists, academics, and many others to work on a global stage.

"Globalization" is promptly become the favored term for describing the present times. Just as the Depression, the Cold War Era and the Space Age are used to describe particular periods of history; globalization describes the political, economic, and cultural atmosphere of today.

MEANING AND CONCEPT

Globalization can be defined as a set of economic, social, technological, political and cultural structures and processes arising from the changing character of the production, consumption and trade of goods and assets that comprise the base of the international political economy. There is an increasing structural differentiation of these goods and assets that has spread across traditional political borders and economic sectors, and has resulted in the greater influence of political and economic changes.

The term “Globalization” can have many meanings. It describes the increased movement of labour, technology, goods, services and capital throughout the world. Although globalization is not a new concept, its recent pace has dramatically increased. Computers, email, airplanes, instant capital flows, telephone service, huge oceangoing vessels, etc. have made the world more interdependent than ever. A number of multinational corporations manufacture products in many countries and sell to consumers around the world causing money, technology and raw materials move even more swiftly across national borders. As a result, laws, economies, and social movements are forming at the international level.

The concept of globalization emerged in the period between the latter half of the 19th century and the initial years of the 20th century (1850 --1914). At that time, the concept of globalization mainly concentrated on the aspect of money, which in its turn could be seen in two dimensions, first, the multiplication of international trade and second, the rising tide of migrant population.

Globalization is usually understood as a process in which all cultural, political and economic barriers separating different nations of the world are either reduced or eliminated, thereby encouraging exchanges in knowledge and commodities. Globalization allows liberalization and also promotes mutual reliance. As the number of exchanges of goods and commodities and of information enhance, the result is a growing interdependence between countries as they come to rely on various imported products and services. The whole of the world is increasingly behaving as though it were a part of a single market, with interdependent production, consuming similar goods, and responding to the same impulses.

CAUSE

Let us now discuss the factors responsible for the origin and expansion of globalization.

Globalization began after the fall of Communism. One of the reasons for globalization is open, free markets. In the 80s Structural Adjustment Programs forced many Third World countries that formerly had protectionist economies to open themselves up to foreign investment and trade. This led not only to economic globalization but also political and cultural globalization. In the post Cold War era, the US was left as the world's only superpower, and was therefore able to assert itself (or establish hegemonic control) over certain countries to greater or lesser extents. The prevalence of free trade agreements like the North American Free Trade Agreement and economic unions like the European Union led to higher rates of transmission of money and ideas. Also, in the industrialized world, the growing cost of manufacturing (especially with regards to labour) has led many companies to create branch plants in less affluent economies.

A major source of globalization lies in the development of technology. The costs of transport, travel, and above all the costs of communicating information have reduced dramatically, almost entirely because of the progress of technology.

Another contributor to globalization is the availability of inexpensive, rapid and reliable communications that permits such phenomena, just as this is the key to the integration of the

international capital market. The same reason is also important in nurturing the growth of multinational corporations, since it is this which enables them to exploit their intellectual property efficiently in a variety of locations without losing the ability to maintain control from their headquarters.

Innovations in miniaturization have made computers, pagers and cell phones easy to carry and affordable. Due to this, the potential for wealth creation has become more geographically dispersed. Due to all these factors, it becomes impossible to suppress information anymore.

There are also factors such as the spread of consumer knowledge about what is available which are also encouraged by the communication revolution.

GLOBALIZATION & THE WORLD ECONOMY

The first and primary opportunity of globalization is free trade and the consequential effect on the global economy. Free trade means more trade, which results in increased financial flows. As trade and financial flows increase, capital redistributes laterally and, in theory that redistributed capital can pull impoverished countries up from the bottom.

Globalization also permits an increase in the level of global output. Foreign Direct Investment (FDI) brings the best technology, and other forms of intellectual capital, to countries that would otherwise have to make do without it, or else invest substantial resources in reinventing the wheel for themselves. It may also bring products that would otherwise be unavailable to the countries where the investment occurs, which presumably increases the quality, and therefore the value, of world output. And international capital flows can transfer savings from countries where the marginal product of capital is low to those where it is high, which again increases world output.



Tata Steel Plant in South Wales UK

Similarly most FDI goes where a multinational has intellectual capital that can contribute something to the local economy, and is therefore likely to be mutually beneficial to investor and recipient. And a flow of capital that finances a real investment is again likely to benefit both parties, since the yield on the investment is expected to be higher than the rate of

interest the borrower has to pay, while that rate of interest is also likely to be higher than the lender could expect at home since otherwise there would have been no incentive to send it abroad.

