



**GLOBALIZATION DYNAMICS AND INDIA'S FIVE TRILLION
DOLLAR ECONOMY VISION**

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BONAFIDE CERTIFICATE

This is to certify that this Report titled. “**GLOBALIZATION DYNAMICS AND INDIA'S FIVE TRILLION DOLLAR ECONOMY VISION**” is the Bonafide work of **HARIPRASATH N, REG. NO: 412523631044** who, carried out the research under my supervision. Certified further, that to the best of my knowledge the work reported herein does not form part of any other project report on dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

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DECLARATION

I, HARI PRASATH, hereby declare that the Project report, entitled “**GLOBALIZATION DYNAMICS AND INDIA'S FIVE TRILLION DOLLAR ECONOMY VISION**” submitted to Anna university, Chennai in partial fulfillment of the requirement for the award of the degree of **MASTER OF BUSINESS ADMINISTRATION** is record of original and independent research work done by me during **DECEMBER 2023** under the supervision of **Mr.M.Ramu**, Associate professor, Department of Management Studies, and it has not formed the basis for the degree or other similar title to any candidate of any university.

HARI PRASATH N
(With sign)

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ABSTRACT

India's pursuit of a \$5 trillion economy intertwines with the intricate dance of globalization, presenting a tapestry of opportunities and challenges. This research paper delves into the dynamic variations of India's economic journey, recognizing its rich history and the vision to transform it into a major economic player. Globalization emerges as a double-edged sword, unlocking export markets and fostering growth in sectors like IT, yet also bringing challenges like income inequality and environmental concerns. The paper explores India's strategic approach, aiming to triple exports, attract foreign investment through streamlined regulations, and promote self-reliance in critical sectors via initiatives like "Make in India." Bridging the digital divide and addressing social concerns are integral components of this strategy. Despite challenges like geopolitical tensions, the paper underscores the immense opportunities presented by India's young population and entrepreneurial spirit. It advocates for a balanced approach that harnesses globalization's benefits while mitigating its risks, emphasizing responsible and inclusive growth. In essence, the delicate dance towards a \$5 trillion economy involves leveraging globalization for economic growth while safeguarding against potential pitfalls, ensuring success extends beyond economic metrics to encompass social progress and environmental well-being. This research aims to scrutinize the impact of globalization on India's economic growth, evaluate strategic measures for attaining a \$5 trillion economy, and assess challenges and opportunities in this pursuit. By delving into these objectives, the study seeks to provide a comprehensive understanding of India's complex economic landscape and aspirations.

Keywords: Globalization Dynamics, \$5 Trillion Economy Vision, Foreign Investment Attraction, Foreign Investment Attraction, Trade Liberalization, Foreign Direct Investment (FDI), Technology Innovation, Skill Development, Make in India, Standup India.

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CHAPTER-1

1.1 INTRODUCTION

Globalization refers to the integration of the country's economy and culture with the global world. In the 1990s, economic reforms opened markets, fostering international trade. This pervasive phenomenon shows the interconnectedness and interdependence of various regions across the world. India aimed to achieve a \$5 trillion economy by 2024-25 under Prime Minister Narendra Modi's leadership. However, challenges such as the COVID-19 pandemic, income inequality, geopolitical tensions, and environmental sustainability issues stopped the realization of this goal. Finance Minister Nirmala Sitharaman has officially revised the target to 2027-28, a change supported by members of the Economic Advisory Council to the Prime Minister in public statements. In the intricate network of global economic dynamics, India emerges as a key role, intricately weaving its aspirations into the \$5trillion economy. As the world witnesses the relentless march of globalization, India's economic journey becomes a captivating narrative marked by both promise and risks. This research embarks on a nuanced exploration of the multifaceted relationship between India's pursuit of a \$5 trillion economy and the global forces of interconnectedness. The vision to transform India into a major economic player involves navigating the web of globalization—a phenomenon that acts as both as tool for growth and as source of complex challenges. As India positions itself on the global stage, the paper aims to ravel the dynamic variations that underscore this economic journey. Globalization, often described as a double-edged sword, opens avenues for export markets and brings growth in sectors such as Information Technology (IT). Simultaneously, it introduces challenges, including income inequality and environmental concerns that demand careful consideration. Against this backdrop, the researches scrutinizes India's strategic approach, strategically aiming to triple exports, attract foreign investment through organized regulations, and foster self-reliance in critical sectors through initiatives like "Make in India, Standup India, and PMEGP (prime minister's employment generation program)." Bridging the digital divide and addressing social concerns stand as integral components of India's economic strategy, recognizing the importance of inclusivity and sustainability. The research shows the despite geopolitical tensions, India's young population and entrepreneurial spirit present more opportunities for economic advancement. It advocates for a balanced approach, emphasizing responsible and inclusive

