



CLASS – 11

ECONOMICS

Indian Economy Development

CH-3

Liberalisation, Privatisation & Globalisation : An Appraisal

Part – 4

Globalisation

Vaishnavi Agrawal

OVERVIEW



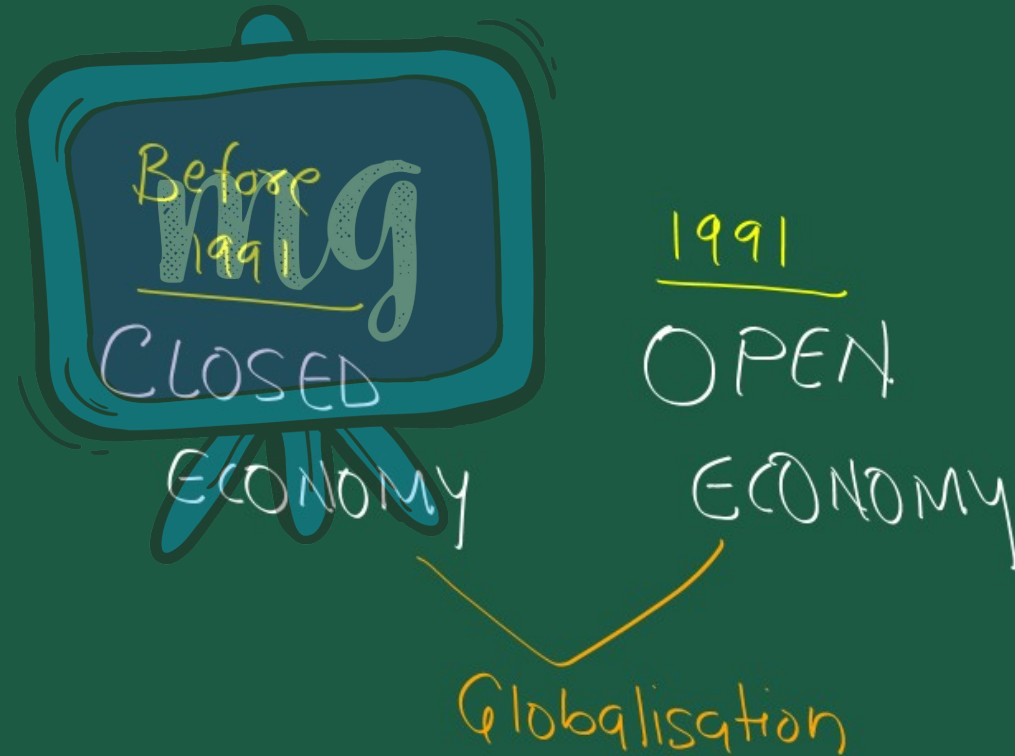
1. Economic Reforms & New Economic Policy

