Research Paper
Impact Factor: 3.996
Peer Reviewed & Indexed Journal

IJMSRR
E- ISSN - 2349-6746
ISSN -2349-6738

INDIAN ECONOMY UNDER THE SHADOW OF NEW GLOBAL ECONOMIC ORDER

Dr. Rajesh Pal
Associate Professor, Department of Economics, Mahatma Gandhi Kashi Vidyapeeth, Varanasi, U.P., India.

Abstract
Globalisation per se is not a problem; in fact it is bringing opportunities for learning about organisation, coordination and management of available human capital, scarce resources and technology to increase production and productivity. It is therefore vital to understand how India has benefited from the globalisation of its economy since 1991. This globalisation has progressed in tandem with economic growth during the period of Narsimha Rao and Atal Bihari Vajpayee. The 1990s policy reforms consisted of three major elements viz., domestic decontrol, tax reforms and external opening, and one smaller element – public sector investment. These economic reforms have nudged both the political owner and the bureaucratic managers and employees to act more like private owners and managers. These reforms succeeded in promoting competition and raising growth rate of India's economy, resulting in reducing gap between the India's per capita income and the world average. Indian industry especially corporate sector has benefited a lot from globalisation. Now, in order to survive in the era of globalisation we have to carry forward and complete the reforms in agriculture decontrol, simplification of taxes, de-monopolisation of infrastructure enterprises, labour laws and land market reforms.

Keywords*: Globalisation, Reforms, Mixed Economy, BRICS, Market Reforms, Human Capital.*

Introduction

This is the world of colonial- metropolitan production and reproduction of commodities. The key factor in all this is not any advancement in communication technology but what Rosenberg calls the "social properties established by capitalism's system of production for exchange." It is this that creates a new world of "transitional simultaneity." In his book "The follies of Globalisation Theory." Rosenberg is at pains to point out that globalisation cannot be both explanandum and explanans, i.e., it cannot simultaneously be the process of which it is itself the outcome. There is a 'theory of globalisation' and there is a 'globalisation theory.' In the first approach, the globalisation (Vanik, 2001) is the outcome or result, in the late twentieth century, of certain prior processes that must be explained through classical social theory. Globalisation theory aims to replace the notion of the 'international by a new category of the 'global'. It claims that the nation state and its associated properties whether these be territorial sovereignty or nationalism, are becoming progressively less relevant. Second, globalisation theory rejects the idea of societies as bound entities in an increasingly integrated / overlapping / unified world.

Scholte in his most recent important work: "Globalisation: A Critical Introduction" (2000). Scholte lists five possible meanings of globalisation: internationalisation, liberalisation, universalisation, westernisation, de-territorisation. De-territorisation is a special category but it simply cannot bear the burden of explanatory weight put upon it. Satellite technology and computers cannot explain the advent of 'globalised' social relations. It is capitalist industrialisation that establishes worldwide relations of a new kind because it is rooted in the integrated and inseparable character of a cycle of production, exchange realisation, investment, reproduction, etc. operating constantly and simultaneously in different parts of the world.

New global economic order must not be confused with the New International Economic order (NIEO), which is based on "equity, sovereign equality, interdependence, common interest and cooperation among all states, irrespective of their economic and social systems which shall correct inequalities and redress existing injustices, make it possible to eliminate the widening gap between the developed and the developing countries and ensure steadily accelerating economic and social development and peace and justice for present and future generations." In December 1974, the UN General Assembly (Jhingan, 1997) approved the "Charter of Economic Rights and Duties of States." All these three resolutions constitute the documents of NIEO. Specific proposals for an NIEO were put forward at the Summit Conference on Non-Aligned Nations held in Algiers in September 1973. The sixth session of the UN General Assembly adopted, without a vote, a declaration and a Programme of Action on the establishment of NIEO. Here, in this paper, unlike NIEO, new global economic order is used in the context of globalisation, which explains the position, impact and sustainability of the Indian economy under the shadow of globalisation. After the end of cold war there were many economic reforms, which greatly affected the world economy at large. Globalisation means integration of the domestic economy with the global economy. It aims at optimum utilisation of growth potential with the available resources and technology. Hence, in the process of globalisation, all the sectors of the economy are directed to improve the efficiency, productivity and cost competitiveness. To take advantages of globalisation, we have to understand first, the history and feature of our economy, second, how it can be made strong enough to survive in the era of globalisation. The present paper consists of three sections. In the first section we discuss the history

IJMSRR
E- ISSN - 2349-6746
ISSN -2349-6738

and features of our economy. In the second section we discuss the new forces released by globalisation in the world economy; and how it can be made strong enough to survive in the era of globalisation. In the third section we discuss the effects of globalisation on the socio- economic condition of India.