growth that leverages the benefits of globalization while mitigating potential risks. India towards a \$5 trillion economy goes beyond economic metrics, extending its reach to encompass social progress and environmental well-being. This research aims to scrutinize the impact of globalization on India's economic growth, evaluate strategic measures for achieving a \$5 trillion economy, and assess the countless challenges and opportunities embedded in this ambitious pursuit. By delving into these objectives, the study seeks to provide a comprehensive understanding of India's complex economic network and its aspirations, shedding light on the intricate interplay between globalization and the nation's journey toward a strong economic future.

1.2 Theoretical Background

1. Trade liberalization: Trade liberalization stands as a keystone for India's global economic integration. The reduction of trade barriers and tariffs can significantly boost export competitiveness. Notable examples include China and Singapore, whose economies flourished following successful trade liberalization initiatives. India, by adopting similar measures, can tap into new markets, thereby expanding its global economic footprint.

2. Foreign Direct Investment (FDI): Attracting Foreign Direct Investment (FDI) emerges as a cornerstone for economic growth. FDI inflows have the potential to transform key sectors like technology, manufacturing, and infrastructure. A case in point is the positive impact of FDI in Singapore's technological landscape. To follow this success, India must implement targeted policy reforms and regulatory measures to allure foreign investors, bringing economic development.

3. Technology Innovation: Advancements in information technology, artificial intelligence, and digital infrastructure propel nations to global leadership. For instance, Silicon Valley's evolution into a global tech hub showcases the economic benefits of a technology-driven approach. By fostering innovation, India can position itself as a global technology leader, driving economic growth, job creation, and increased productivity.

4. Skill Development and Education: Education and skill development are pivotal in preparing the workforce for the demands of a globalized economy. Countries like South Korea have achieved remarkable economic growth by prioritizing education. India must invest in initiatives and policies aimed at enhancing the skills of its workforce, aligning them with the needs of emerging industries. Emulating successful models will ensure a competent workforce, further propelling economic growth.

5. 'Make in India' Initiative: The 'Make in India' initiative, launched in September 2014, stands as a linchpin in India's strategic roadmap for achieving a \$5 trillion economy. This initiative not only aims to boost domestic manufacturing but also positions India as a global manufacturing hub. By fostering ease of doing business and encouraging foreign investment, 'Make in India' catalyzes innovation and economic growth. Real-world examples showcase its impact, though challenges exist, warranting ongoing improvements to ensure sustained success in India's ambitious economic expansion.

6. Standup India: Standup India launched in 2016 by the government, It provide financial aid and training to individuals. This program aims to empower and support aspiring entrepreneurs by providing them with the necessary resources to establish and nurture their

Businesses, contributing to economic growth and self-sufficiency.

7. Investment in Research and Development (R&D): Allocating substantial resources to foster innovation across sectors propels economic growth. By mirroring the R&D focused strategies of economically robust nations, India can cultivate technological advancements and breakthroughs, essential elements in achieving the ambitious \$5 trillion milestone.

