

1. What are the effects of globalisation on India's medium scale enterprises?**Examine.****Approach:**

Question is straight forward, the student is expected to write the impact of globalisation on Medium Scale Enterprise in India. The student should focus on the economic as well as the regulating changes happened after the LPG reforms particularly.

Introduction:

The process of globalization is an inevitable phenomenon in human history which has been bringing the world closer since the time of early trade and exploration, through the exchange of goods, products, information, jobs, knowledge and culture. Globalization is the process of integration of the world into one huge market. It provides several things to several people with removal of all trade barriers among countries. Globalization happens through three channels: trade in goods & services, movement of capital and flow of finance. Globalization in India is generally taken to mean 'integrating' the economy of the country with the world economy. The real thrust to the globalization process was provided by the new economic policy introduced by the Government of India in July 1991 at the behest of the IMF and the World Bank.

Body:

Indian small scale industry is playing an imperative role in the economic expansion of the country and have vast approaching for employment generation. Increasing small scale sector units also results in decentralized industrial development, better distribution of wealth and investment and entrepreneurial talent. The government has initiated several policies for the growth and development of small scale industries. Post liberalization economic conditions have created immense growth prospect for the small scale industries. The Micro, Small and Medium Enterprises in India are acting as power and spirit of economic growth in the 21st century.

Positive Impact:

- **Invasion of foreign investment and technology.** The SSIs in India suffer from outdated technology and sub-optimal scale of operation. Many foreign companies have ed up with Indian SSIs and helped them to use better technology, managerial skill etc.
- **Opportunities to enter the world markets:** Globalization has opened up the economy and integrated it with the world economy. The SSIs enjoy the benefits of selling their products and services to the world market rather than being confined into domestic market. The free economy ushers inaccessibility to bigger

markets, greater linkages for SMEs with larger companies and marketing outfits, improved manufacturing techniques and processes.

- **Expanding the areas of business:** SSIs have been able to identify many uncommon but highly promising business areas like outsourcing, medical transcription, clinical research trials, sub-contracting, ancillarization and many new technologies like biotechnology, nanotechnology etc which are attractive for the new generation SSI entrepreneurs.
- **Free flow of capital:** In a liberalized economy, banks would try to find out new avenues of giving credits to increase their profitability. Thus, supply of funds may be easier. Development in money market would initiate development in capital market
- **Less procedural problem:** As the economy is mainly market driven; there is less Govt. intervention, red tapes, less control on import and export etc. The SSIs would be allowed to work in a free environment.
- **Increased Customer Satisfaction:** As the domestic market gets competitive, small and medium firms try to satisfy the consumers in every possible way. They try to produce products as per the needs and preferences of the consumers and satisfy the customers in best possible way.
- **Opportunities for generation of employment:** Being labour-intensive in nature, the SSIs make significant contribution in employment generation and expanding industrial network in rural areas. This sector nurtures the traditional skills and knowledge based small and cottage industries.
- **Regional disparity Removal:** People from remote areas have the tendency to migrate to urban areas in search of jobs. This creates excessive pressure on urban areas and initiates social and personal problems. This problem can be addressed by setting up a network of micro, small and medium enterprises in economically backward areas.

Negative impact

Though there are many benefits derived from the process of Globalisation, it has resulted in some serious constraints on the growth of SSIs in India. High level competition. The SSIs face ruthless competition from the large domestic firms and multinationals armed with improved technology, managerial ability, skilled workers, marketing skills, better product quality, and wide range of products. The small firms find it difficult to maintain their existence as the cases of merger and acquisition are continuously increasing.

- **Problems related to finance:** Financing has always been a major problem for the small and medium industries in India. The SSIs mostly depend on internal sources of finance (personal savings, loan from relatives, and loan from local money lenders) than that of institutional financing by banks and other financing institutions.
- **Poor Technology Base:** There exists considerable heterogeneity among the SSIs in India. A small percentage of firms operate with sophisticated technology base whereas majority of firms use outdated technology. They suffer from low productivity and poor product quality. Due to their small size, they cannot enjoy large-scale production economies.

- **Delayed payments:** The small firms find it difficult to recover their dues from the large firms and even from Government Departments due to complex payment procedure and corruption. Due to lack of funds, they cannot employ credit collection machineries (like factoring services). The large firms force them to offer long credit period and even pay advance to ensure timely supply of materials
- **Inadequate infrastructure facility:** Infrastructural lacking includes inadequate power supply, transportation, water supply etc. Small firms cannot bear the cost of setting up independent power supply unit. They have to depend on irregular power supply from the electricity boards. Inadequate transportation system increases cost of production.
- **Shortage of Skilled workers** Though India has no shortage of human resource, most of them are unskilled workers. Large firms pay higher remuneration and employ skilled workers. The SSIs have to operate with unskilled or semi-skilled workers. Thus, the SSIs suffer from low managerial capabilities.
- **Problems of Marketing and Distribution:** Marketing is probably the most neglected and less explored problem for Micro and Small firms. Most of them do not have any well formulated marketing strategy, market research programmes, innovative advertisement techniques etc. Most of the SSIs do not have adequate monetary support to develop marketing section and many are not aware of modern low-cost marketing techniques (blogging, sending mails, developing web site for the company).

