

Globalization impacted on indian economy



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Introduction:

Indian economy had experienced major policy changes in early 1990s. The new economic reform, popularly known as, Liberalization, Privatization and Globalization (LPG model) aimed at making the Indian economy as fastest growing economy and globally competitive. The series of reforms undertaken with respect to industrial sector, trade as well as financial sector aimed at making the economy more efficient.

Globalization has many meanings depending on the context and on the person who is talking about. Though the precise definition of globalization is still unavailable a few definitions are worth viewing, Guy Brainbant: says that the process of globalization not only includes opening up of world trade, development of advanced means of communication, internationalization of financial markets, growing importance of MNCs, population migrations and more generally increased mobility of persons, goods, capital, data and ideas but also infections, diseases and pollution. The term globalization refers to the integration of economies of the world through uninhibited trade and financial flows, as also through mutual exchange of technology and knowledge. Ideally, it also contains free inter-country movement of labor. In context to India, this implies opening up the economy to foreign direct investment by providing facilities to foreign companies to invest in different fields of economic activity in India, 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. (<http://www.fibre2fashion.com/industry-article/8/738/impact-of-globalization1.asp>)

Aims and Objectives:-

The details mentioned below will help to know the research issue, the reason for the issue, cause of being the present issue and explain that how this research can be helpful in future.

The research issue:-

The main issue is the impact of globalization on the Indian economy.

Globalization has come to dominate world since the 19th century.

Globalization has many meanings depending on the frame of mind of person who thinks about it. However, “ Globalization means the integration of economies and societies through the exchange of ideas, technology, services, finance and people”.

The reason that led to globalization in India was the significant decline in GDP of some East Asian companies, lack of growth in developing countries and the foreign exchange markets of the developed nations. Due to the above reasons- Inflation in India rose sharply during 1998-99, reaching the height of 8. 8% in September 1998 and dropping down in January 1999.

Manufacturing growth in terms of GDP fell to 7. 7% in 1996-97 from previous year's height of 15%, whereas in 1997-98 it fell to 6. 8%. The above mentioned impacts show the connection of India with the global economy, production decisions and government policies.

Why is it an issue?

There is a concern that relates to the loss of autonomy following the economic policies. It is certain that in the progressing world, all countries can't implement the same techniques, there are suppose to be some differences depending on various circumstances.

Why is it an issue now:-

Though there will be a help of foreign investment to promote the economic development in the short run, but there is also a possibility that at the times of recession investors may withdraw their funds causing further problems. Domestic producers are being affected by overseas giants, that are having competitive advantages over the domestic producers; having huge funds to invest. This has started to result in closure of many domestic owned firms.

Globalization has resulted in outsourcing of jobs to developing countries, resulting the loss of jobs in developed countries; in the near future there is a chance that multinational corporation with there immense power may rule the world.

What could this research shed light on:-

The research mainly concentrates on finding the positive and negative impacts of globalization on Indian economy, talking about reforms, mentioning some important stats and figures, casual analysis of various factors influencing the country, etc.

Background section:-

In the early 1990s Indian economy had experienced major policy changes. The economic reform known as Liberalization, Privatization and Globalization
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(LPG model) aimed to make the Indian economy, the fastest growing economy and also to make it globally competitive. The series of reforms implemented with respect to industrial sector, trade as well as financial sector aimed at making the economy more efficient.

July 1991 has led to a new start for India. This period of economic changes has had a tremendous impact on the overall development of almost all major sectors of the economy.

Globalization has changed the mindset of Indian people. It has changed the traditional values such as self reliance and socialistic policies of economic development; that were mainly created to economic backwardness, inefficiency of the economy and also some other problems; which were created since the independence in 1947. Despite of such obstacles, India has always had the potential to be on the fast track to prosperity.

Literature Review:-

There have been many authors who have commented on the topic: Impact of Globalization on the economy. Let us take a close look at the ideas of such authors.

In the book by Jeffrey A. Frankel (1998), named "The regionalization of the world economy", he gave a brief idea about the free trade areas, custom unions and custom blocs that are prevalent in the entire world. He further said that Regionalization is the base which makes more economists hopeful about the opportunities that it may create in the near future, whereas it creates fear in the minds of others- making them think about the efforts it may take to encourage global free trade. The book provides answers to <https://assignbuster.com/globalization-impacted-on-indian-economy/>

questions like- the extent of regional arrangements having affected the patterns of trade, maintains the safety effects for the arrangements and it also explains the economic effects on patterns of trade, via price differentiations or gravity models.

In the book by Robert Boyer and Daniel Drache (1996), named " States against markets: the limits of globalization", they commented that: As the countries are making efforts to increase their exports; this has indirectly led to crossing of national-borders and becoming dependent on other countries to satisfy their wants. Some important points discussed in the book are- clarification of whether globalization is a development or not, further it assesses the success of globalization as a media of convergence and uniformity across nations, it provides update on Hayek vs. Keynes debate and also helps to provide best benefits to the entire world.