8. Entrepreneurship and Startup Culture: Encouraging entrepreneurship and cultivating a startup culture contributes to economic dynamism. Policies promoting ease of doing business, coupled with financial support and mentorship programs, empower young entrepreneurs. The Global Entrepreneurship Monitor reports a positive correlation between a vibrant startup ecosystem and economic growth.

9. Education Reform for Innovation: Improving the education system to emphasize creativity, critical thinking, and practical skills is essential for nurturing an innovative mindset. Finland's successful education reforms serve as a blueprint for aligning education with the needs of the modern economy. The World Economic Forum's Global Competitiveness Report highlights the role of education in fostering innovation and competitiveness.

Addressing Challenges and Ensuring Inclusivity in India's Pursuit of a \$5 Trillion Economy

1. Mitigating Income Inequality: India's economic landscape has witnessed substantial growth, yet income inequality remains a pressing concern. According to the World Inequality Database, the top 1% in India holds more than 20% of the national income. To address this, policy interventions must be based on concrete evidence. The success of progressive taxation systems in countries like Denmark, where the Gini coefficient is 0.28, serves as an instructive model. Furthermore, social welfare programs, such as Brazil's Bolsa Familia (a conditional cash transfer system), have proven effective in reducing poverty and fostering a more equitable society.

2. Environmental Sustainability: Economic expansion often comes at the cost of environmental degradation. India's carbon emissions have surged in tandem with economic growth, contributing to global environmental challenges. However, adopting sustainable practices can align economic goals with environmental responsibility. Germany's emphasis on renewable energy and stringent environmental policies has led to a substantial reduction in

carbon emissions without compromising economic growth.

3. Geopolitical Tensions: India's integration into the global economy brings geopolitical challenges, requiring a nuanced approach. China's Belt and Road Initiative, for example, has stirred geopolitical tensions globally. India can mitigate such risks by diversifying economic partnerships. Japan's approach of establishing trade relations with a multitude of countries demonstrates how this strategy can reduce dependence on a single partner, enhancing economic stability.

4. Social Progress and Community Development: Local communities must be integral to economic growth. In India, the Pradhan Mantri Awas Yojana has made strides in ensuring housing for all. However, a comprehensive approach is necessary. Costa Rica's emphasis on social infrastructure, including strong healthcare and sanitation programs, has contributed to social progress alongside economic development.

1.3 REVIEW OF LITERATURE

To scrutinize the impact of globalization on India's economic growth

1. Arvind Panagariya, Abhirup Mukherjee, and Dipa Mukherjee(2023) : Globalization and India's Economic Growth: Opportunities and Challenges|| This paper analyzes the historical relationship between globalization and India's economic growth, highlighting opportunities like increased trade and investment but also acknowledging challenges like income inequality and environmental degradation.

2. Arvind Panagariya and Aarti Grover (2023): Leveraging Globalization for India's \$5 Trillion Economy: A Strategic Roadmap|| This paper argues that globalization can be a key driver of India's economic growth, highlighting areas like trade liberalization, foreign direct investment, and technological innovation.

3. "India's Rise in the Global Value Chains Opportunities and Challenges" by World Bank (2022): This report analyzes India's position in global value chains (GVCs) and identifies potential opportunities for integration, particularly in sectors like manufacturing and services.

4. Rajnish Tiwari, Alok Kumar, and Sunil Kapoor (2022): The Impact of Globalization research explores the specific impact of globalization on the Indian automobile industry, examining its influence on technology transfer, foreign direct investment, and competitive pressure.

5. Seema Jayachandran and Timothy Nunan (2021) “Globalization and Inequality in India: A Spatial Analysis| This study examines the uneven distribution of benefits from globalization within India, analyzing how different regions and social groups have been affected by trade liberalization and foreign investment.