Section I

Have you ever wondered why ancient India was called *Sone ki chidiya* (The golden bird).The answer lies in Angus Maddison's historical tracking of world's GDP. India was world's largest economy in I AD with China (Sabharwal, 2008) as number two. According to the calculations by Angus Maddison, from at least the beginning of the common era until the early nineteenth century, China and India accounted for around half of the global GDP. Both the countries were very well knit with the rest of the globe but both economies went downhill between the early 18th century and the late 20th century. The decline can be attributed to a multitude of factors and events: the industrial revolution in Europe; the formation and expansion of the United States of America; China had to jostle social unrest and various other social issues under Mao Zedong; China's decline during the Ming and Quing dynasities; the impact of British rule on India in the 20th century. At the time of the arrival of the British, Indian economy was by and large self-sufficient, possessing of a fine balance between agriculture and industry. The British came to India as merchants in the middle of the17th century, not to rule but to trade. The initial contact that India had with Britain was not crown but with one of the earliest multinational corporations of the world, the East India Company. Commercial interest was merged with the political interest. They gained political supremacy around the middle of the 18th century. Thenceforth, the Indian would be relieved of their resources not just through asymmetric trade and exchange but also taxation and state sponsored extortion. The fear of multinationals and a mistrust of business and trade would get etched in the collective memory of India. Independent India would design its economic policy in the shadow of this memory.

India followed mixed economy approach to economic development, based on what came to be called the Mahalanobis-Nehru strategy (Attar,1990) of development. A mixed economy applies a fair balance between social goals and individual goals. It implies the concerted or harmonious organisation of the public and the private sectors. The sectors have to be so reorganised as to become mutually reinforcing rather than mutually obstructive. Similarly, planning arrangement and market arrangements are so adjusted that each is used for the social goals to which it is most suited and yet the two mechanisms are not permitted to become mutually contradictory. Further, a social democratic mixed economy implies a balanced commitment to freedom, to equality and material progress. The logic behind this approach was that the industry, which were critically important for the economy such as coal mining, steel, power and roads should be retained by the government. The private sector was allowed to establish industries and business enterprises but was subject to control and regulation that came in the form of laws. It leads to the creation of large bureaucracy to control and monitor business and set-up barriers to foreign goods and investment. The tariff on import was rose steadily, as successive finance ministers fell over one another to demonstrate their resolve not to allow foreigners to exploit Indians.

India followed an inward-looking and import substitution strategy of economic development during 1950-1980. Beginning 1980s policy makers started realising the drawbacks of this policy, which inhibited competitiveness and efficiency, produced a much lower rate of growth than expected and led to inferior quality of domestic production with high cost as compared to world prices. By mid 1980s it was clear that drastic shift in policy was needed to speed up the rate of growth. It was also found that the several laws and institutional features, which were created to regulate and run the private sector smoothly, had become a major hindrance to its development. We had arrived at a severe financial crunch. This financial crunch forced the government to borrow money from international financial institutions. All these led to framing of a New Economic Policy (Pant, 2003). Under the new economic policy, license, quota and permit are replaced by three new strategies, which are called liberalisation, privatisation and globalisation. After assuming power at the centre, the government of Prime Minister Rajeev Gandhi introduced a series of measures to reduce control on industries, particularly large industries. The process of economic reforms initiated in 1985 got a boost when the government of Prime Minister Narsimha Rao announced a new industrial policy in the Indian Parliament on July 24, 1991 which has already proved a watershed in the post-independence history of India. Since then, successive government have carried forward the reforms in industrial, financial, fiscal and external sectors. It is liberalisation, privatisation and globalisation all the way. There is enough evidence that government is withdrawing as a controller and licenser of private activity and allowing competition and market forces to guide investment decision. India experimented with Nehruvian model of socialism for more than 40 years and we finally woke up in 1991 after the financial crisis while China (Maria, 2008) woke up in 1979 and rolled out the process of economic reforms.