In the book by K R Gupta (1996), named " Liberalisation and globalisation of Indian economy (Volume 1), he comments that it has been a long time since the process of Liberalisation and Globalisation was started in India in 1991. In the book he has examined the achievements and failures of economic reforms throughout this period, and has also made some suggestions to improve them. The book also presents the roles to be played by all states in accelerating the developments of the country as a whole. It describes the economic reforms of other countries from which India can learn a lot, it analyses the impact of reforms on the agricultural cottage and small scale sector and suggests a greater attention towards these sectors.

In the book by Satyendra S. Nayak (2009) named " Globalization and the Indian economy: Roadmap to convertible rupee, he examines the impact of globalization on the Indian economy- in respect to the trade, investment and financial aspects, he has also considered the balance of payment and exchange rate. In the first part of the book- he mentions the role played by the US in undergoing the globalization process, he also provides detailed analysis of monetary system. In the second part of the book- the author explains the Indian economic systems and its process of dealing with the globalization; he has given a brief idea regarding the economic reforms and state of liberalisation in India. Finally the author examines whether the Indian currency- rupee can be made fully convertible or not.

Research Questions:-

Based on the purpose of this research the primary question will be:

Will Liberalisation, Privatization and Globalization help India to achieve faster growth and progress in future as well.

What impact will the MNC's have on the growth and development of under-developed and developing countries?

What were the important reforms undertaken by India in the early nineties as a part of liberalisation and globalization strategy?

Research Design AND METHODOLOGY

Collis and Hussey (2003 pg 113) defines a research design as a science of planning procedures for conducting studies to get the most valid findings. A research design is an important step for a research proposal

Research process can have different design and different methods can be used depending on the chosen subject what is being analysed.

The research process is used to define the research strategy of the study in detail. Figure 1 describes a generic research process onion that supports the researcher to depict “ the issues underlying the choice of data collection methods” (Saunders et al 2000: 84)

Figure 1. Research process ‘ onion’

<http://www.thesisexpress.com/images/fig3.jpg> [Accessed 15th May 2009].

The layers of the research onion represent the following aspects:

- Research philosophy
- Research approach
- Research strategy, methodology
- Time horizons and
- Data collection methods

The research onion gives an overview, how one can achieve its objectives by using the techniques in each layer of the onion.

This research proposal aims to take a closer look on market segmentation, package design, brand development and assessment, and understanding various processes, including consumers’ decision-making processes. The research design, philosophy of this proposal will be framed more within the

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qualitative (phenomenological paradigm) methodology. But in order to better understand the study respondents, to optimize the data collection process, to increase both the breadth and width of data collection requires the use of mixed methods.

The main differences between them and what they are focussed on can be seen in table 1.

Table1.

Quantitative / Positivist paradigm

Qualitative/ Phenomenological paradigm

Older tradition derived from scientific enquiry

Developed from research into human experience

Data take the form of numbers

Data take the form of non-numbers

Reality is assumed to be a fixed concept

Reality is assumed to alter according to perspective

Researcher maintains objectivity, remains aloof and distant from the researched

There is interaction between researcher and researched, possibly to the extent of inter-subjectivity where both collaborate on the work as a whole

Ensuring reliability means that the work may be repeated with the same findings

Reliability may not be possible with human experiences. It is less important

Large representative samples

Small samples not necessarily representative

Validity may be low

Great importance placed on validity- the truth or trustworthiness of the research

Findings to be generalised to whole population studied

Findings not generalisable; may be 'transferable' in certain circumstances

Deductive or hypothetico- deductive stance-tests pre-set theories and hypotheses

Inductive stance develops theory from observation

'artificial' research setting, controlled by the researcher

'natural' setting for the researched

Source: Lecture notes by Jonathan Knowles

There are two main research approaches: deduction and induction. With deduction a theory and hypothesis (or hypotheses) are developed and a

research strategy designed to test the hypothesis. With induction, theory would follow data rather than vice versa as with deduction.

Major differences between deductive and inductive approaches to research are:

Table 2

Deduction

Induction

Scientific principles

Gaining an understanding of the meanings humans attach to events

Moving from theory to data

Need to explain casual relationships between variables

Close understanding of the research context

Collection of quantitative data

Collection of qualitative data

Application of controls to ensure validity of data

Realization that the researcher is part the research process

Operationalisation of concepts to ensure clarity of definition

More flexible structure to permit changes of research emphasis as the research progresses

Highly structured approach . Researcher independence of what is being researched

Less concern with the need to generalize

Necessity to select samples of sufficient size in order to generalize conclusions

Source: Saunders et all, 2007, p. 120

This proposal follows the inductive approach where data is collected and the theory is developed as result of the data analysis. Through the interviews, access will be gained to the understanding of meaning that humans attach to the events. The objective for using the inductive approach is to ensure that all angles are covered in terms of understanding the deeper structure of the research problem.

The next step is to choose the strategy, methodology which is going to be used. According to Saunders et all (2007, p. 135), any of these strategies can be used

- Experiment
- Survey
- Case study
- Action research
- Grounded theory

- Ethnography

- Archival research

For the purpose of this research proposal the grounded theory methodology will be used. Grounded theory (Glaser and Strauss, 1967) is often thought of as the best example of the inductive approach. It helps in 'theory building' through a combination of induction and deduction. A grounded theory strategy is, according to Goulding (2002), is helpful for research to predict and explain behaviour, the emphasis being upon developing and building theory. Constant references to the data to develop and test theory leads Collis and Hussey (2003) to call grounded theory an inductive/deductive approach, theory being grounded in such continual references to the data.

