Research Journal of Management Sciences ISSN 2319–1171
Vol. **1(5),** 1-5, December **(2012)** *Res. J. Management Sci.*

Global Market and Indian prospective

Sirohi Gajendra
Christian Eminent Academy of Professional Education and Research, MIG, Indore, MP, INDIA

Available online at: www.isca.in
Received 15th October 2012, revised 9th November 2012, accepted 20th November 2012

Abstract

Globalization brought all the countries on the single platform for trade. Globalization increased trade growth, apart from this it increased intimate global relation between different countries and established peace among countries The Indian economy has potential to move ahead. The Indian economy has registered remarkable growth in term of GDP, Export, per captia income etc. The Indian economy had secured better position in the world economy after the globalization .As the world is going ahead India is moving with the world with the sound economy growth.

Keywords: Economy, global market, prospective, globalization.

Introduction

The world trade came on a single platform through the globalization**.** The world trade had opened new door for the country for the trade. Globalization has brought all countries for free and fair trade consequently it declined trade barriers and rapid increase in foreign direct investment. The FDI plays vital role in globalization. As business seeks to by pass protectionist measure through more direct investment, policy makers in most developing countries are usually in competition to attract FDI. Foreign direct Investment also leads to indirect productivity gains for the firms in the host country by realizing external economies. Theoretical Foundations FDI was the largest single source of external capital for developing countries in indicating its increasing importance as a source of finance and an agent for raising productivity levels of the host country. Benefits accrue from the effects of transfer of resources (capital, management skills and technology) as foreign investment brings superior technology, management techniques and other intangible productive assets that lead to better performance of the domestic firms. FDI contributes positively to the human capital development of host countries as employees of MNEs are usually paid higher wages (as much as 30% higher) than their counterparts in domestic firms. FDI recipient countries benefit from economic growth as a result of increased exposure to fierce competition in domestic markets; increasing choices available to consumers and driving prices lower. The drive to gain competitive edge stimulates capital investments in RandD, increasing productivity, human capital augmentation and increased exports.

Indian economy had the potential for moving on to the modern stage of economic development in 19 th century, side back to a state of stagnation in the two hundred year of the British rule. In the recent times, beginning from early 1990's. The economy is opening up to the world in a big way. The barrier has removed after the liberalization and globalization. Alongside the liberalization of the external sector many international transaction of the economy have been set on the course towards globalization. India pave path with globalization and liberalization, the door of world trade is open through globalization India market recorded a new record of growth[1].

The Indian economy has continuously recorded high growth rates and become an attractive destination for investments" Today India is among the most attractive destinations globally, for investments and business. FDI had increased over the last few years. The India remained leader since ancient time; the Indian economy is gradually growing. Man power is strength of the Indian economy we have to recognize our strength and use man power as our weapon and than move ahead although there are some challenges problems also. We have to face such challenges softly and take further step to move up. The future of Indian Economy is resplendent. The Indian economy has power to lead the whole world. This research will represent the performance of Indian economy in global prospective[2].

Object of the research: The main objects behind this research are as follow: Measure the strength of the economy with global prospective. Impact of the globalization and liberalization. Exhibit the potential of the Indian economy. Measurement of Indian economy of GDP growth in global prospective.

Research Methodology

I have collected primary and secondary data for the above research. I have collected primary information through the various reliable people. I have collected the secondary information through the magazines, journals, books and information available on the website. I have collected the various data, analysis and interrupted the data for this research.

Area of the Research: My research topic is **"**Global Market and Indian prospective". The Indian economy is very wide topic and consists of various aspect of economy. I have collected some important point to measure Indian economy. In order to show the potential in Indian economy, I used some related table to prove the various information related the above research. I collected information of last five years to show the performance of the Indian economy and measure the strength of the Indian economy. I picked some data related to world economy to exhibit the performance of the global economy as compare to Indian prospective.

Foreign direct investment (FDI): FDI is investment directly into production in a country by a company located in another country, either by buying a company in the target country or by expanding operations of an existing business in that country. Foreign direct investment is done for many reasons including to take advantage of cheaper wages in the country, special investment privileges such as tax exemptions offered by the country as an incentive to gain tariff-free access to the markets of the country or the region. Foreign direct investment is in contrast to portfolio investment which is a passive investment in the securities of another country such as stocks and bonds.