From the late 1980s world started changing very rapidly. Before capitalism, societies were reproduced via 'relations of personal dependence' like kinship, serfdom, feudal obligations, etc. It is only in capitalism that a new form of social connectedness emerges, where social reproduction no longer relies on relations of direct personal dependence but where "dependence is meditated by things" or commodities. It was a period of critical times in international relations. It was the time when the super power rivalry got almost eliminated. The end of cold war politics following the disintegration and collapse of Soviet Union and restructure of Eastern European countries and weakening of communism as an ideological force in international politics have changed both the ideological and procedural aspects of international relations, which have paved a way for the emergence of a new global economic order characterised by globalisation. The dynamic of globalisation has thrown a whole range of new problems for the non-aligned developing countries. Nehru formulated India's non-aligned strategy, which became a movement of solidarity and co-operation among the newly liberated countries of Asia, Africa and Latin America. Non-alignment movement (NAM) was thus formulated as a solidarity movement for giving voice to what is known as Third World Countries or Developing Countries. The principles of non-alignment are defined in the Bandung (Indonesia) Declaration of1955 (Narang, 2003) and reiterated in Brioni (Yugoslavia) Declaration of 1955 by Nehru, Tito of Yugoslavia and Nasser of Egypt. The basic thrust of the movement is in favour of peace, disarmament, development, independence, eradication of poverty and illiteracy.

Developing countries are increasingly exposed to pressures to confirm to an agenda, which is being defined and driven by others. The process of globalisation began from the 1970s due to various developments in the field of science and technology. Since the 1990s the term globalisation had gained wide currency. The process of globalisation was bringing new dimensions in relations between states and role of international organisations. Division of labour and opening of national and regional markets to increasing world trade and transfer of investment and technology became the order of the day. Technological progress has increased from 40 to 60 per cent faster in developing countries than in rich countries between the early 1990 and 2000 respectively. In this situation it became clear that one cannot remain mired in the past. In this new global economic order ideology is becoming less important. According to Anthony Giddens, arguably the single most important theorist of globalisation as a new paradigm, states, "globalisation means the intensification of world-wide social relations which link distant localities in such a way that local happening are shaped by events occurring many miles away and vice-versa."

Section II

After new economic policy 1991, the world has changed a lot. We are now a part of the new global economic order. The thrust of the new world economic order is on market oriented policies. New developments in the field of communication, rising debts, declining and aspiring for higher growth in developing countries have helped developed countries to put pressure on these countries through international bodies like World Bank and IMF to integrate their economies with the market oriented world economy, make structural adjustments to accommodate the interest of the multinational company and liberalize their own economies. The process, which is bringing the world closer everyday, is commonly referred to as globalisation. India began responding to globalisation from early 1980s by warmly welcoming the technological developments. It was in the wake of the external repayment liability crisis of 1991 that government took a qualitative turn towards liberalisation. It involve the major changes in policy i.e., trade policy reform, industrial policy reform, exchange rate policy reform, capital market reform and financial reform.

In the context of globalisation, the above mentioned liberalisation means freedom of trade and investment, removal of government control on allocation of resources in the domestic economy facilitating market forces to determine its courses and directions. Liberalisation and globalisation has increased the scale and allocative efficiency of markets for goods and capital. It has created global electronic communication system, spread of information technology, growth of global capital markets and the greater flow of short –term speculative capital, foreign direct investment by multinational corporations, and movement of people across borders. These, in turn, have also led to the rise of social movements such as of women, peasants, ethnic communities and displaced people etc., thereby mobilising more people (Nauriyal et.al, 2009). In the cultural field, globalisation has helped in the global circulation of cultural goods. Globalisation has helped in the expansion of global market and capital flow, tourism and travel services, banking and insurance, entertainment and media services. Unlike primary sector, secondary sector and tertiary sector have got more attention in the process of globalisation. The exogenous technique of liberalisation and globalisation has accelerated the growth rate of the Indian economy from what Professor Raj Krishna called as 'Hindu' growth rate (1.5 per cent per annum) to high-tech and multinational-led high growth rate. This high growth rate is not only restricted to manufacturing and tertiary sector but also little attention is paid to the primary sector, labour standard, poverty reduction and human rights. In the present contest of globalisation, associated with trade and financial liberalisation, the contribution of information and communication technology to gross domestic production (GDP) growth is rising sharply and becoming the driving force behind rising inequalities, as it raises the demand for skills that are in short supply and it has greatly highly unequally distributed between different regions, income groups, and between males and females. Moreover, competitive markets may be the best guarantee of efficiency, but not necessarily of equity. Globalisation has been verified for increasing poverty and inequalities in the distribution of resources in the society. It has divided the country in two parts what is called *India* and another one is called *Bharat.* India comprises white-collar jobs, bureaucrats, industrialists, corporate, and rich men and women while *Bharat* comprises poor people, labour class, dalits, and tribal etc. In

IJMSRR
E- ISSN - 2349-6746
ISSN -2349-6738

order to sustain in the era of globalisation, high growth associated with trade and financial liberalisation must percolate to these (*Bharat*) people. It has greatly circumscribed the power of nation-state under pressure from multinational companies. Multinational Corporation is successfully promoting consumerism and western values. In the education field, globalisation (Bhattachrya, 2008) has over emphasis on market oriented courses. The undermining of social sciences and humanities is already having detrimental effects on society.

