Future of Globalization

What is the issue?

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- There is a growing wave of anti-globalisation sentiments expressed across the world.
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- One possible explanation is that fruits of globalisation have reached its maximum.
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- Experts have started to caution that the current phase of globalisation is nearing its end.
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How does it roll out?

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- Globalisation refers to the integration of markets in the global economy, leading to the increased interconnectedness of national economies.
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- It provides for free movement of goods, capital, services, people, technology and information.
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- 'Hyper-globalisation' is used to describe the dramatic **increase in international trade** witnessed for about a decade and a half from the early 1990s.
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- It led to an unprecedented **movement of capital and of people.**
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- Capital and labour flowed across the world.
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- As global demand expanded countries exploited the trade route to grow their economies.
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- These conditions held great promise of globalisation to the developing countries in the 1990s.
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- Economists now claim that hyper-globalisation was a one-time event which is moving to its end.
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- Possibilities in terms of demand, consumption, investments, inventions, etc are less to sustain this phase of globalisation.
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- The demand for any inventions or possibility of them and resulting spurt in trade is very meek in the immediate future.
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How could India adapt to these developments?

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- India had only recently started to benefit from globalisation.
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- However it has started to sense its decline.
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- It is especially reflected the most in the IT industry.
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- Manufacturing sector led exports could also not sustain in future. e.g Chinese economy, slowing down due to global fall in demand.
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- So alternative **economic opportunities** would have to be found.
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- When the global economy is sluggish, only **domestic investment** can move demand.
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- India has an intrinsic advantage of population and its vibrant domestic demand.
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- Problems like bad loans and lack of proper insolvency mechanism have depressed private investment.
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- This should be dealt with measures like IBC.
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- Appropriate monetary policy decisions should be made to boost investment.
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- It should be accompanied with p**ublic infrastructure** especially the transport sectors which also increase would demand.
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Source: The Hindu

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