Data collection methods are an integral part of research design. There are several data collection methods, each with its own advantages and disadvantages. Problems researched with the use of appropriate methods greatly enhance the value of the research.

Data can be collected in a variety of ways and from different sources. Data collection methods include interviews- face-to-face interviews, telephone interviews, computer-assisted interviews, and interviews through the electronic media, surveys, questionnaires that are either personally administered, sent through the mail, or electronically administered, observation of individuals and events with or without videotaping or audio recording and a variety of other motivational techniques such as projective tests.

Interviewing, administering questionnaires, and surveys are the three main data collection methods followed in this research.

Timescale:-

It's important to develop a time plan for the research to lead to a successful dissertation. For this reason the Gantt chart (developed by Henry Gantt, 1917) can be used. A Gantt chart is a graphical representation of the duration of tasks against the progression of time. It is a useful tool for planning and scheduling projects as well as monitoring a project's progress. A Gantt chart lets us see how remedial action may bring the project back on course.

Table 3

Target date

January-February

Start thinking about research topic

End February

Identify research problem, finalize objectives

March

Devise research approach

March-end July

Collecting data, read literature

June- September

Analysing and interpretation of data

By half September

Draft finding chapters

13th August- 5th November

Appointments with supervisor

By 12th November

Revise draft, writing format for submission

By 16th November

Print, bind

Before 23rd November

Submit

Adapted from Saunders et al., 2007, p. 41

Resources:-

The resources required for this research may be categorized as finance, data access and equipment. The financial expenses for this research will not be too high. However, because of the research is mainly focused on India, it will be necessary to cover travel expenses which may occur in case of personal interview, but thanks to low cost airlines, it would be still affordable. Internet has provided most of the information about this subject. Internet access is <https://assignbuster.com/globalization-impacted-on-indian-economy/>

available at the university campus. Other minor expenses are expected for photocopying or printing and posting questionnaires. The main equipment used will be PC, printer and recorder.

Access to study population:-

In this research data will be collected from “ Primary’ source due to its validity; as well as secondary data to supplement the primary data. The primary data will be collected by conducting survey using questionnaire technique among income groups and various age.

The questionnaire will be checked for completion and interviewing quality. Editing is the review of the questionnaire with the objective of increasing accuracy and precision. There are several sources of secondary data, including books and periodicals, government publications of economic indicators, census data, Statistical Abstracts.

Ethical Issues:-

When doing research it is always important that all parties in research should exhibit ethical behaviour. Ethics are norms or standards of behaviour that guide moral choices about our behaviour and our relationships with others. The goal of ethics in research is to ensure that no one is harmed or suffers adverse consequences from research activities.

There are six key principles of ethical research that will be addressed, whenever applicable:

â- Research should be designed, reviewed and undertaken to ensure integrity and quality

â- Research staff and subjects must be informed fully about the purpose, methods and intended possible uses of the research, what their participation in the research entails and what risks, if any, are involved.

â- The confidentiality of information supplied by research subjects and the anonymity of respondents must be respected

â- Research participants must participate in a voluntary way, free from any coercion

â- Harm to research participants must be avoided

â- The independence of research must be clear, and any conflicts of interest or partiality must be explicit

[http://www.esrc.ac.](http://www.esrc.ac.uk/ESRCInfoCentre/Images/ESRC_Re_Ethics_Frame_tcm6-11291.pdf)

[uk/ESRCInfoCentre/Images/ESRC_Re_Ethics_Frame_tcm6-11291.pdf](http://www.esrc.ac.uk/ESRCInfoCentre/Images/ESRC_Re_Ethics_Frame_tcm6-11291.pdf)

[Accessed 16th May 2009].

Analysis/Interpretation of the Data:-

For this research, a probability sampling technique will be used to answer the research questions and achieve objectives. The possible sampling techniques used will be stratified random and cluster. According to Saunders et al (2007, pg 221) stratified random sampling involves division of population into two or more relevant and significant strata based on one or more number of attributes. Further division of the population into series of relevant strata will ensure that the samples are more likely to be representative of the different customers in India. The data collected from the questionnaire will be neatly presented, analysed, and interpreted using <https://assignbuster.com/globalization-impacted-on-indian-economy/>

pie-charts, bar graphs in the most efficient way to have the better understanding of the results.

Conclusion:

The main purpose of this research proposal was to identify and analyze the impact of globalization on the Indian economy. It also helped to determine the positive and negative impacts on globalization. This proposal helped me to identify the main objectives, questions and problems which this research may concentrate on; the literature review gave me the idea regarding the literature sources available- that will be enlarged by following research for the dissertation. Design and methodology stage helped to create the framework of possibilities and methods useful to achieve the specified objectives. It helped me to make a proper plan to undertake the research within the time available and to make sure that the results are in relation to knowledge and understanding.

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