

MODULE 1

Globalization and Indian Economy

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AND IT'S
COMPONENTS

2 BENEFITS,
FLIPSIDE OF
GLOBALIZATION

3 HISTORY OF
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GLOBALIZATION



GLOBALIZATION

Globalization refers to the spread of the flow of financial products, goods, technology, information, and jobs across national borders and cultures.

Globalization encompasses the extensive flow of financial products, goods, technology, information, and job opportunities across national borders and diverse cultures. It signifies the increasing interconnectedness and interdependence among nations worldwide, fostering a global exchange of ideas, resources, and economic activities.

01

In economic terms, it describes an interdependence of nations around the globe Which is fostered through free trade.

02

Globalization creates a web of economic interdependence among nations, where the prosperity of one country is increasingly reliant on the stability and growth of others.

03

Through trade, investment, and technological advancements, countries become intricately linked, impacting each other's economic well-being and development.

04

- Free trade promotes globalization by removing barriers like tariffs and quotas, facilitating smooth exchange of goods and services between nations.
- Open markets and international competition are encouraged through free trade.
- Benefits of free trade include access to larger customer bases, enhanced efficiency.

FREE TRADE AGREEMENT

A pact between multiple nations aimed at reducing barriers to imports and exports among them.



FREE TRADE POLICY

Enables the buying and selling of goods and services across international borders with minimal or no government tariffs, quotas, and subsidies.



BENEFITS OF GLOBALIZATION

Spread of products, technology, information, and jobs across nations

Developed nations, with their advanced infrastructure, technology, and expertise, can leverage globalization to gain a competitive edge in the global market. They have access to capital, skilled labor, and research and development capabilities, allowing their corporations to expand their reach and tap into new markets worldwide.

Globalization enables these corporations to benefit from economies of scale, diversify their operations, and collaborate with international partners, enhancing their competitiveness and market presence.



FRINGE

They often possess lower labor costs and abundant natural resources, making them attractive destinations for foreign investment and outsourcing by multinational corporations.



BOOM

Developing countries can integrate into global supply chains, attract foreign direct investment, create job opportunities, and foster economic growth.

THE FLIPSIDE

Unequal distribution of benefits: The benefits of globalization have faced criticism due to the unequal distribution of its positive effects. While globalization has led to overall economic growth and increased prosperity, the benefits are often concentrated in certain sectors or regions, leaving some individuals and communities behind. Income inequality, job displacement, and social disparities have been observed as consequences of globalization.



Domino effect of economic downturn

Highlights the vulnerability of economies to global economic shocks



Displacement of local industries and cultural homogenization
job losses and economic instability for communities