Globalization must be expected to influence the distribution of income as well as its level. So far as the distribution of income between countries is concerned, standard theory would lead one to expect that all countries will benefit from it. Economists have long preached that trade is mutually beneficial, and most of us believe that the experience of widespread growth alongside rapidly growing trade in the postwar period serves to substantiate that.

In terms of domestic income distribution, standard theory says that trade will tend to hurt unskilled labour in rich countries and to help it in poor ones, since the poor countries will be able to export-labour-intensive goods like garments to rich countries, thus increasing the demand for unskilled labour in the poor countries and decreasing it in the rich ones.

Let's consider the impact of globalization on the long-term possibilities of economic growth in developing countries. A broad theory is that when a developing country comes to understand the opportunities of applying world-class technologies within their country, and introduce institutional arrangements that permit

individual pursuit of self-interest to serve, in general, the social good. Once that happens the country is able to grow at a rapid rate, until it catches up with best-practice technology, and therefore attains the living standards of the developed countries. Globalization is tending to make the technologies and the knowledge for this process to occur more readily available, and therefore to enable the process to be telescoped in time.

But what cannot be overlooked is that globalization is also bringing new dangers which look beyond the economic questions and considers the role of globalization in spreading such unsavoury phenomena as drugs, the sex trade, crime, and terrorism. The dangers of globalization are often tied into the opportunities of globalization; and we often find that one policy that benefits one nation or social group harms another.

Another danger of globalization is the overuse and abuse of natural resources. In the long run, development means more super-consumers, who consume and discard at will. In the initial stages of development, nations tend to put national development before international ecology, and skip the costly measures that more industrialized countries now use to cut down on pollution. The effects are cyclical, because less environmental protections mean less overhead,

which, in turn leads to a cheaper product.

However, the dangers of globalization can be minimized in a number of ways. Firstly, trade barriers could be lowered gradually in developing countries in an attempt to allow infant industries to better adjust to the international competition. The imbalance of power held by the Transnational Criminal Organizations may be deactivated by the global legalization of cocaine, reducing its value to nearly nothing. The imbalance of power held by investors may be lessened by policies that restrict the flows of money in and out of a country on a single business day. Overuse and abuse of natural resources can be reduced through the institution of "rental" policies under which developed nations pay for sections of a forest to remain intact, as compensation for lost income. Also, such nations could be encouraged to commence "ecotourism," the system by which wealthy foreigners pay large amounts of money to visit untouched areas of third world countries, again using an intact forest for income, rather than a ravaged one.

Opportunities could be maximized by creating transnational regulatory frameworks with representation of industrialized and non-industrialized countries, instead of the traditional industrialized model. Also, the gradual destruction of tariff barriers and the environmental provisions

described above could be considered opportunities of globalization as well as reduction in the dangers of globalization.

IMPACT OF GLOBALIZATION

At the international level, globalization is thought of in terms of the challenges it poses to the role of governments in international affairs and the global economy.

Globalization has made way for free trade and business and has communication networks between various parts of the globe. It has the potential to make this world a better place to live in. It is changing the political scenario thus deep-seated problems like unemployment; poverty and shift in power are coming to the picture. The marginals are getting a chance to exhibit in the world market. The term "brand" is catching up in the developing countries.

A few of the many advantages of globalization are listed as under:

- There is a worldwide market for the companies and more access to products of different countries for the people.
- There is a steady cash flow into the developing countries, which steadily reduces the dollar variation.
- Owing to the existence of an international market, there is an increase in the production sector and there are several options for the companies.
- There is cultural intermingling and each other is trying to know about the other's cultural preferences and in the process of doing so, we are actually coming across things that we like and in the course of time adopt it.
- As a result of the common financial interests, corporate and governments across the globe are trying to eliminate ecological problems for each other.
- Through the various modes of communication including the medium of internet, people are open and tolerant towards each other and they who live in the other part of the world are not aliens as we always thought. have become world citizens and
- There is a lot of technological development that we have undergone over the years. There are fewer brain drains since Asians are working in their own country though for a foreign company but are earning foreign exchange for their country.

