

International Multidisciplinary Research Journal

Golden Research Thoughts

Chief Editor
Dr.Tukaram Narayan Shinde

Publisher
Mrs.Laxmi Ashok Yakkaldevi

Associate Editor
Dr.Rajani Dalvi

Honorary
Mr.Ashok Yakkaldevi

Welcome to GRT

RNI MAHMUL/2011/38595

ISSN No.2231-5063

Golden Research Thoughts Journal is a multidisciplinary research journal, published monthly in English, Hindi & Marathi Language. All research papers submitted to the journal will be double - blind peer reviewed referred by members of the editorial board. Readers will include investigator in universities, research institutes government and industry with research interest in the general subjects.

International Advisory Board

Kamani Perera Regional Center For Strategic Studies, Sri Lanka	Mohammad Hailat Dept. of Mathematical Sciences, University of South Carolina Aiken	Hasan Baktir English Language and Literature Department, Kayseri
Janaki Sinnasamy Librarian, University of Malaya	Abdullah Sabbagh Engineering Studies, Sydney	Ghayoor Abbas Chotana Dept of Chemistry, Lahore University of Management Sciences[PK]
Romona Mihaila Spiru Haret University, Romania	Ecaterina Patrascu Spiru Haret University, Bucharest	Anna Maria Constantinovici AL. I. Cuza University, Romania
Delia Serbescu Spiru Haret University, Bucharest, Romania	Loredana Bosca Spiru Haret University, Romania	Ilie Pinteau, Spiru Haret University, Romania
Anurag Misra DBS College, Kanpur	Fabricio Moraes de Almeida Federal University of Rondonia, Brazil	Xiaohua Yang PhD, USA
Titus PopPhD, Partium Christian University, Oradea, Romania	George - Calin SERITAN Faculty of Philosophy and Socio-Political Sciences Al. I. Cuza University, IasiMore

Editorial Board

Pratap Vyamktrao Naikwade ASP College Devrukh, Ratnagiri, MS India	Iresh Swami Ex - VC. Solapur University, Solapur	Rajendra Shendge Director, B.C.U.D. Solapur University, Solapur
R. R. Patil Head Geology Department Solapur University, Solapur	N.S. Dhaygude Ex. Prin. Dayanand College, Solapur	R. R. Yalikal Director Management Institute, Solapur
Rama Bhosale Prin. and Jt. Director Higher Education, Panvel	Narendra Kadu Jt. Director Higher Education, Pune	Umesh Rajderkar Head Humanities & Social Science YCMOU, Nashik
Salve R. N. Department of Sociology, Shivaji University, Kolhapur	K. M. Bhandarkar Praful Patel College of Education, Gondia	S. R. Pandya Head Education Dept. Mumbai University, Mumbai
Govind P. Shinde Bharati Vidyapeeth School of Distance Education Center, Navi Mumbai	Sonal Singh Vikram University, Ujjain	Alka Darshan Shrivastava Shaskiya Snatkottar Mahavidyalaya, Dhar
Chakane Sanjay Dnyaneshwar Arts, Science & Commerce College, Indapur, Pune	G. P. Patankar S. D. M. Degree College, Honavar, Karnataka	Rahul Shriram Sudke Devi Ahilya Vishwavidyalaya, Indore
Awadhesh Kumar Shirotriya Secretary, Play India Play, Meerut (U.P.)	Maj. S. Bakhtiar Choudhary Director, Hyderabad AP India.	S.KANNAN Annamalai University, TN
	S. Parvathi Devi Ph.D.-University of Allahabad	Satish Kumar Kalhotra Maulana Azad National Urdu University
	Sonal Singh, Vikram University, Ujjain	

Address:-Ashok Yakkaldevi 258/34, Raviwar Peth, Solapur - 413 005 Maharashtra, India
Cell : 9595 359 435, Ph No: 02172372010 Email: ayisrj@yahoo.in Website: www.aygrt.isrj.org



Sakshi Jindal

ABSTRACT:

In every economy there is a concern about which development model is better according to the conditions prevailing in the economy and how it would have impact on future economic growth. The present paper focuses on the implications of import substitution and export promotion industrialization.

KEY WORDS: Export Led Industrialization , Disciplinary Planning , future economic growth , import substituting industrialization .

INTRODUCTION:

From many decades, there has been debate about the inward oriented (import substitution) and outward oriented (export promotion) policies and its impact on the economic growth of a country. My aim is to highlight the importance of import substitution and export promotion in the context of industrial study, i.e. import substituting industrialization (ISI) and export led industrialization (ELI) and its impact on discipline of economic policy.