The issue of whether globalisation will be able to fulfil the aspirations of the common people of the developing countries is to be handled by each country in their own way. Since globalisation is a reality, which cannot be wished away, the discussion on the merits and demerits of globalisation has now been replaced by discussion on the measures, which can help the country derive more advantages from globalisation and minimise its disadvantages. We must be aware that there are no panaceas in economic policy. We have to commensurate the advantage of globalisation with the basic objective of our planning like eradication of poverty, unemployment, and improvement in living standards of people. This is precisely where development, an issue larger than growth encompassing social, political and cultural dimensions, assumes critical importance (Bashu, 2001). Globalisation, therefore, has to be looked at in the context of both higher economic growth as well as panacea for bridging the gap between haves and have not. The challenge for the developing countries is in giving a decent and dignified existence to their poorer sections. Does globalisation has the ability to serve this purpose? It certainly does. But its success in reducing poverty would depend upon how an individual country approaches the issue of globalisation. We have to prepare for flexibility. Developing countries lack flexibilities that residents of developed countries take for granted. To stick with one policy, unbendingly, is to make the same mistake of policy stubbornness that led India to her predicament.

One of the most celebrated battles in our history is the one that was fought between Robert Clive and Siraj-ud-Daula in June 1757 in Plassey. Siraj-ud-Daula's force was some 60000 soldiers. This include close to 20000 cavalry and 40000 infantry. Robert Clive, on the other hand commanded an impossibly small force of 3000 soldiers. The battle was won by Clive, within hours of its start. The defeat cannot be understood in terms of the balance of resources or individual human capital. It was essentially a failure of organisational capital. Here organisational capital is different from education or human capital. The latter resides in individual whereas organisation and coordination are property of collectiveness, or what in business schools today would be called managerial coordination. The rise of the British had another lesson in management – the importance of learning, for it is arguable that this technique was not their own but that of the Portuguese. It was developed during the viceroyalty of Alphonsod Albuquerque in Goa from 1509 to 1515 (Vanik,2001). Albuquerque mastered the technique of using a very limited number of his own people – the Portuguese to control masses of native through carefully designed systems of incentives and disincentives. It was a managerial system par excellence. People learn easily from those with whom they identify themselves. It is not surprising that the technique got mastered by other Europeans; facilitated the spread of colonialism in India but little effect on Nawab and the indigenous civilians.