Conclusion:

Small industry in India finds itself in an intensely competitive environment since 1991, Thanks to globalization, domestic economic liberalization and dilution of sector specific protective measures. As a result, its growth in terms of units, employment, output and exports has come down. This has resulted in less impressive growth in its contribution to national income and exports though not in terms of employment in the 90s. Lack of reliable and stable economic infrastructure, reduced growth of credit inflow and technological obsolescence, which together would have led to inferior quality and low productivity are the major banes of small industry in India. But at the same time, international and national policy changes have thrown open new opportunities and markets to Indian small industry. Technological upgradation and in house technological innovations and promotion of inter-firm linkages need to be encouraged consciously and consistently. Financial infrastructure need to be broadened and adequate inflow of credit to the sector be ensured taking into consideration the growing investment demand including the requirements of technological transformation. Small industry should be allowed to come up only in designated industrial areas for better monitoring and periodic surveys through DICs should enable policy corrections from time to time. A technologically vibrant; internationally competitive small industry should be encouraged to emerge, to make a sustainable contribution to national income, employment and exports.

2. Has globalisation led to deterioration of societal values? Critically examine.**Approach**

The candidate needs to examine whether globalisation has led to deterioration of societal values and also provide counter views, while also substantiating with proper examples.

Introduction

Social values refer to wider notions of collective identity like religious values, attitudes towards materialism, moral beliefs, and a sense of collective awareness and are a broader and more encompassing concept than social capital where a more globalized world both changes and interacts with nationally based value systems.

Body

- Globalization is a combination of economic, technological, sociocultural and political forces and it refers in general to the worldwide integration of humanity and the compression of both the temporal and spatial dimensions of planet-wide human interaction.
- Broadly speaking, the process of globalization has two aspects. The first refers to those factors - such as trade, investment, technology, cross-border production systems, flows of information and communication - which bring societies and citizens closer together.
- The social dimension of globalization refers to the impact of globalization on the life and work of people, on their families, and their societies. Beyond the world of work, the social dimension encompasses security, culture and identity, inclusion or exclusion and the cohesiveness of families and communities.

Like the two faces of Janus, globalization at times has been inclusive and integrating and at other times disintegrating and exclusivist. Here, Globalisation and its deteriorating effects on globalisation can be seen from the following points –

- Nuclear Families: The western influence of individualism has led to an aspirational generation of youth. Concepts of national identity, family, job and tradition are changing rapidly and significantly.
- Old Age Vulnerability: The rise of nuclear families has reduced the social security that the joint family provided. This has led to greater economic, health and emotional vulnerability of old age individuals.
- Pervasive Media: Foreign media houses have increased their presence in India. India is part of the global launch of Hollywood movies which is very well received here. It has a psychological, social and cultural influence on our society.

- McDonaldization: A term denoting the increasing rationalization of the routine tasks of everyday life. It becomes manifested when a culture adopts the characteristics of a fast-food restaurant. These effect traditional sources of livelihood as well as societal norms.
- The penetration of global music has resulted in the marginalisation of traditional music among different cultures of the world. Today, pop music and its local variations can be heard in all social settings from weddings to religious festivals and birthday celebrations.
- One of the most vehement criticisms of globalization is that it threatens to create one homogeneous worldwide culture in which all children grow up wanting to be like the latest pop music star, eat Big Macs, vacation at Disney World, and wear blue jeans, and Nikes.

But at the same time, globalisation also has its benefits in terms of societal values, which is evident from the following points –

- Globalization promotes the integration of socio-cultural, political and economic systems of nations into global ones. Sociologists consider this process as cultural and intellectual assimilation.
- Under the influence of globalization, openness, information coming from the media, and contact with other cultures, traditional values are changing.
- Access to education - On one hand globalisation has aided in the explosion of information on the web that has helped in greater awareness among people. It has also led to greater need for specialisation and promotion of higher education in the country.
- The Global Village/ Global Consciousness - This means that more and more people have a more 'global outlook' and increasingly identify with a global audience – for example, television reporting of natural disasters in developing countries result in people in wealthier countries donating money to charities such as Oxfam to assist with relief efforts.
- As globalization may lead to one single world culture or a homogenized culture, it is also likely to lead to new permutations, new combinations, new options and new cultures.

