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Globalisation and Indian Economy / Business.

Meaning Globalisation:

Globalisation is a process of interaction and integration among the people, companies and governments of different nations, a process driven by international trade and investment and aided by information technology.

This process has effects on the environment on culture on political systems, on economic development and prosperity and on human physical welbeing in societies around the world.

Need of Globalisation:

Most economists agree that globalisation provides a net benefit to individual economies around the world, by making markets more efficient, Increasing competition, limiting military conflicts and spreading wealth more equally around the world.

Some of the benefits of globalisation include:-

1. Foreign Direct Investment:

FDI trends to Increase at a much greater rate that the growth in world trade, helping boot technology transfer, Industrial restructuring transfer, industrial restructuring, and the growth of global companies.

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2. Technological Innovation:

Increased competition from globalisation helps stimulate new technology development, with the growth in FDI, which helps improve economic output by making processes more efficient.

3. Economies of Scale:

Globalisation enables large companies to realise economies of scale that reduce costs and prices, which in turn, supports further economic growth, although this can hurt many small businesses attempting to compete domestically.

Some of the risks of globalisation include:-

4. Interdependence:

Globalisation leads to interpendence between nations, which could cause regional or global instabilities if local economic fluctuations end up impacting a large number of countries relying on them.

5. Equity Distribution:

The benefits of globalisation canbe unfairly skewed toward rich nations or individual creating greater inequalities and leading to potential conflicits both leading to potential conflicts both nationally and internationality as a result.

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6. Notional Sovereignty:
Some see the rise of nation states, multinational or global firms and other international organisation as a threat to sovereignty. Ultimately, this could cause some leaders to become nationalistic or xenophobic.

7. Increase economies of scale:
production is increasingly specialised. Globalisation enables goods to be produced in different parts of the world. This greater specialisation enables lower average costs and lower prices for consumers.

8. Free trade:-
Free trade is a way for countries to exchange goods and resource. This means countries can specialise in producing goods where they have a comparative advantage ie they can produce goods at a lower opportunity cost. When countries specialise there will be serveral gains from trade.
1. lower prices for consumers.
2. Greater choice of goods, eg. food imports enables a more extensive diet.
3. Bigger export markets for domestic manufacturers
4. Economies of scale through being able to specialise in certain goods
5. Greater competition.