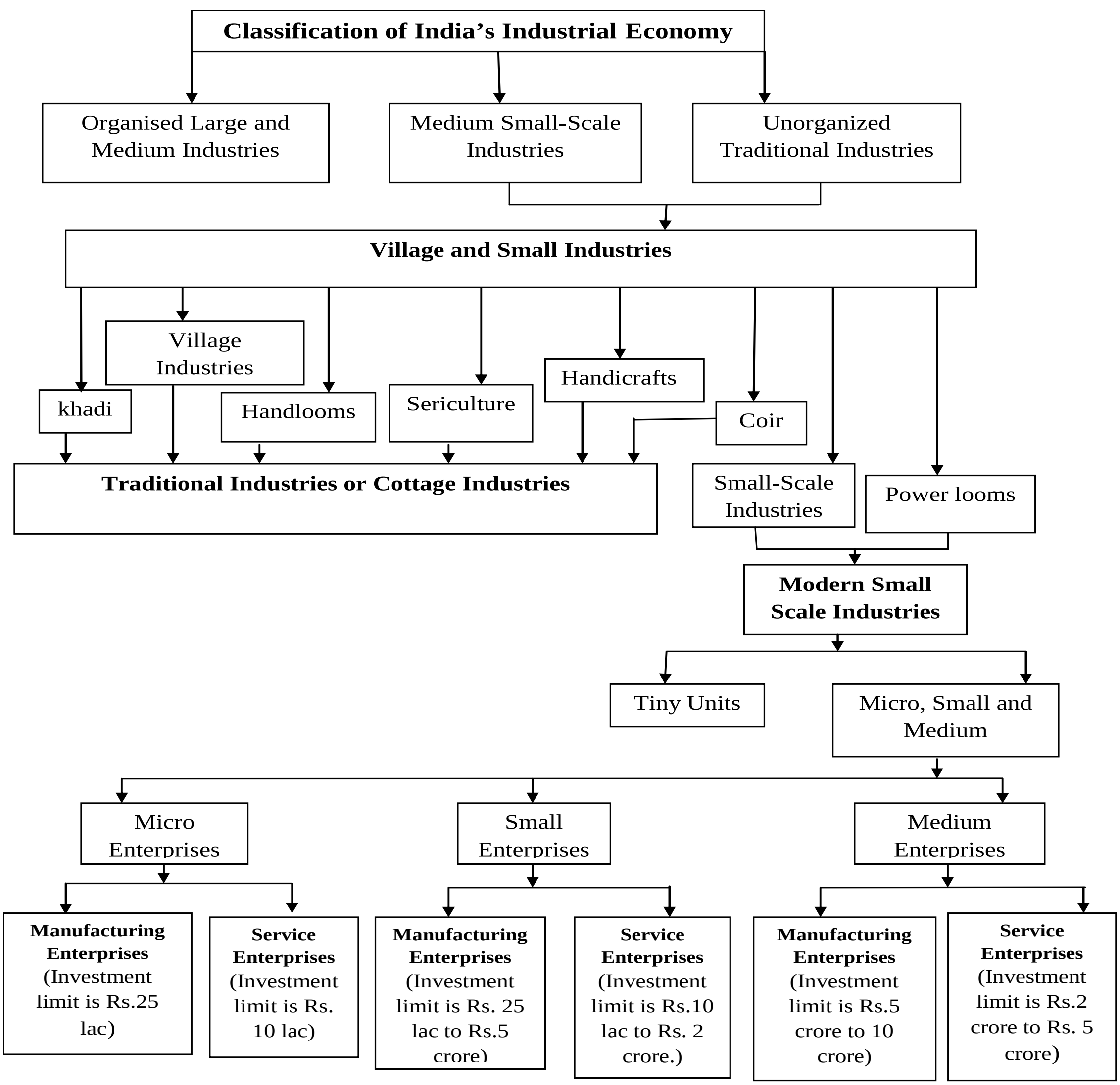
In the era of globalisation, it is not enough to have knowledge of information technology, engineering etc. If the nation does not have organisation to share and exchange this knowledge and to harness it, where it is needed, it will be a miserable and poor nation. A society of high human capital and poor organisation is like a society where lot of people have computer but there is no internet to link up information in these computers. We must rethink our notions of 'good governance' and 'good government.' Government and governance are not synonymous. New modes of good governance that do not require an overbearing government are necessary, not just for India but also for the world. We need systems of governance that enable better coordination, not control. To survive under new global economic order huge public and private investment in research and development are required. Investment in human resource development, protection of copy rights; intellectual property rights; patents can provide the incentive for research, creativity, and innovation. Government's regulatory environment must be conducive to business. It is a matter of shame that "Doing Business Report 2008" has ranked India 120th amongst 178 countries (The Times of India, 2008)) while China ranked at 83 and Pakistan at 76th . Economic freedom is very important to attract private investors in the Indian economy. Accordingly, if poor nations can accept globalisation with a matured outlook, and adopt it on their terms with the interest of common people uppermost in their mind, like we Indian have done, there is no reason why globalisation cannot make this world a much better place to live in. There are certain essential requirements, which are to be fulfilled for the successful globalisation of the Indian economy and business. These are: economic freedom; government support; infant industry argument, which was formulated by Alexander Hamilton in 1870s and was popularised by Friedrich List in 1885 (Ganguly, 2007). Moreover, investment in education, health, and infrastructural development, technology, research and development, and knowledge worldwide are required to be supported by the government to survive in the era of globalisation.

Section III

Globalisation is supposed to expose domestic industries to international competition. The intensity of impact of globalisation on industrial economy of India can be known with the help of classification of India's industrial economy (see diagram).

IJMSRR
E- ISSN - 2349-6746
ISSN -2349-6738

Traditional industries are generally artisan-based (Prasad, 2005), located mostly in rural and semi-urban areas. These industries use local skills and resources and sell their products. These cottage industries involve lower levels of investment in plant and machinery and provide huge employment. Modern small-scale industries including 'tiny' units and power looms use power-driven machines and possess some technological sophistication (Sury, 2001). The lower volume of capital investment with higher potential of employment in small-scale industrial units provides them an edge over medium and large-scale industrial units. However, the plight of the contradiction is that the lower volume of capital investment required for the establishment of small-scale industrial units (SSI) attracts large number of investors and entrepreneurs to step into; but it also deprives such units from availing the benefits of *economy of size* and thus it results into weakening of their competitive position in the product and service markets as against the medium and large sized industrial giants (Singh, A.P. and Singh, V.P., 2009). This is why these small industries are not able to face the competition thrown by globalisation. Hence, the people employed in these industries are getting unemployed and are becoming poorer and their living standards are going lower than ever. This not only disturbs the socio-economic condition but also create social unrest in the society. The solution of contemporary crisis of unemployment lies very much in the growth and development of SSIs. Under new global economic order they are facing twin problems to their survival. First, the requirement of small capital investment in SSI units is a blessing on one hand for their establishment and also a curse for their growth and development. Second, they are facing serious threat from the multinational corporations. Moreover, the SSI units generally fail to generate required quantum of borrowed capital from outside resources for the purpose of