Conclusion

Globalization has made the world as a small village, and it tends to go further, like wiping all borders among countries where societal values are changing under its influence but they do not change simultaneously, giving rise to the phenomenon of 'glocalisation'.

3. How does globalisation differ from westernisation? In the Indian context, what has been more profound of the two? Discuss.**Approach**

Candidates are expected to write about globalisation and westernisation first. And explain how both differ from each other. Also discuss in Indian context which one has profound impact.

Introduction

Globalisation and Westernisation are two sides of the same coin. Globalisation is a phenomenon that has born since the human race first made it to this world and Westernisation is an ever occurring phenomenon that has existed since the 19th century when the Ottoman Empire began modernising from the powerful, industrialised Western civilisations.

Body

Globalisation and westernisation:

- Globalisation refers to the growing interdependence between different people, regions and countries in the world as social and economic relationships come to stretch world-wide.
- Westernisation is the changes brought about in Indian society and culture as a result of over 150 years of British rule, the term subsuming changes occurring at different levels of technology, institutions, ideology and values.

Difference between globalisation and westernisation:

- Globalisation is neither a purely economic process nor is related to communications only. It is a broad process of increasing socio-economic-industrial-trade-cultural relations among the people living in all parts of the globe.
- Whereas emphasis on humanitarianism and rationalism is a part of westernisation which led to a series of institutional and social reforms in India. The evil institutions of sati, untouchability and purdah got condemnation from the spread of the notions of equalitarianism and secularisation.
- Globalisation accepts and advocates the value of free world trade, freedom of access to world markets and a free flow of investments across borders. It stands for integration and democratisation of the world's culture, economy and infrastructure through global investments.
- Establishment of scientific, technological and educational institutions, rise of nationalism, new political culture and leadership in the country, are all by-products of westernisation.

As a matter of fact, both the processes go hand in hand. It is found that sometimes increase in westernisation also boosts the process of globalisation and vice versa.

Both highly influenced the Indian society let us study which process has profound impact.

- It was with 1991 reforms in India led to greater economic liberalisation which has in turn increased India's interaction with the rest of the world. Globalisation have facilitated the world in becoming a "global village". Increasing interaction between people of different countries has led to internationalisation of food habits, dress habits, lifestyle and views.
- Impact of westernisation starts in India with interaction of European powers and it has profound impact then globalisation. In contemporary India, when we talk about westernisation, a tremendous change has come in rural India where most of India resides.
- The European missionaries worked in the different parts of the country, particularly in those which were backward and inhabited by tribals and untouchables. This brought the weaker sections closer to westernisation.
- Westernisation also introduced science and technology in Indian society. This brought railways, steam engines and technology. As a result of this, the Indian society moved towards industrialisation. This also gave encouragement to urban development and Migration from village to town and cities also increased.
- Due to British rule freedom struggle gave the Constitution of India it introduced new value of secularisation. Secular India is conceived as a nation charged by the idiom of a rational and bureaucratic society.
- The impact of five year plans a western idea has brought the village people in the wider network of communication and modernisation. The democratic institutions such as Panchayati Raj and massive spread of education have brought the villagers to come closer to westernisation.
- Also science and technology came as a setback to village industries and local arts and artefacts, Subjugation of the local culture, loss of world diversity, conflict between core and peripheral values etc. For example, harassment against women is blamed on westernisation, diseases due to adoption of lifestyles or eating habits that are not supported by the local climatic conditions.

Conclusion

We cannot say that the impact of globalisation and westernisation has been totally positive or totally negative. It has been both and are still associated as in modern times, rationalism and scientific education, that fuel modernisation, have their origin in globalisation and westernisation is often perceived as a sub-process of modernisation.

4. What are your views on the process of de-globalisation? How will it affect the countries of the world in general and India in particular?

Approach- Candidate is expected to define de-globalisation and outline the effects of the process on advanced economies and developing world including India. Answer can be concluded by stating importance of globalisation in modern world.

Introduction

The term de-globalisation is used by economic and market commentators to highlight the trend of several countries wanting to go back to economic and trade policies that put their national interests first. These policies often take the form of tariffs or quantitative barriers that impede free movement of people, products and services among countries. The idea behind all this protectionism is to shield local manufacturing by making imports costlier.

Body

Globalisation

- Globalization refers to the economic, social, and political integration of nations. It entails the spread of products, technology, information, and jobs across national borders and cultures. In economic terms, it describes an interdependence of nations around the globe, fostered through free trade.

De-globalisation

- It is the process of diminishing interdependence and integration between the nations. It is characterised by the decline in economic trade and investment between countries.

