



Globalization - India's Response

What is the issue?

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- The increasing protectionism in the West is leaving way for arguments against the relevance of globalization at present.

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- It is essential that India evaluates its policies and approaches at this transitioning juncture.

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What results has globalization created?

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- Flows from private sector in the form of FDI and FII have become more important than flows from World Bank Group and ADB.

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- Globalization has made the world more inclusive.

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- The big gainers have been Asian countries, led by China, but India is also in this group.

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- These countries have grown faster than the industrialized countries, and increased their share in global GDP.

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- Also, there is a huge reduction in global poverty and inter-country inequality, even if inequality within countries has increased.

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What are the recent anti-globalisation signs?

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- **Movement of people** - The movement of people, an important aspect of globalization, is now increasingly being restricted.

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- The US administration is restricting H-1B visas, turning back Mexican migrants, and making work visas for foreign students more difficult.

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- There is opposition to non-European immigration in many European countries .

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- Brexit is an example of turning down a treaty in order to restrict European immigration.

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- **Trade** - This is an area most governed by treaty obligations, and there is clear evidence of regression in this.

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- Many countries introduced protectionist measures after the 2008 financial crisis.

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- The US, once the flagbearer of trade liberalization, is withdrawing from trade agreements agreed earlier.

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- This include the Trans-Pacific Partnership, North American Free Trade Agreement, and the free trade agreement with South Korea.

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- The withdrawal of such commitments are increasingly influencing other countries' stance on multilateral agreements.

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What lies before India?

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- Globalization is not outdated yet.

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- It only seems to need reformation and reset.

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- India should therefore push to build support for a new inclusive second phase of globalization.

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- It has to address the problems with the changing nature of globalization.

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- This includes problems such as land acquisition, forest clearances,

environmental impact clearances, etc.

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- Working in these fronts is essential to attract the private capital market to finance infrastructure projects.
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- India needs to remain committed to maintaining an open trade policy and not be distracted by the increasing protectionism in the West.
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- Industrial policy should go beyond tariff reduction and focus on providing infrastructure and a supportive policy environment.

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Source: Livemint

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