Before actually discussing the downsides of exporting, licensing or franchising as compared with foreign direct investment, it is necessary to explain what is meant by the term and its concept. Foreign direct investment occurs when individuals or companies in one country purchase ownership of assets in other country. The purchase of the assets occur in a way that allow the foreign individuals or companies to control the means of production, the distribution, or other activities associated with a good or service in the foreign country.

As a part of the national accounts of a country FDI refers to the net inflows of investment to acquire a lasting management interest (10 percent or more of voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, other long-term capital, and short-term capital as shown the balance payment. It usually involves participation in management, Joint-venture, transafer of techonology, and expertise. There are two types of FDI: inward foreign direct investment and outward foreign direct investment, resulting in a net FDI inflow (positive or negative) and "stock of foreign direct investment", which is the cumulative number for a given period. Direct investment excludes investment through purchse of shares. FDI is one example of international factor movements[3].

Foreign direct investment in India: Starting from a baseline of less than $1 billion in 1990, a recent UNCTAD survey projected India as the second most important FDI destination (after China) for transnational corporations during 2010–2012. As per the data, the sectors which attracted higher inflows were services, telecommunication, construction activities and computer software and hardware. Mauritius, Singapore, the US and the UK were among the leading sources of FDI. According to Ernst and Young, foreign direct investment in India in 2010 was $44.8 billion, and in 2011 experienced an increase of 13% to $50.8 billion. India has seen an eightfold increase in its FDI in March 2012.

The United Nations conferences on trade and devlopment said that there was no significant growth of Global FDI in 2010. In 2010 was $1,122 billion and in 2009 was $1,114 billion. The figure was 25 percent below the pre-crisis average between 2005 and 2007.

The Government of India has approved 14 Foreign Direct Investment (FDI) proposals amounting to US$ 288.05 million, based on the recommendations of Foreign Investment Promotion Board (FIPB) during 2011-12. India's foreign exchange (Forex) reserves increased by US$ 1.4 billion in the week ended April 20, 2012, according to data released by the RBI. The reserves have increased US$ 205 million since the start of this financial year. FDI inflows worth US$ 341.49 million were recorded in the drugs and pharmaceuticals sector between April 2009 to February 2012. India is projected to see a faster growth of 7.5 per cent this fiscal, on the back of higher savings and investment rates. We have selected some parametere to measure the efficiency of the economy. The measures are as below.

About the Indian economy: India adopted ‘socialistic pattern of society’ for welfare of massed, reduce poverty and unemployment and regional disparities through planned development since 1951. The government was very much concern on concentration of economic power in limited hands was against private monopoly. Balance payments crisis in 1991 pushed the country to near bankruptcy. In return for an IMF bailout, Gold was transferred to London as collateral, the rupee devalued and economic reforms were forced upon India. The increasing world competition, globalization, fast development of technologies made Indian industries both in public and private sector obsolete, in uneconomic and un competitive forcing the government to make drastic changes in economic and industrial policy 1991. There is lot of change is made in Indian economy[4,5].

Analysis and interruption of the data: as my research topic is Indian economy and global prospective I collected various information related to the above research and analysis it.

Trade and Balance Payment: As perm the data mentioned in table 1, the trade balance is subject of worry, the continue increasing in trade balance is creating financial crisis.The trade balance is increased by 32.64% and 49.72% in 2007-08 and 2008-09 respectively. The trade balance is slightly decreased in 2009-10 that’s why the year 2009-10 remained satisfactory, because trade balance is drecreased by 4.2%. It again increased 64.3% in 2011-12. The overa all trade balance is increasing continously.

The export of India is increasing per year it indicates the better position, but as compare to world the export role is around 2%. We must have to increase our export and reduce import in order to sort out the balance payment problem,

Gross Domestic Production (Macro Economic Aggregate at current Price: As perm the data mentioned in table 2, the macro economic aggregrate at current price, the Indian economy is devloping year by year. The GDP of India is increasing per year. The average growth rate of GDP is around 16%. This growth in GDP is indicator of growth of Indian economy. The above growth indicates the potential in Indian economy.