2. Liberalisation

3. Privatisation

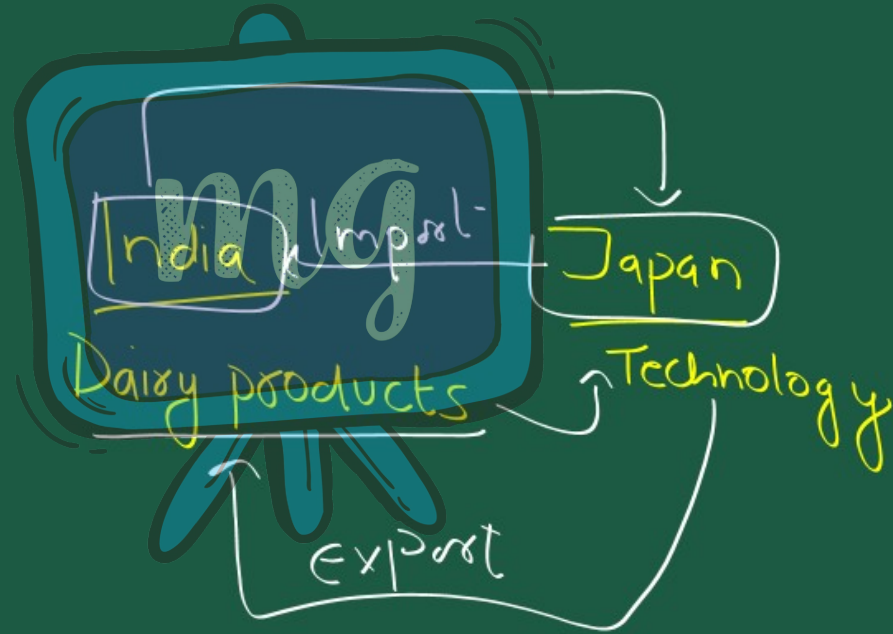
4. Globalisation

5. Indian Economy During Reforms




GLOBALISATION

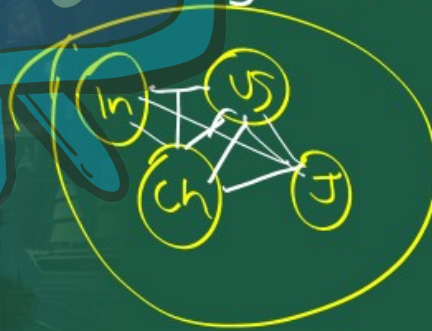
- Integration of country's economy with the economies of other countries under conditions of free flow of trade and capital across borders.
- A process to increase economic interdependence and deepening national economy with world economy.

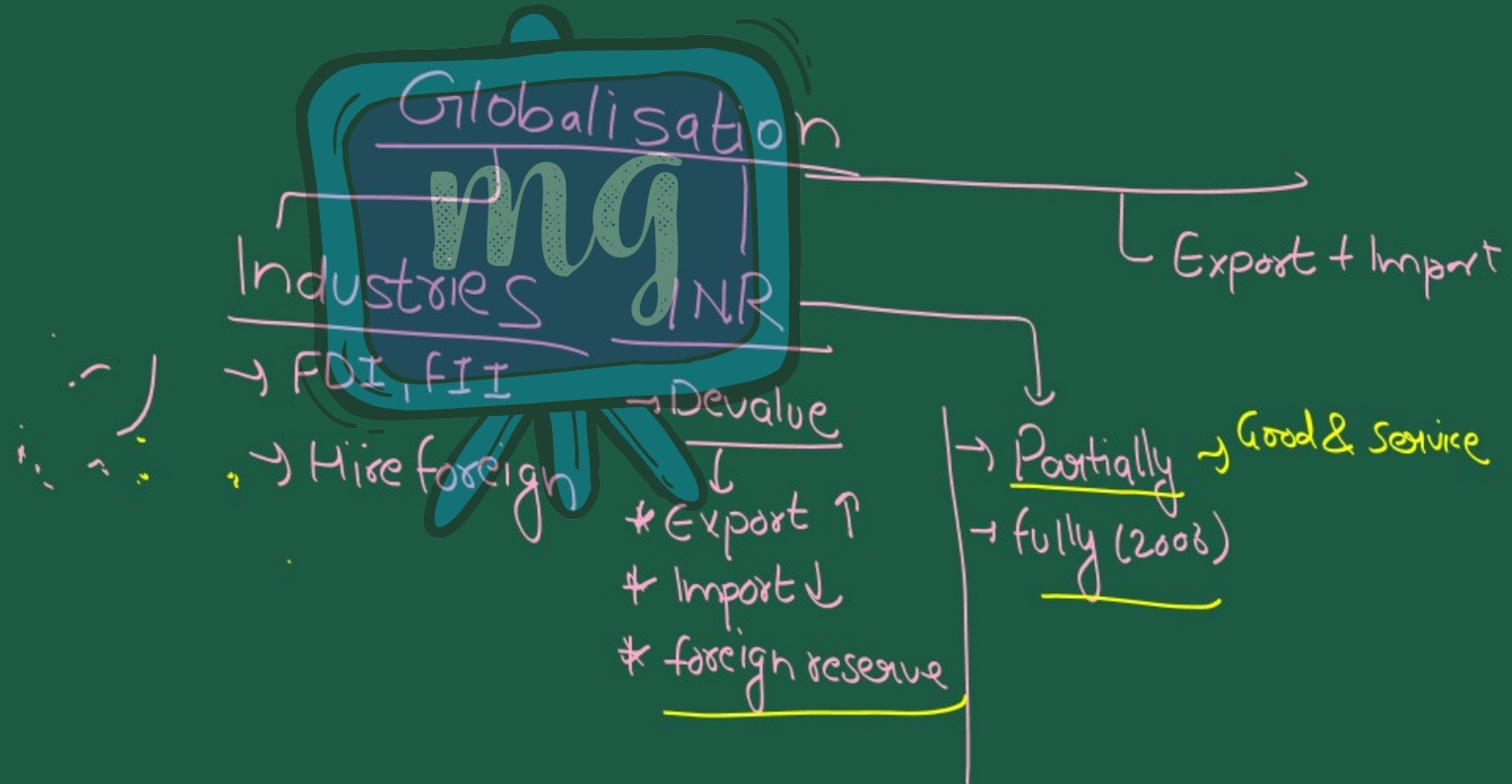


AIM OF GLOBALISATION

- To create a borderless world.
- Integration of the economy of the country with the world economy.
- It is a complex phenomenon.
- It is an outcome of the set of various policies that aim to transform the world towards greater interdependence & integration.

