

Future of Globalization

What is the issue?

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- There is a growing wave of anti-globalisation sentiments expressed across the world.
- One possible explanation is that fruits of globalisation have reached its maximum.
- 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.
- 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.
- It led to an unprecedented **movement of capital and of people**.
- Capital and labour flowed across the world.

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- As global demand expanded countries exploited the trade route to grow their economies.
- These conditions held great promise of globalisation to the developing countries in the 1990s.
- Economists now claim that hyper-globalisation was a one-time event which is moving to its end.
- Possibilities in terms of demand, consumption, investments, inventions, etc are less to sustain this phase of globalisation.
- The demand for any inventions or possibility of them and resulting spurt in trade is very meek in the immediate future.

How could India adapt to these developments?

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

- Appropriate monetary policy decisions should be made to boost investment.
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- It should be accompanied with **public infrastructure** especially the transport sectors which also increase would demand.
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Source: The Hindu

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