Incremental GDP Rank: As perm the data mentioned in table 3, the GDP position during 25 years, India secured XIII th position in 1990. The ranking is decresed in 1995, the ranking was XV during this period. The GDP ranking of India as compare to the whole world is XIII in 2000 and 2005. The GDP growth is remakable in 2010, India secured IX position. The position of India was very remarkable for this particular period. The future expected position will be IX in 2015. It indicates the position of India is very sound. The economy is gradually increasing.

List of Economies by Incremental Nominal GDP from 1990 to 2000: As perm the data mentioned in table 4, the total words' economy is of 30694784 US Billion $, The china paying leading role by contributing 15.25%. The USA is second largest economy in term of contributing 14.29% in GDP. The contribution of India in total worlds' economy is 3.76%. India is VII th largest country in term of GDP contribution of total worlds' contribution.

Foreign Direct Investment in India: As perm the data mentioned in table 5, FDI is increasing year by year in India it increased by 40% in 2008-09. It incresed by 20% and 38% in 2009-10 and 2010-11respectively. FDI is increased by 95% in 2011-12, this growth is remarkable. The foreign investment in india is helping in the devlopment of the economy. It helped to devlop financial market of India and assisted in various government and non-government plan.

Performance of Stock Market: As perm the data mentioned in table 6, the role of capital market is very important for the growth of the economy. Market capitalisation of BSE is increased by 33% during 2007-08 to 2010-11. This growth is very slide due to recession and massive fall in stock market during 2007-08. Overall market is very healthy. Market capitalization of NSE is increased by 38% during 2007-08 to 2010-11. Thus growth is also very low.

Turnoverof BSE is decreased by -30% during 2007-08 to 2010-11. This growth is very low due worldwide recession. Turnover of NSE is increased by 74% during 2007-08 to 2010-11. The growth in term of turnover is not remarkable. Overall market is very healthy, although the capital market is not growing rapidly, because of global scanerio, but still there is strengh in the capital market of India. Market is recovered after the massive fall. Sensex was around 8000 Point in 2007-08 and recently it is trading on 17500 in 2011-12.It showed the strength of the Indian share market.

Conclusion

As my research topic is related to the global market and Indian prospective, I have studied the indian economy and found that indian economy have potential to lead. I compared the Indian economy with the global prospective. The Indian economy has registered high growth since last decade, as per the available information I can say that Indian economy has potential to touch new peak. Although there is problems like balance payment, foreign investment and high population in india. Government is trying to increase role of FDI in retail sector, GDP as per micro economic aggregate is increasing per year. India's position as compare to the world in term of GDP is XII in 1990. It secured IX position in 2010. It indicates that indian economy has registered gradual growth on world map. India is second largest counry in world population but total GDP contribution of India is very low i.e.3.76%.

Recommendations: As per the above research, I found that Indian economy has strength to move ahead. Man power is our strength we have to use this manpower as a weapon and face the problems. There is some obstacle in the Indian economy that must be resolved for the developments of the economy. We have to take following steps for the growth of the economy: i. Export must be increase in order to develop the economy. ii. The subsidy is affected the economy. Govt. must try to decrease the subsidy gradually; Higher Income category people keep away from subsidiary. iii. As our population is the second largest population while the role in GDP is very low. We must make efforts to increase GDP in order to secured good position in the world. iv. The trade balance payment condition is very poor; this condition must be improve by increasing export and decreasing dependency on oil. v. As compare to the world economy per capita incomes is very low. Per capita income must be increase.