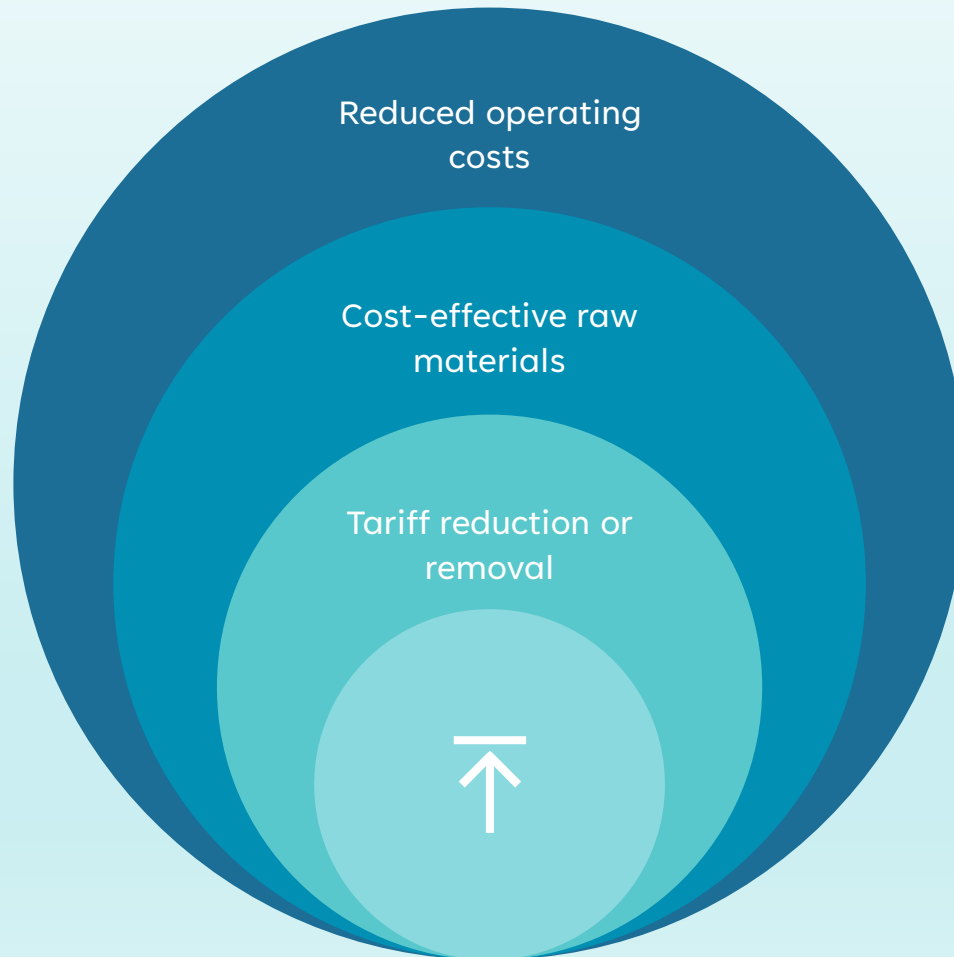


Environmental challenges and resource depletion

ecosystem degradation, loss of biodiversity

UNDERSTANDING GLOBALIZATION

Globalization provides corporations with a range of advantages



Reduced operating costs

Globalization enables corporations to reduce their operating costs by manufacturing abroad. They can take advantage of lower labor costs in developing countries, where wages tend to be lower compared to developed nations



Cost-effective raw materials

Globalization allows corporations to source raw materials more cheaply. They can tap into global supply chains and access regions abundant in natural resources



Tariff reduction or removal

Through trade agreements and economic blocs, governments strive to eliminate barriers to international trade. This reduction in tariffs facilitates the smooth flow of goods and services across borders, enabling corporations to import and export products at lower costs

THE MULTIFACETED IMPACT OF GLOBALIZATION

Globalization is a multifaceted phenomenon that impacts various aspects of society, culture, politics, and law.



HISTORY OF GLOBALISATION

Globalization is not a new concept, as traders in ancient times traveled long distances to acquire rare and expensive commodities for sale in their homelands. However, it was during the 19th century, with the advent of the Industrial Revolution, that transportation and communication systems significantly improved, further facilitating trade across borders.



Post World War

Following World War I, globalization experienced a slowdown as nations turned towards protectionism. Import taxes were imposed to shield domestic industries in the aftermath of the conflict. This protectionist trend persisted through the Great Depression and World War II until the United States played a crucial role in reviving international trade. Since then, globalization has accelerated at an unprecedented pace, driven by public policy changes and advancements in communications technology.

01.

Free markets

Global governments embracing free market principles through fiscal policies and trade agreements.

02.

Agreements

Trade agreements focused on reducing or eliminating tariffs to facilitate cross-border movement of goods and services.

03.

Industrialization

Resultant increase in industrialization and financial opportunities in nations, prioritizing the removal of trade barriers and promotion of international commerce.



COMMODITIES

Commodities are raw materials or primary goods that are traded in the global marketplace. They are typically unprocessed or minimally processed products that are interchangeable with other goods of the same type. Examples of commodities include agricultural products (such as wheat, corn, coffee), energy resources (such as crude oil, natural gas), metals (such as gold, silver, copper), and industrial materials (such as iron ore, lumber). Commodities serve as essential inputs in various industries and are subject to market forces of supply and demand. The prices of commodities can be influenced by factors such as global supply and demand dynamics, geopolitical events, weather conditions, and market speculation.