- Productivity grows more quickly when countries produce goods and services in which they have a comparative advantage. Living standards can go up faster.
- Global competition and cheap imports keep a lid on prices, so inflation is less likely to derail economic growth.
- An open economy spurs innovation with fresh ideas from abroad.
- Export jobs often pay more than other jobs.
- Unfettered capital flows give the U.S. access to foreign investment and keep interest rates low.
- Millions of people fear losing their jobs, especially at those companies operating under competitive pressure.
- Increased likelihood of economic disruptions in one nation affecting all nations.
- The Europeans are losing jobs and that is posing a problem for them since the companies are outsourcing work to the Asian countries since the cost of labor is low and profits the company considerably.
- There is immense pressure on the employed Europeans who are always under the threat of the business being outsourced.

However, there is another side to globalization that isn't equally pleasant. There are many cons of globalization, covering all aspects of its wide definition.

- Increased flow of skilled and non-skilled jobs from developed to developing nations as corporations seek out the cheapest labor.
- Workers face pay-cut demands from employers, which often threaten to export jobs.
- Service and white-collar jobs are increasingly vulnerable to operations moving offshore.
- Corporate influence of nation-states far exceeds that of civil society organizations and average individuals.
- Corporates are building up units in other countries equally well equipped as they have done at their own country, thus transferring the quality to other countries.
- There are some experts who think that globalization; along with the positive aspects is also leading to the incursion of negatives like communicable diseases and social degeneration.

- There is also a threat of corporates ruling the world because there is a lot of power, which is invested in them due to globalization.
- For nations that are at the receiver's end are also giving up the reins in the ends of a foreign company which might again lead to a sophisticated form of colonization.
- Greater chance of reactions for globalization being violent in an attempt to preserve cultural heritage.
- Increase in the chances of civil war within developed countries and open war between developing countries as they vie for resources.
- Decreases in environmental integrity as polluting corporations take advantage of weak regulatory rules in developing countries.

GLOBALIZATION IN INDIA

India is not unfamiliar with the concept of Globalization. One cannot disregard the diverse and pluralistic long-standing civilization that was shaped by a long list of "globalizing" cultures that became what we now know as India. The previous globalizers of India

include the Aryans, Hindus, Dravidians, Greeks, Buddhists, Turks, Afghans, Scythians, Muslims and most recently, the Europeans, Portuguese, French, Dutch and finally the English.

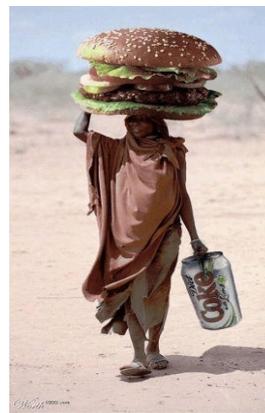
Long viewed by the West, as "poor and impoverished," to its neighbors such as Sri Lanka, Bangladesh and Pakistan, India is wealthy and powerful. To these smaller neighbors, India is a great power, a globalizer of its own.

India, knowing its past as a globalizer, sees itself as one of the great nations of the world. But today, India has yet to build on the onetime greatness of its civilization to earn international influence and respect. India sees itself as equally important as Russia, China and the U.S., believing it has much to offer the rest of the world. Historically this has a basis since important aspects of trigonometry were developed in India, as was the decimal system, which, was later taken from India by Arab mathematicians, and on to Europe in the 10th century, only to come back to India through books from the West. Similarly, at the start of the 18th century, India was a major economic power with 23 percent of the world's GDP according to some economic historians and over 25 percent share of the global trade in textiles. By 1995, this had declined to less than 5 percent of world income and less than half a percent of world trade.

The most important wave of globalization affecting India came with the British who were important to Indian development, in positive and negative ways. The British consolidated a land of many separate regions and kingdoms into what we know of as modern India. While the British exploited India's population, economy and resources as colonial rulers, they also left India, after two centuries of rule in 1948, with democracy, laws, a judiciary, and a free press, 40,000 miles of railroad track, canals, and harbors. English as the language of Indian business and the English language schools are arguably some of the most important remnants of the British, giving India a linguistic global gateway not found in former French, Spanish or Dutch speaking colonies.

Television is arguably the most dominant gateway of globalization affecting India today. While television was launched in India in the late 1950s it only became widespread in the 1980s, after the governments ended their monopoly as the only broadcaster. Because of the abrupt end of the monopoly of the state channels, the instantaneous arrival of satellite television has been more disruptive and far reaching in India

than elsewhere in the world. Another way television globalizes is in how it helps keep NRIs (Non Resident Indians) in contact with their culture of origin. These NRIs, an estimated 15 to 21 million people spread across the world, are the third largest direct foreign investors in India after the U.S. and Britain.