References

1. S.K.Singh, Business environment, Sahitya Bhavan Publication, Agra **(2011)**
2. H.L.Ahuja Principle of micro Eco, S.Chand, New Delhi **(2009)**
3. Dr. B.L. Mathur, Dr. P. Ahuja. Dr Manish Shrivastava, Business Environment, RDB publication, Jaipur **(2012)**
4. A M.L.Jhingan, Macro enomonics, Vrindha Publication Pvt. Ltd, New Delhi **(2011)**
5. Bulletin: RBI, annual report July **(2012)**
6. Robert, S.Pinyuck denial L. Rubinfeld, prem l. Mehta, Micro economics, Pearson, New Delhi **(2010)**
7. Garden. Matryer, Indian Financial Market and Services, Himalaya publishing house, Delhi, **(2009)**
8. Dr. Mohd. Abdul International Trade and finance, Ramesh Book Depo. Jaipur **(2011)**
9. Annual report International Monetary fund, 2007-2012 **(2012)**

Table-1
Foreign Trade (Annual) and Balance payment (us Billion$)

Year	Agg. Export	Agg. Import	Trade Balance	Increase in %
2006-07	5717.8	8405.1	-2687.3	________
2007-08	6558.6	10123.1	-3564.5	32.64
2008-09	8407.6	13744.4	-5336.8	49.72
2009-10	8455.3	13637.4	-5182.8	-2.8
2010-11	11429.2	16834.7	-5405.5	4.2
2011-12	14540	23422.2	-8881.5	64.3

Source: RBIAnnual Report, July 12, 2011-12

Table -2
Gross Domestic Production (Macro Economic Aggregate at current Price)

Year	Population(lac)	GDP (in crore)	Increase in %
2006-07	1122	4293672	___________
2007-08	1138	4986426	16
2008-09	1154	5582623	12
2009-10	1170	6550271	17
2010-11	1186	7875627	20
2011-12			

Source: RBIAnnual Report, July 12, 2011-12

Table-3
Incremental GDP Rank

Rank	1990	1995	2000	2005	2010	2015s
	Country	Country	Country	Country	Country	Country
I	USA	USA	USA	USA	USA	USA
II	Japan	Japan	Japan	Japan	China	China
III	W.Germ.	Germany	Germany	Germany	Japan	Japan
IV	France	France	UK	UK	Germany	Germany
V	Itly	UK	France	China	France	France
VI	Uk	Itly	China	France	UK	Brazil
VII	Souviet	Brazil	Itly	Itly	Brazil	UK
VIII	U.Canada	China	Canada	Canada	Itly	Russia
IX	Spain	Spain	Brazil	Spain	India	India
X	Brazil	Canada	Maxico	Brazil	Canada	Itly
XI	China	Soviet	Spain	Maxico	Russia	Canada
XII	Austrlia	Neetherland	S.korea	S.Korea	Spanish	Australia
XIII	India	Australia	India	India	Australia	Spain
XIV	Netherlana	Russia	Australia	Russia	Maxico	S.korea
XV	Maxico	India	Neerthaland	Australia	S.korea	Maxico

Source:www.worldeconomy

Table-4
List of Economies by Incremental Nominal GDP from 1990 to 2000

Rank	Country	Total GDP (in Usbillions$)	Total %of GDP
	World GDP	30694784	
	European Union	7746655	
I	China	4679779	15.25
II	US	4575075	14.91
III	Brazil	1447896	4.72
IV	Germany	1394517	4.54
V	France	1230874	4.01
VI	Russia	1220123	3.98
VII	India	1155620	3.76
VIII	Itly	954551	3.11
IX	Canada	852126	2.78
X	Australia	836375	2.72

Source: www.world economy

Table-5
Foreign Direct Investment in India

Year	Total Investment in Export (US $ Million)	Increase in %
2007-08	15891	--
2008-09	22343	40
2009-10	17965	20
2010-11	11305	38
2011-12	22006	95

Source: RBIAnnual Report, July 12, 2011-12

Table-6
Performance of Stock Market

Year	Market Capitalisation(In crore)		Turnover(In crore)	
	BSE	NSE	BSE	NSE
2007-08	5138015	4858122	1578856	3551038
2008-09	3086076	2896194	1100074	2752023
2009-10	6164157	6009174	1378809	3754524
2010-11	6836878	6702616	1103467	3577412
Growth	33%	38%	-30%	.74%

Source: RBI, annual Report, July 12, 2011-12