Protectionism refers to an economic policy that aims to shield domestic industries and businesses from foreign competition. It involves the implementation of barriers such as tariffs, import quotas, and subsidies to restrict imports and give domestic producers a competitive advantage. The objective of protectionism is to safeguard domestic industries, preserve jobs, and promote economic self-sufficiency.



Protectionism

International trade is the exchange of goods, services, and capital across national borders. It involves the buying and selling of products and services between countries, facilitated by importers, exporters, and traders. International trade allows countries to specialize in producing goods and services where they have a comparative advantage, leading to increased efficiency and economic growth.



International Trade

A free market is an economic system characterized by minimal government intervention, where prices for goods and services are determined by the forces of supply and demand. In a free market, individuals and businesses have the freedom to engage in voluntary transactions, compete with each other, and pursue their own self-interests. Prices are set through the interaction of buyers and sellers in the marketplace, signaling the allocation of resources and guiding production and consumption decisions.



A Free Market



FISCAL POLICIES

Fiscal policies are the measures implemented by governments to manage their revenue and expenditure to achieve specific economic objectives. These policies involve decisions regarding government spending, taxation, and borrowing. Expansionary fiscal policies involve increasing government spending or reducing taxes to stimulate economic activity during periods of low growth or recession. Conversely, contractionary fiscal policies involve reducing government spending or increasing taxes to slow down an overheating economy or combat inflation. Fiscal policies play a crucial role in influencing aggregate demand, promoting economic stability, and achieving desired macroeconomic outcomes such as economic growth, low unemployment, price stability, and income distribution.



PROS OF GLOBALIZATION

Globalization allows developing countries to catch up to industrialized nations through increased manufacturing, economic expansion, and improvements in living standards. It brings jobs and technology to developing countries through outsourcing, promoting economic growth.



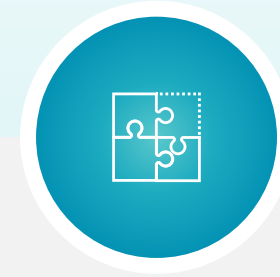
A larger market for goods and services

Globalization opens up opportunities for businesses to access larger customer bases around the world, increasing their potential market size and potential for growth.



Cheaper consumer prices

By promoting competition and efficiency, globalization can lead to lower production costs, which can translate into more affordable prices for consumers.



Outsourcing can benefit both domestic firms and foreign labor

Outsourcing allows companies to allocate certain tasks or operations to external entities, often in developing countries with lower labor costs. This can result in cost savings for businesses and provide employment opportunities and technology transfer to the foreign labor force, contributing to their economic development.

Increased standard of living: Globalization can contribute to higher living standards through economic growth, job creation, and access to a wider range of products and services for individuals in both developed and developing countries.



WHAT IS GLOBALIZATION AND WHY IS IT IMPORTANT?

Significant political events, like the trade conflict between the United States and China, are intricately linked to the dynamics of globalization.



Unity

Globalization facilitates unprecedented interconnectivity among nations, driven by advancements in transportation, trade agreements, legal frameworks, and digital communication.