1.4 NEED FOR THE STUDY

The study of globalization dynamics and India's vision to become a five trillion dollar economy is essential to understand the transformative economic shifts driven by global integration, evaluate the effectiveness of current policy reforms, and identify growth opportunities and challenges. It provides crucial insights for enhancing global competitiveness, developing human capital, and fostering innovation and infrastructure development. Additionally, this study addresses the need for balanced regional development, strategic international relations, and sustainable growth practices, ensuring that economic progress is inclusive, environmentally sustainable, and aligned with India's long-term development goals.

1.5 OBJECTIVES OF THE STUDY

This research aims to scrutinize the impact of globalization on India's economic growth, evaluate strategic measures for attaining a \$5 trillion economy, and assess challenges and opportunities in this pursuit. By delving into these objectives, the study seeks to provide a comprehensive understanding of India's complex economic landscape and aspirations.

1.6 RESEARCH MEDTHODOLOGY

The Research methodology is a major thing which deals with Research design, Data Collection and Tools used

Data Collection

To realize the objectives of the current research and to test the hypotheses, the research strategy was divided into two main components, namely primary and secondary research.

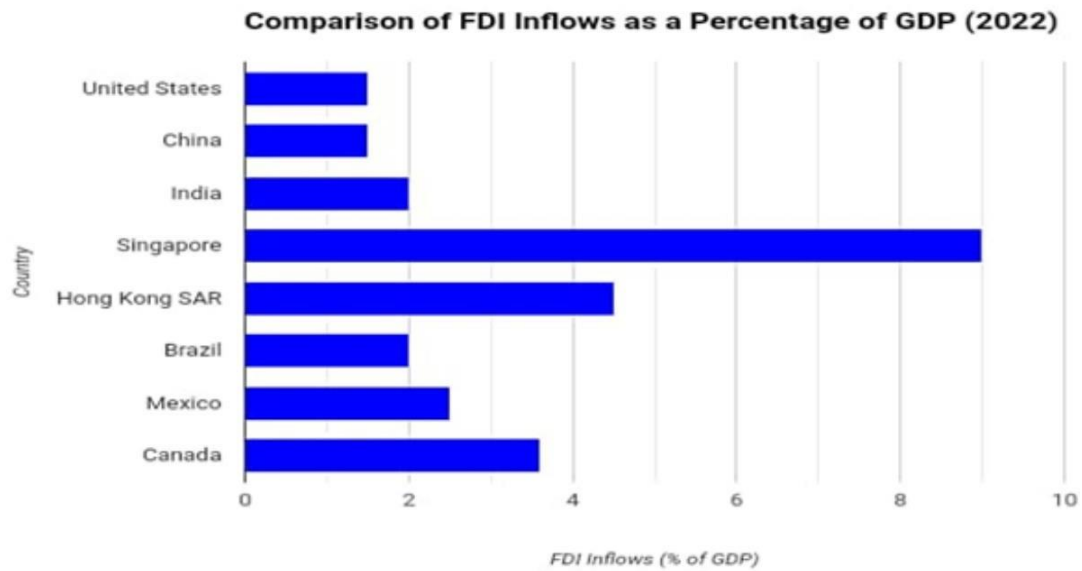
Sources of Data

The secondary data has been collected from various websites, journals, articles, books, newspapers, videos, thesis etc. It is descriptive in nature.