Effects of de-globalisation

- **Trade Protectionism:** The recent trade war between the US and China indicates a change in attitude of AEs in protecting their interests at the cost of developing countries.
- **Trade is not growing as quickly as before the Great Financial Crisis of 2008** that may be the consequence of decreased investment in technological innovation.
- **Immigration Control:** Instances of immigration control by US, UK and other European countries have been dominant in past one decade.
- **Brexit Movement:** Brexit and 'Make America Great Again' are symptoms of underlying processes of de-globalization that have already generated significant trade and investment uncertainty. This has had a concrete impact on trade & investment flows as firms and consumers are adjusting behaviour in anticipation of further trade shocks.
- **Flow of Capital:** Cross-border financial flows have been reduced due to uncertainty in the global policy making and increased protectionism by Advance economies.

- **Labour Market Loss:** The major hurdle faced by the AEs is the death of relatively low skilled sectors like textile and the support economies that grew around it. There are varying estimates of the job losses caused by cheaper imports from China and other emerging economies.
- **Growing Inequality:** The slow pace of technological change in AEs had resulted in the stagnation of blue collar incomes which seems to be the major cause of rising inequality in the AEs.

Impact of de-globalisation on India

- **Economic impact-**It will lead to protectionism with reduced cooperation among countries that will hurt Indian trade and exports. It will destroy employment opportunities because as it will prevent outflow of skilled people due to protectionist measures like visa regulations. This will impact their employability and remittance to the nation.
- It may lead to increased import costs due to lesser choice and options and manufacturers and producers would have to pay more for equipment, commodities, and intermediate products from foreign markets.
- **Political impact:** It would affect polity leading to instability in political framework of nations due to rise in prices and cost of living may lead to civil Uprisings.
- **Impact on technology:** These tendencies limit technological advancement of the world as whole and of developing countries in particular. Limited knowledge sharing, lack of flow of technology to developing countries limit advancement in science.
- **Impact on Environmental conservation:** Due to non-cooperation among nations it will impact environment conservation efforts in India. It will reduce required funding and would jeopardise efforts to conserve environment and tackle environment change. It would lead to lack of coordination at international organisations.
- **Impact on security:** Due to lack of coordination among various nations, security around the world along with India would impact. It will not only increase economic risks, but would provide an opportunity for terrorists to carry out violence due to lack of coordination among various law enforcement agencies.

Conclusion

De-globalisation erodes the advances made by globalisation. Integrated world economy as a one family enables not just free flow of goods and services but also free flow of people, ideas, cultures and strengthens the spirit of humanity. Beyond economy it hampers the speed of our new evolution in global direction. Rise of hatred, intolerance, racism and suspicion are the result of our narrow outlook. We have to embrace the spirit of globalisation minimizing its ill effects.

5. What measures have been initiated by the government to make Indian enterprises more competitive in the global market? Discuss.**Approach**

Since the question is asking you to discuss, it necessitates a debate where reasoning is backed up with evidence to make a case for and against an argument and finally arriving at a conclusion. In simple terms an examiner expects one to discuss various perspectives and present a logical argument.

Introduction

Manufacturing in India was high-cost and not really competitive. If there is strong competition, you will make all efforts to improve your products, reduce your costs. That has not happened. Only a few sectors such as telecom and auto became competitive, and that has led to products in India being world class, but those are very limited sectors.

Body

The government is taking a series of measures to make India highly competitive in the global economy. These includes:

- The government announced Production-linked incentive (PLI) scheme for 10 key sectors to spur growth in manufacturing in a big way.
- This (PLI scheme) is one of the biggest schemes that the government has come out with to support the private sector in manufacturing with objective to provide a major impetus to manufacturing and exports. It is a \$26-billion scheme, which provides production-linked incentives in 10 champion sectors and this five years of support should spur growth in manufacturing in a big way.
- And, the PLI scheme for other sectors is going through the process of approval.
- In the auto industry, there is a lot of push from the government on domestic manufacturing.
- There is effort from the government in creating an assured demand visible to investors in the future.
- Indian government has adopted “Make in India” as a core policy initiative to encourage and accelerate growth in manufacturing sector and make Indian market highly competitive in global economy.
- Indian government is trying to make smart investments in asset productivity in order to increase the manufacturing productivity such as efficient line balancing, lean plant layout, and process de-bottlenecking.
- In order to enable itself to expand economic hubs beyond tier 1 cities, the government is trying to develop localized services and local networks across the country.

Conclusion

Indian manufacturing, for decades, has been operating at a growth rate of 6-8% a year. The government is trying to get back to it by the end of this year. But the real issue is that it is not enough, as the finance minister said in the budget speech. A double-digit growth in manufacturing is required if the \$5 trillion economy target is to be met. The Union Budget is an important milestone. It's a forward-looking growth centric, capacity building and debt-funded budget aimed at securing long-term economic growth and global competitiveness.