- 
- It involves creation of networks and activities transcending economic, social, and geographical boundaries.
- It is turning the world into one whole or creating a borderless world.

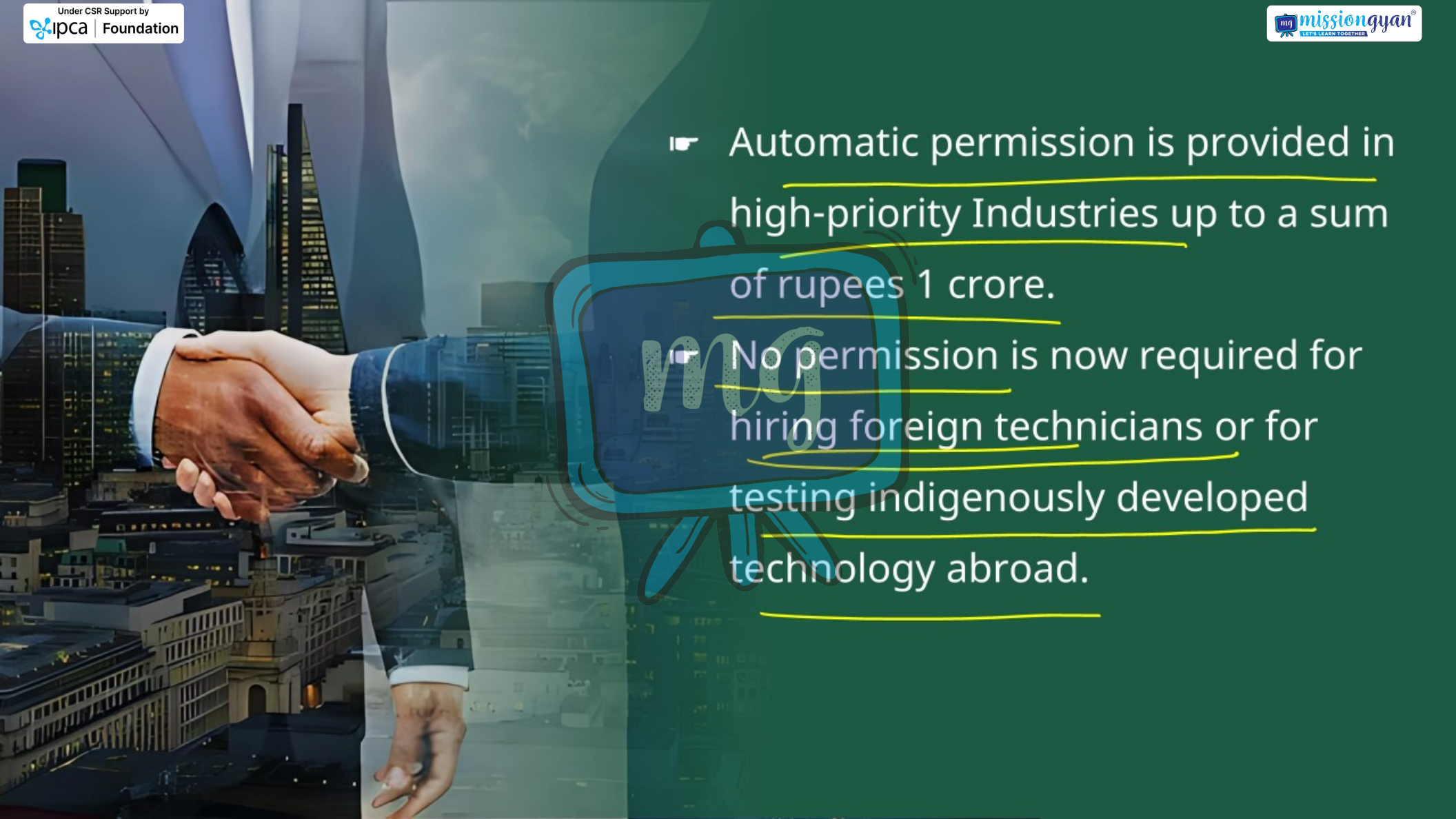


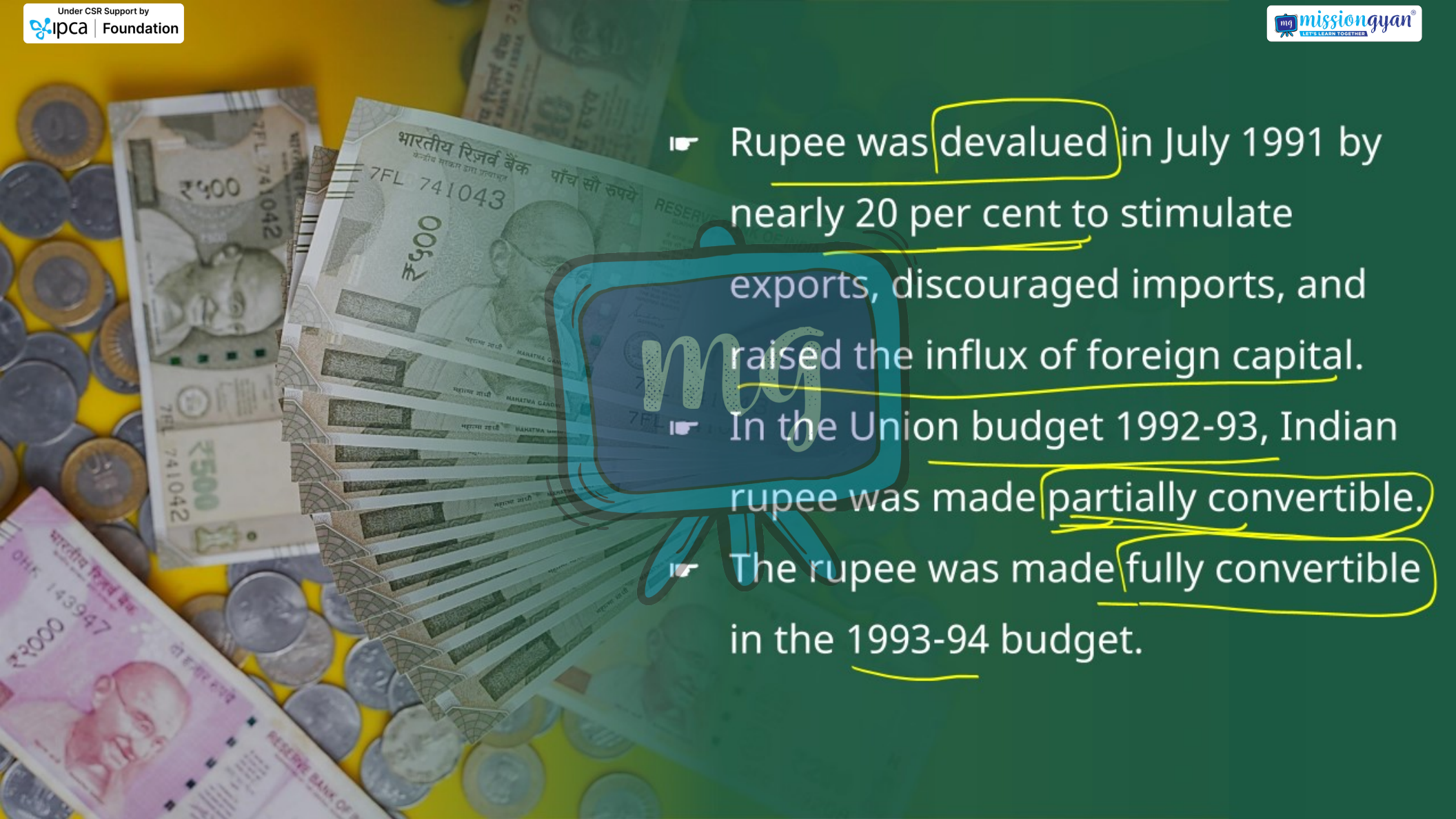




Changes made by Globalisation on the Indian Economy

- The New Economic Policy prepared a specified list of high technology and high investment priority industries, in which automatic permission will be available for foreign direct investment up to 51 per cent of foreign equity.

- 
- Automatic permission is provided in high-priority Industries up to a sum of rupees 1 crore.
 - No permission is now required for hiring foreign technicians or for testing indigenously developed technology abroad.

- 
- Rupee was devalued in July 1991 by nearly 20 per cent to stimulate exports, discouraged imports, and raised the influx of foreign capital.
 - In the Union budget 1992-93, Indian rupee was made partially convertible.
 - The rupee was made fully convertible in the 1993-94 budget.




- A new five-year export-import policy (1992-97) was announced.
- It removed all restrictions and controls on external trade and allowed market forces to play a greater role in respect of exports and imports.
- The peak rate of customs duty has been reduced from 250 per cent to 10 per cent in 2007-2008 budget.