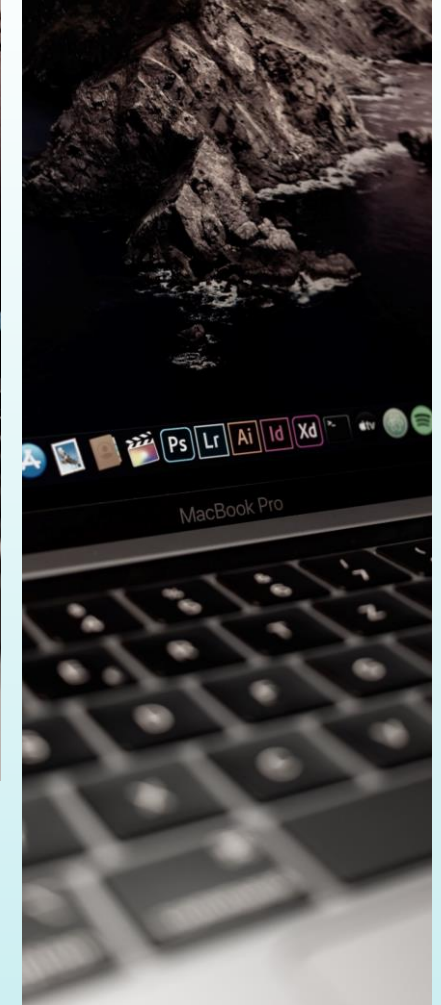
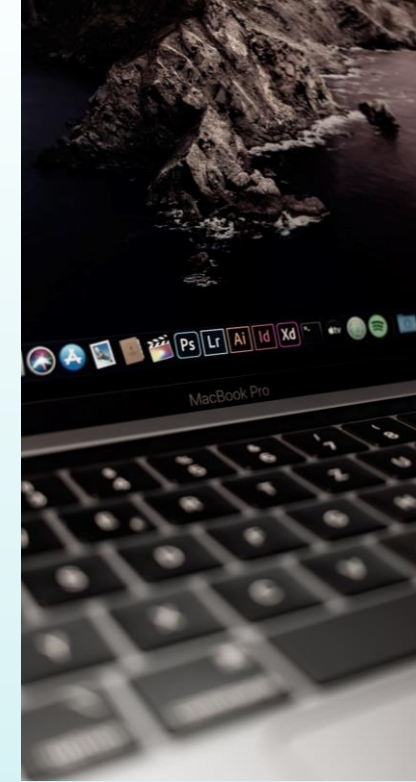
Expansion

It expands the global market by enabling the production and sale of diverse goods at competitive prices.



Shaping

Globalization is a powerful force shaping the modern world, evident in the global presence and operations of multinational corporations.



IS GLOBALIZATION GOOD OR BAD?

Globalization has both positive and negative impacts. It has contributed to reducing poverty and improving living standards globally, while also enabling the spread of products and services worldwide. However, it has led to challenges for certain industries and economies, causing job losses and environmental concerns.

01

Proponents of globalization argue that it has led to a significant decrease in global poverty and improved living standards, as increased trade and investment have provided opportunities for economic growth and job creation.

02

Globalization has facilitated the widespread availability and accessibility of products and services, such as advanced technologies and modern conveniences, benefiting people worldwide.

03

Critics of globalization raise concerns about its impact on specific industries in certain countries, which may struggle to compete with international firms, leading to job losses and economic disruption. They also highlight the negative environmental consequences associated with economic development and increased global trade.

IMPACT ON SOCIETY

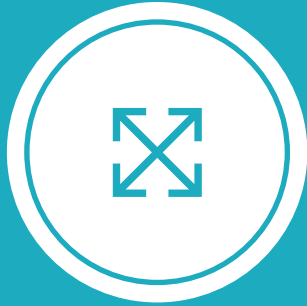
Globalization has profound effects on urbanization, socioeconomic conditions, cultural dynamics, values, and the environment. These impacts vary and bring both opportunities and challenges to societies worldwide.



Urbanization Impact

Migration and rapid urban growth is driven by globalization

Globalization has spurred migrations from rural to urban areas, resulting in the rapid expansion of cities and trade hubs.



Socioeconomic Consequences

Globalization has generally improved incomes and living standards, but it has also brought social challenges like crime, domestic violence, homelessness, and poverty, particularly in urban areas.



Cultural Shifts

Globalization has made goods from around the world more accessible and affordable, leading to changes in national identities and cultural practices.



Individualism vs. Collectivism

Global capitalism can promote individualistic ideals that may clash with the cultural values of collectivist societies.



Environmental Implications

Globalization's economic development, industrialization, and increased travel contribute to resource depletion, pollution, and habitat destruction.

THANK YOU

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