their growth and development only because of the reason that the small size of owned capital base does not generate confidence (as to protection of their funds) in the suppliers of long capital. Thus, the bankers, financial institutions and other suppliers of long term finance show reluctance in granting term loans to the SSI units. The resource ingredients for

IJMSRR
E- ISSN - 2349-6746
ISSN -2349-6738

development of and industrial units are – Men, Machine, Material, Money, Market and Management (Singh, A.P. and Singh, V.P., 2009). The SSIs are generally clustered around one of these resource ingredients. They fulfil the requirement of local area. To tap such demand SSI units are developed in and around such market places. Management of SSI units are generally carried out by the owner-cum-manager, hence it does not, generally get the benefits of professionally trained managerial capabilities. Therefore, government must help them to avail the facilities of technology and credit facility to make them survive in the era of globalisation.

The rapid acceleration of growth has led to income inequality in India. Inequality in India is interstate equality, closely followed by regional inequality within states, such as in the backward areas of fast growing states like Maharashtra, Karnataka, Andhra Pradesh and Tamil Nadu. Regional inequality has persisted and increased due to a range of factors, including: higher initial endowments relating to health, education, agricultural potential, and infrastructure, agglomeration factors, urbanisation, income inequality, (Heady, 2010), lower government expenditure and higher government expenditure on the 'development' sector (Datt and Ravallion, 1998;Fan et al., 2000). Whatever the reasons for divergence in state growth rates, the sectoral sources of this divergence give an important insight into the proximate causes of rising inequality in India (Rao et al., 1999). The rising interstate inequality is generally deemed to have coincided with a period of substantial reform in India, beginning in 1990s. The reform process initiated in 1991 under the chairmanship of Narsimham (Pal, 2009) created different opportunities for different regions. Cities and states with existing advantages in manufacturing and high-tech services responded favourably, and the growth of these areas has increasingly being supported by their state and municipal governments. But little has changed (Heady, 2010) in India's less developed regions in terms of either policy reforms or trend growth rates.

India's federalist system of governance is also in disarray. The largest problem lies with the state's governments, especially those in the poorer regions where 'trickle-down' effects are irrelevant, and 'trickle-across' effects from interstate migration and production linkages are very weak (Heady, 2010). Reforming India's federalist democracy in some fundamental ways will be a major step in ensuring that backward regions are not left behind even as India's existing growth rates continues to surge ahead. Whilst significant reforms were taking place at the micro structural adjustment and macro level (Pal, 2009), India also witnessed significant reforms at the lowest level of governance, the Panchayati Raj Institutions in rural areas, and municipal corporation in urban areas. These institutions were given statutory recognition in a formal framework of the three-tier federalism in the 73rd and 74th constitutional amendments in 1992. Among other things amendments also stipulated a range of functions (Heady, 2010), for local bodies, most of which were directed towards poverty alleviation and social and community services, for which local bodies should have a comparative advantage.

The quality of the business environment in India has definitely improved in recent years. The available evidence suggests that the Indian economy may have entered a high growth plateau...... the challenge for the authorities will be to ensure that this process is sustained and that it precipitates further progress in poverty reduction. Public Sector Enterprises (PSEs) have made considerable contribution towards achieving the goal of inclusive growth. PSEs are of the strong view that business of doing business is not only business but something beyond business, which is upliftment of the civil society at large. In line with the recent government guidelines of corporate social responsibility (CSR), they have earmarked 0.5 per cent to 5 per cent of the net profit for carrying out CSR programmes. However, given the socio economic conditions of India where large number of people are unemployed and still live below poverty line (Choubey, 2011), it should be the prime concern for all corporate, whether public or private, to discharge their CSR as part of nation building.