CHAPTER 2

DATA ANALYSIS AND INTERPRETATION

2.1 Graphical Analysis

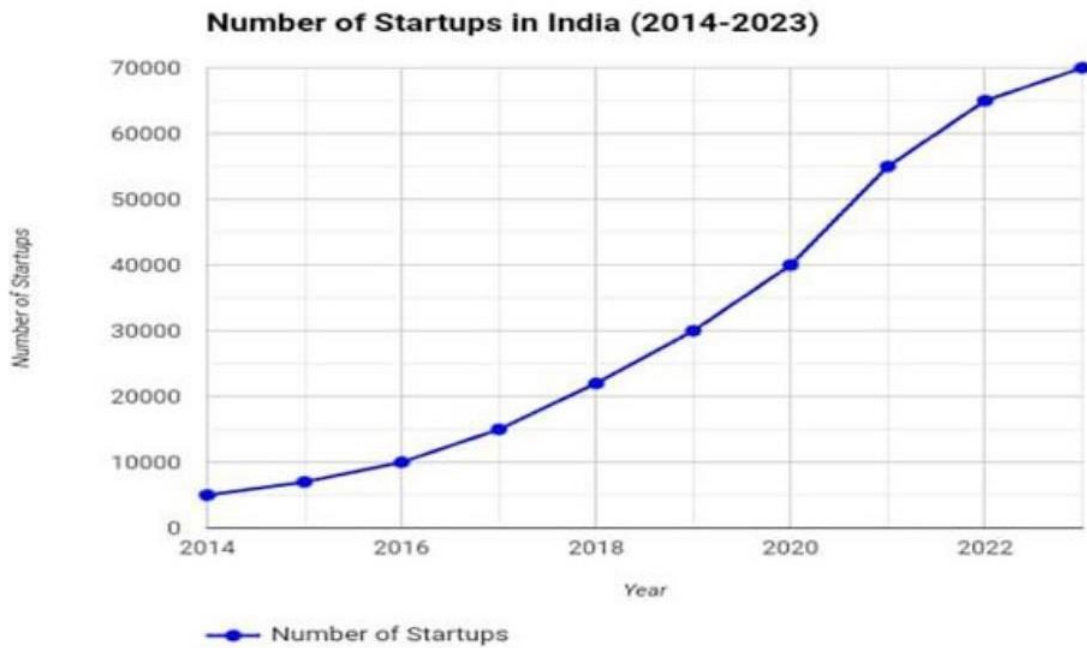


2.1.1 Figure showing the comparison of FDI inflows

Interpretation

Figure 2.1.1 shows that Singapore has the more number of FDI inflows as compare to other countries with 9 Per cent and next to Singapore, Hong Kong plays a second of 4.2 per cent and India, china, United States are contributing same FDI inflows.

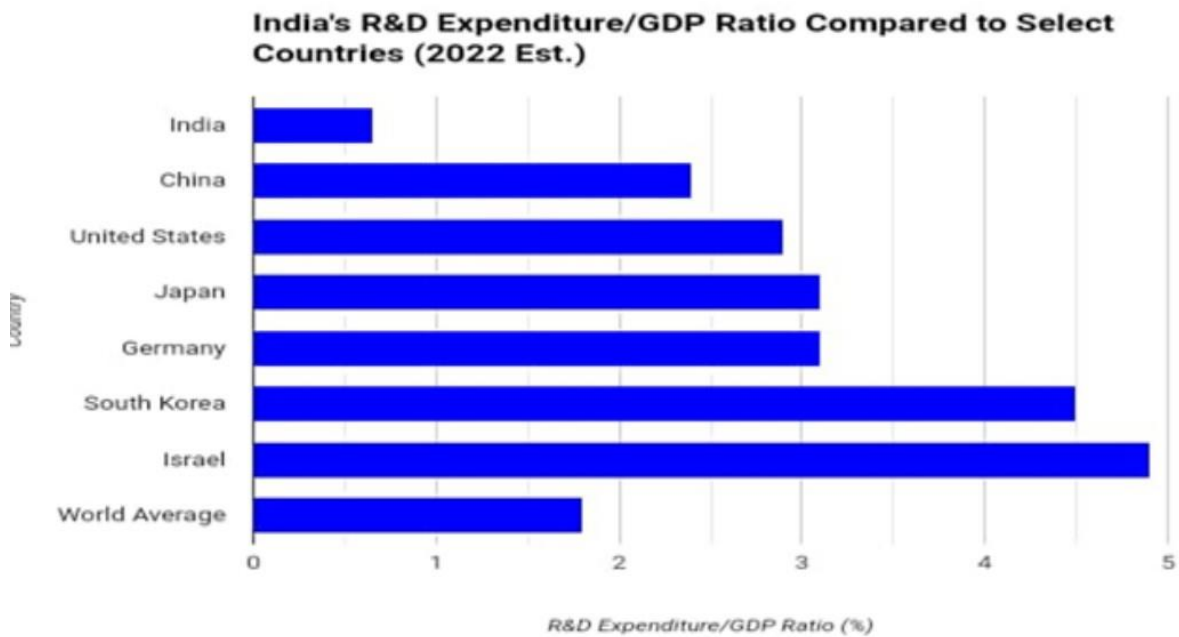
2.1.2 Graph showing Number of startups in India (2014-2023)