OUTSOURCING

- 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 was previously provided internally or from within the country (like legal advice, computer service, advertisement, security — each provided by respective departments of the company).



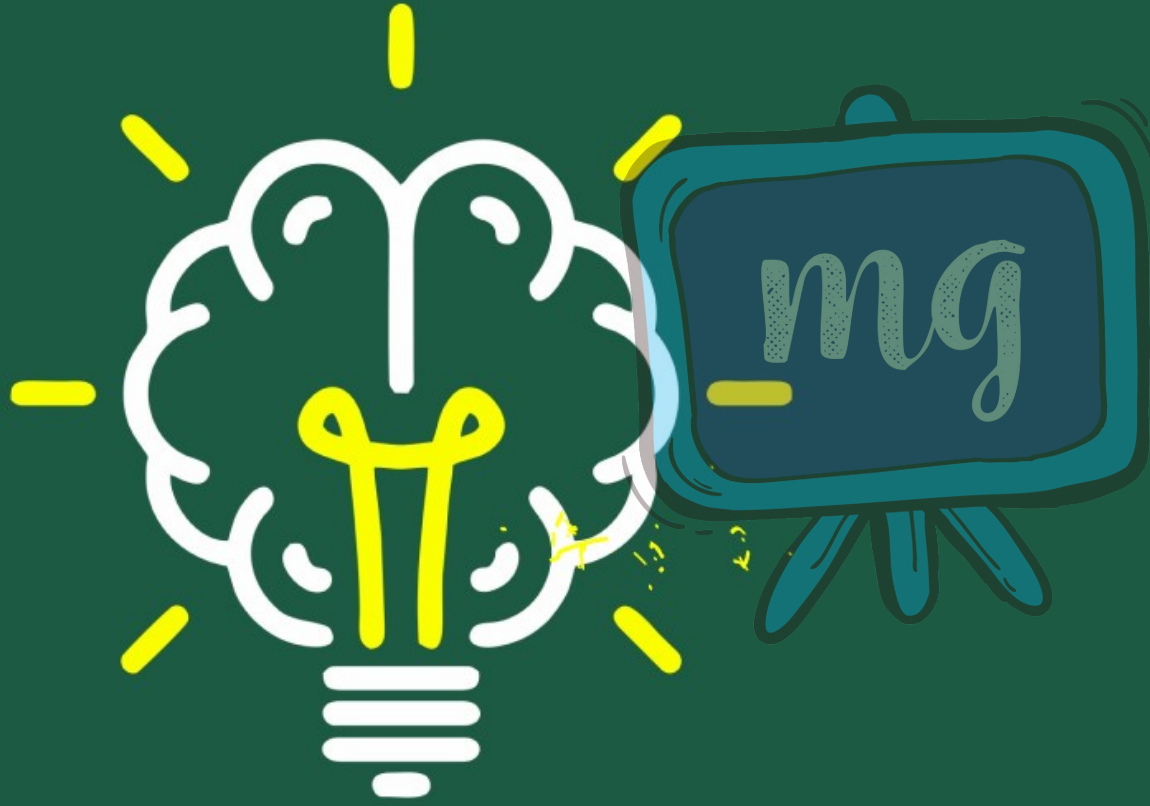
POSITIVES

- Greater access to global markets.
- Advanced technology.
- Better future prospects for large industries of developing countries to become Important players in the international arena.
- Gains from the sharing of ideas/ skills /technologies across national borders.

NEGATIVES

- ❑ The benefits of globalisation accrue more to developed countries as they can expand their markets in other countries.
- ❑ It compromises the social welfare.
- ❑ Market-driven globalisation increases the economic disparities among nations and people.

LEARNING OUTCOME



Globalisation

ASSESSMENT



1

Which of the following elements of NEP 1991 signifies India becoming an Open economy?



Globalisation



Privatisation



Liberalisation



None of the above

ASSESSMENT

2

Which of the following change was not made under globalisation in 1991?

- ☐ A Indian market integrated with Global economy
- ☐ B Indian rupee became partially convertible
- ☐ C New export-import policy was introduced by the government
- ☒ D Tax reforms were adopted by india

ASSESSMENT

3

What was the negative consequence of Globalisation?

- ☐ A Advanced Technology
- ☐ B Export Promotion
- ☐ C Better access to Global market
- ☒ D Compromise in Social Welfare

ASSESSMENT

4

What was the positive consequence of Globalisation?

- ☒ A Advanced Technology
- ☒ B Export Promotion
- ☒ C Better access to Global market
- ☒ D All of the above