India is seen as a future pole in multi-polar world. France and UK back us stoutly for permanent membership of the Security Council as well as for a G-8 membership. Collectively, the European Union (EU) is India's biggest trading and investment partner (Sibal, 2008). With each of them India's trade and investment relationship is on the ascendant. While Germany and UK are recognised as major economic partner of India, there is little awareness that 550 companies are operating in India, employing 10000 people. France aims to double this number in the period ahead, and the expectation is French companies investing up to $10 billion in the next five years. The Marseille summit has fixed 100 billion euro as a revised target for India-European Union trade. To develop our infrastructure, Europe can provide the technology and capital. In the IT sector, our dependence on the US requires a shift towards Europe, more so in view of the American financial turmoil in September 2008. Access to frontline technologies with European, Micro, Small and Medium Enterprises (MSME) will be required for deepening the base of our industrial economy. Science, technology, and innovation are even more relevant today. Scientific knowledge and expertise, innovation, high technology, industrial infrastructure and skilled workforce are the currencies of this new era to sustain high growth rate. The generation of productive and gainful employment, with decent working conditions, on a sufficient scale to absorb our growing labour force must form a critical element in the strategy for achieving inclusive growth to sustain high growth rate in the era of globalisation

India's economy is far from being 'decoupled' from that of America. Evidence of this is found in our exports taking a hit, the rupee sliding and stock markets loosing muscles as the world's most influential economy's woes worsen. India's imports declined for the first time in nine months, falling 11 per cent to $ 25.1 billion in December 2010 (Table 1), compared to $28.3 billion a year ago. Exports grew 36.4

Table 1: External Trade of India during 2009-2011

(In $ billion)

	2009 - 2010		2010 - 2011		2010-2011(Growth in %)	
	April–Dec.	December	April-Dec.	December	April-Dec.	December
Export	127.2	16.5	164.7	22.5	29.5	36.4
Import	207.3	28.3	246.7	25.1	19.0	-11
Trade Balance	-80.1	-11.8	-82.0	-2.6	-0.023	-77.96

Source: The Times of India February 3, 2011.

per cent in December to $22.5 billion on the back of strong performances by engineering goods, gems, jewellery, leather, and other products. Although this helped lower the trade deficit by 77.96 per cent to $2.6 billion in December 2010, the lowest ever in three years, this is not good news for the local industry as import consists of raw material and inputs that are used for manufacturing. Data shows that export rose 29.5 per cent during April-December to $164.7 billion while import stood at $246.7 billion, rising 19 per cent from the same year-ago period. The trade deficit during April-December 2010-11 stood at $82 billion, which was higher than $80.1 billion recorded in the same period a year ago. The strong performance came against the backdrop of fragile economic recovery in some developed markets. Globalisation is increasing the revenue of the Indian Government thereby enabling them to provide better health and education facilities to people of India, improving their life standards. At the current phase of globalisation of Indian economy, export-import markets and foreign exchange rules have been liberalised. As an, outcome India's export has increased. Even with the WTO bounds, India has gained from trade liberalisation. With the liberalisation of the economy Indian firms are increasingly taking part in the global scene. India is increasingly exploiting this open economy strategy of collaboration and growth. India has seen acceleration in its average annual rate of economic growth from 3.4 per cent in the pre-globalisation period to about 8.6 per cent in 2006, 9.4 per cent in 2006-07. Growth almost double the average pace since India's independence in 1947, it is slowing along with the other so called BRICS: economies of Brazil, Russia, India, China, and South Africa.

Indians will have $1 trillion worth investible wealth by 2012, with the country's robust economic growth driving a four folds surge from just about $250 billion in 2007. According to a report by international consultancy firm Celent, India is set to become a huge hunting ground for wealth managers with the numbers of their potential clients and size of manageable wealth both expected to grow four times through 2012. Wealth management revenue is expected to contribute 32-37 per cent of the full-service financial institutions by 2012. The ultra-high net worth households with wealth in excess of $30 million would have a total population of 10500 households ($10 to30 million) are expected to grow to 42000. The population of high net worth households ($1 to 10 million) would grow to 320000 while there would be 350000 households in the super affluent category (Rs 50 to 40 million). Besides, 1 million new households would join mass-affluent category (Rs. 10 to 5 million), taking their population to 1.8 million by 2012. However, a vast majority of 39 million households, out of the total 42 million target market population in 2012, would belong to the mass market (2 to 1 million).

Investment in education is necessary to sustain growth, in view of the skills shortages in industry and services. The Eleventh Plan proposes to increases spending on education from 7.7 per cent of the central plan outlay to 19 per cent or Rs.2752890 million. Skill creation would transfer about 50 million surplus people out of agriculture to industry and services and enhance farm productivity. A $500 billion investment in infrastructure through public private partnership would address supply bottlenecks; and generates a stream of incomes. Globalisation has placed challenge on the human life styles and economic development all over the world. As pointed out by Badran, human development will be essential to accelerate science and technology for sustainable development. The phenomenon of globalisation may be traced to innovation in all facets of technology; process of production in order to make product more cost effective, service delivery; learning through distance education; and social and cultural advances. Combination of all these innovation have offer vast opportunities for progress in all walks of life.