While India clearly has access to important gateways of globalization, such as well-established channels of media and commerce, it also has its

own unique, large NRI community, a large and potentially important gateway of globalization. The ultimate question is whether these gateways of globalization will bring real progress and modernity to India. While India has some characteristics of modernism one can not yet call India modern. Modernity is not just Westernization, with Japan being a modern country that has its own values at its core rather than Western values.



Call Centers in India

Globalization has opened up broader communication lines and brought more companies as well as different worldwide organizations into India. White collar jobs ranging from call centers to software engineers to medical technicians are being "outsourced" to India. This provides opportunities for not only workingmen, but also women, who are becoming a larger part of the workforce. With new jobs for women, there are opportunities for higher pay, which raises self-confidence and brings about independence. This, in turn, can promote equality between the sexes, something that Indian women have been struggling with their entire lives.

Now that India is in the process of restructuring her economy, with aspirations of elevating herself, 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. Thus, globalization assists India in opening up the economy to foreign direct investment by providing facilities to foreign companies to invest in different fields of economic activity, 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.

Today, India stands as a vibrant and diverse country whose economy is rapidly integrating with the world economy. The sweeping economic reforms in the last decade have had far-reaching consequences. The business environment in the country is considered conducive for achieving high levels of sustainable growth.

CONCLUSION

Throughout the history, adventurers, merchants, & financiers have constructed an ever-more-global economy. Today, unprecedented changes in communications, transportation, and computer technology have given the process new impetus. As globally mobile capital reorganizes business firms, it sweeps away regulation and undermines local and national politics. Globalization creates new markets and wealth, even as it causes widespread suffering, disorder, and unrest. It is both a source of repression and a catalyst for global movements of social justice and emancipation.

Globalization is the integration of democracy, legal reforms, capital, technology, and information across national borders, in a way that is creating a single global market and a global village.

It needs to be considered in terms of its inherent ambivalence and contradictions: it can, for instance, promote cultural and scientific exchange, but it also facilitates coordination between criminal organizations; through the dissemination of human rights it may help to give greater freedom, but may

also destroy cultures or inflict damage on traditional economies.

Proponents of globalization argue that it allows poor countries and their citizens to develop economically and raise their standards of living, while opponents of globalization claim that the creation of an unfettered international free market has benefited multinational corporations in the Western world at the expense of local enterprises, local cultures, and common people. Resistance to globalization has therefore taken shape both at a popular and at a governmental level as people and governments try to manage the flow of capital, labor, goods, and ideas that constitute the current wave of globalization.

Moreover, globalization is much less of a reality in other fields than it is in the economic one. Culture still displays strong national, and even regional and local, variations.

For billions of people around the globe, business-driven globalization means uprooting old ways of life and threatening livelihoods and cultures. The global social justice movement, itself a product of globalization, proposes an alternative path, more responsive to public needs. Intense political disputes will continue over globalization's meaning and its future direction.

In the absence of barriers, globalization invites the strong to invade the territory of the weak, opening the door to wholesale exploitation. In economic terms, what this amounts to is that the rich get richer and the poor get poorer.

Globalization is also a factor which has induced the gap between rich and poor to become more glaring in recent decades. Many people who are concerned about the fate of the world's poor now attribute their plight to globalization. They argue that globalization has weakened the position of poor countries and exposed poor people to harmful competition.

However, to find the right balance between benefits and costs associated with globalization, people of all over the world need to understand how globalization works and the policy choices facing them and their societies.

To sum up, globalization enhances a number of important objectives for mankind including affluence, human rights, peace and cultural exchange. Since these things are extremely highly valued in the philosophy of humanity, one may conclude that globalization is a very interesting concept. However, there are clear disadvantages involved in globalization, especially it if takes place without coordination and political control.

In context to India, the situation has improved greatly since India began liberalization in 1991. The rate of poverty has reduced, the GDP is on the rise and the economy is growing well too. However, most of the brought in through globalization remain for the upper middle and corporate classes of India. The poor, the most downtrodden still remain deprived of most of such benefits.

India, like all developing countries has to tread the path to globalization very carefully.