Interpretation

Figure 2.1.2 showing the Number of startups in India from 2014 to 2023, it gives insight about over the years it has been increasing and reaches about seventy thousand numbers.

2.1.3 Graph showing India's R&D Expenditure ratio compared to other countries



Interpretation

Figure 2.1.3 showing India's R&D Expenditure ratio compared to other countries, Israel has recorded the highest amount of expenditure of 4.7 per cent next to Israel south Korea has 4.5 per cent of R&D expenditure/GDP ratio.

CHAPTER 3

3.1 FINDINGS

1. India has taken useful strategic measures for achieving a \$5 trillion dollar economy, such as trade liberalization, attracting foreign investments, fostering technological innovation, and initiatives like —Make in India and Standup India.¶
2. India faces some challenges in achieving a \$5 trillion dollar economy, such as income inequality, environmental stability, geopolitical tensions, and social progress and community development.
3. India faced many challenges during the COVID-19 pandemic, such as disruptions in the labour market, a decline in foreign direct investment (FDI), and interruptions in the supply chain.

3.2 SUGGESTIONS

- Assessing the Impact of Education Initiatives on Tribal Development in Tamil Nadu.
- Examining Healthcare Access Programs and Their Effects on Tribal Communities in Tamil Nadu.
- A Study of Welfare Measures and Tribal Development in the Nilgiris District of Tamil Nadu.
- Comparative Analysis of Tribal Development Initiatives between Eastern and Western Tamil Nadu.
- Trends in Tribal Development: A Comparative Study of Welfare Measures in Tamil Nadu over the Last Decade.
- Historical Analysis of Welfare Policies and Their Long-Term Impact on Tribal Development in Tamil Nadu.
- Policy Evaluation of the Scheduled Tribes Welfare Schemes in Tamil Nadu.
- Assessing the Implementation and Impact of the Forest Rights Act on Tribal Communities in Tamil Nadu.
- Gender Perspectives in Tribal Welfare: A Study of Women's Empowerment Programs in Tamil Nadu.
- Environmental Conservation and Tribal Livelihoods: Assessing the Impact of Conservation Policies on Tribal Communities in Tamil Nadu.

3.4 CONCLUSION

India's journey to a \$5 trillion economy is mixed with the opportunities and challenges posed by globalization. While strategic measures like trade liberalization and 'Make in India' showcase promise, challenges such as income inequality and environmental concerns must be addressed. The COVID-19 pandemic added extra hurdles, underscoring the importance of strong policies for India to attain economic growth. By overcoming these challenges, As Nirmala Sitharaman said, India can achieve the \$5 trillion economy target by the financial year 2027-28. The research findings suggest that India has implemented several strategic measures such as trade liberalization, the Make in India scheme, investments in technology innovation, research and development, Standup India, and PMEGP (prime minister's employment generation program). However, there is a lack of awareness among the general public regarding how to avail themselves of the benefits from these initiatives. It is crucial for India to generate awareness so that the public can effectively utilize the government schemes, ultimately contributing to the goal of reaching a \$5 trillion economy.

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