IMPORT SUBSTITUTION INDUSTRIALIZATION (ISI)

The basic aim of a country following ISI is to protect its domestic firms from international competition and nurture them for rigorous world market competition. Infant industry protection is an important part of ISI. Its aim is to protect its newly developed industry. An economy can help its firms by providing financial support which will not only assist firms in investment but also acts as a motivator.

It restricts foreign firm from entering the domestic market and also due to small size of market, only few sellers are enough to meet the demand requirements or sometimes policy makers intentionally limit the market to few sellers for avoiding the problem of over investment. Hence, It generates an oligopoly or monopoly based market structure. Given these conditions, firms does not face any problem in maintaining their market share which does not encourage them for innovation and upgrade their operations. domestic businessmen saw ISI as an opportunity for extracting maximum profits and they consider

regulations and intervention of the state as a policy which curtail their freedom. But the motive of political elite was not just to provide a safe and profit making ambience, but also to ensure that the capital goes to targeted areas and regulate their actions. This disciplinary aspect of ISI is unacceptable because it restricts to exploit opportunity fully.

EXPORT LED INDUSTRIALIZATION (ELI)

Unlike import substitution industrialisation, firms are not protected in this regime. They have to encounter with the rigorous competitive nature of international enterprises. Firstly keep in mind that export promotion does not direct a fully open economy, it sometimes has to put restrictions to import. But if the firms are not able to overcome the advanced economies firms at home, then how could they be able to operate in foreign market where they have to work with technology about which they have no experience and against those who have generated that technology. The obstacles does not stop here, they also have take large scale investments for which they require funds. They also have to incur cost of establishing sales and marketing network in other countries. The above to arguments show that slow and uncoordinated investment is not a threat in protected market but it can pose a severe threat in an open economy, where new technology , new entrants matters a lot for the profit making of a firm.

The above requirements establish a different kind of relationship with political elites, as compared to the ISI regime. The firms have to depend on the state for unpacking technology, provide finance, and coordinate investment and establishing marketing and sales network. Also, for competing in external advanced countries market firms need to perform efficiently and maintain a considerable level of quality. In this context also they need state for carrying out performance and quality check programmes on a regular basis.

India and South Korea can be explained as a good live example of the above argument. After the Second World War, Indian economy followed an import substituting industrialization scheme in order to protect its domestic business class from the world competition whereas South Korea opted an export led industrialization and let its domestic firms to face the advanced economy competition and work more efficiently. As a result India was unable to build a disciplinary developmental state whereas Korea enjoyed a success in establishing a disciplinary developmental state.

CONCLUSION

Import substitution industrialization scheme made it rational for the economy practicing it to oppose disciplinary planning imposed by the governing body, but export led industrialization itself imposes the conditions that make it rational for the firms to follows a disciplinary planning model.

REFERENCES

- 1.Baer, Werner. "Import substitution and industrialization in Latin America: experiences and interpretations." *Latin American Research Review* (1972): 95-122.
- 2.Chibber, Vivek. *Locked in place: State-building and late industrialization in India*. Princeton University Press, 2003.
- 3.Cypher, James M., and James L. Dietz. *The process of economic development*. Routledge, 2008.
- 4.Senghaas, Dieter, and Karl Heinz Kimmig. *The European experience: a historical critique of development theory*. Leamington Spa: Berg, 1985.

Publish Research Article

International Level Multidisciplinary Research Journal For All Subjects

Dear Sir/Mam,

We invite unpublished Research Paper, Summary of Research Project, Theses, Books and Book Review for publication, you will be pleased to know that our journals are

Associated and Indexed, India

- ★ International Scientific Journal Consortium
- ★ OPEN J-GATE

Associated and Indexed, USA

- ✍ EBSCO
- ✍ Index Copernicus
- ✍ Publication Index
- ✍ Academic Journal Database
- ✍ Contemporary Research Index
- ✍ Academic Paper Database
- ✍ Digital Journals Database
- ✍ Current Index to Scholarly Journals
- ✍ Elite Scientific Journal Archive
- ✍ Directory Of Academic Resources
- ✍ Scholar Journal Index
- ✍ Recent Science Index
- ✍ Scientific Resources Database
- ✍ Directory Of Research Journal Indexing

Golden Research Thoughts
258/34 Raviwar Peth Solapur-413005, Maharashtra
Contact-9595359435
E-Mail-ayisrj@yahoo.in/ayisrj2011@gmail.com
Website : www.aygrt.isrj.org