Conclusion

Skills and knowledge are the driving forces of economic growth and social development of any country. They have become even more important given the increasing pace of globalization and technological changes that provide both challenges and opportunities that are taking place in the world. Countries with higher and better levels of skills adjust more effectively to the challenges and opportunities of globalization. Globalisation per se is not a problem; in fact it is bringing opportunities for learning about organisation, coordination and management of available human capital, scarce resources and technology to increase production and productivity. Besides economic advantage it also helps to do away with long inherited social problems i.e., castes, superstition, parochial attitude etc. We need to understand the new emerging India. This is not being visionary. The point is that the government is no longer the sole creator and provider of jobs. The private sectors have thrown up opportunities like never before. Here the scope for biases and discrimination is minimal. When an India of opportunities under the era of globalisation seems to be round the corner, it is futile to complain of globalisation. We must utilise our available resources and technology to take advantage of globalisation. Globalisation may hurt the economic growth, but that will be minimal for our economy though it is integrated with the rest of the world economy, it depends more on domestic rather than external drivers. We ought to accept globalisation otherwise; we could miss the bus of progress and development.

References

1. Attar Chand (1990), “Nehru and New Economic Order”,vol.IV, H.K. Publishers and Distributors, a-1/11, Shakti Nagar Extension, Delhi-110052.
2. Bashu, Kaushik, “India and the Global Economy: Role of Culture, Norms and Benefits”, *Economic and Political Weekly*, October 6, 2001, p.3837.
3. Bhattacharya, B.B. (2008): “Education, Skill Formation and India’s Economic Development”, *The Indian Economic Journal*, Vol.56 (1), pp. 3-10.
4. Choubey, U.B (2011): In an interview “PSEs Deserve More Recognition, Visibility”, Hindustan Times, January 31.
5. Datt, G and M. Ravillion (1998): “Why have Some Indian States Done Better than Others at Reducing Rural Poverty”, *Economica*, Vol.65 No. 257, February, pp. 17-38
6. Ganguly, Suvendu (2007): “Economic Freedom”, *Yojana*, November, Vol. 51, p.37.
7. Heady, Derek D and Wahid Abu, N. M. (2010): “Growth, Inequality, and the Role of State(s) in Modern India”, *The Indian Economic Journal*, Vol.58 No. 2, July-September, pp. 29-39.
8. Jhingan (1997), M.L. “International Economics”, Vrinda Publication Pvt. Ltd., New Delhi, P.624
9. Maria,Arun (2008): “Think Beyond borders”, The Times of India, October1.
10. Narang, A.S. (2003), “Democracy in India Issues and Challenges”,NCERT, Sir Aurobindo Marg New Delhi.
11. Nauriyal, D.K, Bimal K. Shahu and Anil Dixit (2009): “Economic growth, globalisation and Human Capital: Empirical Evidence from India”, *The Indian Economic Journal*, January- March, Vol. 56 (4), pp.37-54.
12. Pal, Rajesh (2009): “Indian Banking and Globalisation”, Adhyayan Publishers and Distributors, Ansari Road Daryagang, New Delhi, p.5
13. Pant, Nalini (2003), “Contemporary India”,NCERT,Sir Aurobindo Marg, New Delhi,p113.
14. Prasad, Chandrashekhar (2005), “India: Economic Policies and Performance”(ed.), New Century Publications, New Delhi,pp.76-77
15. Rao, M.G., Kalirajan, K.P. and Shand, R (1999): “Convergence of Incomes in Indian States – A Divergent View”, *Economic and Political Weekly*, Vol.XVII No.13.
16. Sabharwal, Jaspal Singh (2008): “The Return of India and China”, The Economic Times, Jan.29.
17. Sibal,Kanwal, “Eye on Europe”, The Times of India, October2,2008,p12.
18. Singh, A.P. and Singh, V.P. (2009): “Conservation of Capital Investments through Depreciation – With Special Reference to SSI Units”, *The Charted Accoutant*, July, 2009, p.128.
19. Sinha, Yashwant, “Responsibilities in a globalised World”, *University News*, 39(50), Dec.10-16, 2001, pp.15-17.
20. Sury, M.M. (2001): “ India: A Decade of Economic Reforms, 1991-2001”, New Century Publications, 34, Gujarnwala Town, Part 2, Delhi, p.78.
21. Vanik, Achin, “Failure of Globalisation Theory”, *Economic and Political Weekly*, Nov.3, 2001,p.4191.