

BAL BHARATI PUBLIC SCHOOL, PITAMPURA

CLASS 12 ECONOMICS (2020-21)

CHAPTER-3

LIBERALISATION, PRIVATISATION AND GLOBALISATION: AN APPRAISAL

TOPIC- GLOBALISATION (PART 3)

INSTRUCTIONS:

STEP 1 : Read the topic- globalisation in chapter-3 from NCERT book “Indian Economic Development”.

Learning Objectives

After going through this lesson, you shall be able to understand :

- Meaning of globalisation
- Comprehend the process of globalisation and its implication in India.

The following topics are covered in this lesson:

- a) Meaning of globalisation
- b) Concept of outsourcing
- c) Role of WTO

STEP 2: Following are the **Main points of this topic:**

GLOBALISATION

It means integration of the economy of the country with the world economy. Globalisation encourages foreign trade and private and institutional foreign investment.

Globalisation is a complex phenomenon and an outcome of the set of various policies that are aimed at transforming the world towards greater interdependence and integration.

Globalisation attempts to establish links in such a way that the happenings in India can be influenced by events happening miles away. It is turning the world into one whole or creating a borderless world.

OUTSOURCING:AN OUTCOME OF GLOBALISATION This is one of the important outcomes of the globalisation process. In outsourcing, a company hires regular service from external sources, mostly from other countries, which were previously provided internally or from within

the country like legal advice, computer service, advertisement, etc. In other words outsourcing means getting a work done on contract from someone outside. As a form of economic activity, outsourcing has intensified, in recent times, because of the growth of fast modes of communication particularly the growth of Information Technology (IT).

Many of the services such as voice-based business processes (popularly known as BPO or call centres), record keeping, accountancy, banking services, music recording, Film editing, book transcription, clinical advice or even teaching are being outsourced by companies in developed countries to India.

Most multinational corporations and even small companies, are outsourcing their services to India where they can be availed at a cheaper cost with reasonable degree of skill and accuracy. The low wage rates and availability of skilled manpower in India have made it a destination for global outsourcing in the post reform period.

WORLD TRADE ORGANISATION (WTO)

The WTO was founded in 1995 as the successor organisation to the General Agreement on Trade and Tariff (GATT). GATT was established in 1948 with 23 countries as the global trade organisation to administer all multinational trade agreements by providing equal opportunities to all countries in international market for trading purpose. However this had certain problems hence. WTO was expected to establish a rule based trading regime in which nations cannot place arbitrary restrictions on trade. Its purpose was mainly to expand production and trade in order to have optimum utilisation of world resources.

The WTO agreements cover trade in goods as well as services to facilitate international trade through removal of tariff as well as non-tariff barriers and provide better market access to all countries. Being an important member of WTO. India has been in fore front to frame rule and regulations and safeguards interest of developing world.

India has kept commitments towards liberalization of trade in WTO by removing quantitative restrictions on imports and reducing tariff rates.

Functions of WTO

- i. It facilitates the implementation, administration and operation of the objectives of multilateral trade agreements.
- ii. It administers the 'trade review mechanism'.
- iii. It administers the 'understanding rules and procedures, governing the settlement disputes'.

- iv. It is a watchdog of international trade; it examines the trade regimes of individual members.
- v. Trade disputes that cannot be solved through bilateral talks are forwarded to the WTO dispute settlement 'court'.
- vi. It is a management consultant for world trade. Its economist keeps a close watch on the activities of the global economy and provide studies on the main issues of the day.

IMPACT OF GLOBALISATION IN INDIA:

1. In the last twenty years, globalization of the Indian economy has come a long way.
2. Globalization and greater competition among producers – both local and foreign producers – has been of advantage to consumers, particularly the well-off sections in the urban areas.
3. As a result, these people today, enjoy much higher standards of living than was possible earlier.
4. MNCs have increased their investments in India over the past 20 years, which means investing in India has been beneficial for them.
5. Several of the top Indian companies have been able to benefit from the increased competition.
6. Moreover, globalization has enabled some large Indian companies to emerge as multinationals themselves!
7. Globalization has also created new opportunities for companies providing services, particularly those involving IT.

THE STRUGGLE FOR A FAIR GLOBALISATION:

1. People with education skill and wealth have made the best use of new opportunities.
2. On the other hand, there are many people who have not shared the benefits.
3. Fair globalization would create opportunities for all and also ensure that the benefits of globalization are shared better.
4. The government can play a major role in making this possible.
5. Its policies must protect the interests, not only of rich and the powerful but all the people in the country.
6. It can support small producers to improve their performance till the time they become strong enough to compete.
7. If necessary, the government can use trade and barriers.
8. In the past few years, massive campaigns and representatives by people's organizations have influenced important decisions relating to trade and investments at the WTO.

STEP 3 : Watch the video through the following link for further understanding and clarity of the topic:

1. <https://youtu.be/XX74DWudrJg>

STEP 4 Attempt the following questions:

Q.1- _____ means integrating the Indian economy with the world economy.

- a. Liberalisation
- b. Privatisation
- c. Globalization
- d. None of the above

Q.2-Globalisation is the outcome of _____ and _____.

- a. Liberalisation
- b. Privatisation
- c. Globalization
- d. Both (a) and (b)

Q.3- Globalisation aims to create _____ world.

- a. Limited
- b. Restricted
- c. Borderless
- d. None of the above

Q4 Do you think outsourcing is good for india? Why are developing countries opposing it?

Q5 India has certain advantages which make it a favourable outsourcing destination. What are these advantages?

