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## IMPACT OF GLOBALISATION ON INDIAN ENTREPRENEURSHIP WITH REFERENCE TO EXIM POLICY

V. N. Yadav.

Principal, Shankar Narayan College of Arts and Commerce,  
Bhayandar-East, Dist-Thane, Maharashtra, India.

### Abstract:-

#### 1.GLOBALIZATION

#### Historic Perspective :-

Globalization has originated nearly four centuries back during the development of regional and international markets in Europe as transnational trade increased following the commercialization. Thus the origins of economic globalization lie in the rise of the capitalism form that economic core into the regional economies around the world. The process took place slowly over a period of time.

**Keywords:** Globalization , Connotation of Globalization.

### INTRODUCTION

#### Introduction of Globalization in India:-

India's economy was subservient to the economies of the European nations prior to the Independence (1947). After Independence, the policy makers were faced with the challenging task of the nation – building, which was attempted through **Five Year Development Plans**. The national economy was protected from the cyclical as well as episodic disruptions in the world economies through Exim Policy restrictions and reservations; to entry of foreign capital & self imposed frugal life style of the masses. Although there were running debates over the suitability or the otherwise of mixed economy for a country as large as and as diverse as India, the juggernaut of the national economy, through limping, was moving on steadily.

Even after a decade and half it has not been possible to pinpoint one single cause, although oil pool deficit being one of the major causes, that caused the fiscal fiasco of 1991 and led India to the doorsteps of the World Bank and IMF, seeking a huge loan of US \$ seven billion to bail the country out of the BOP crisis. While agreeing to provide assistance to India, the World Bank and IMF together insisted that the government must put its economy back on rails; in other words, integrate' it with the emerging global economy (Datt -2001). Thus Globalization was introduced to India or was rather imposed on it under the seemingly innocuous name 'globalization of the India economy'.

#### Connotation of Globalization:-

•**According to World Bank**, "Globalization means a) gradual abolishment of import control over all items including consumption goods b) reducing the rate of import duty c) privatizing public sector enterprises."

•**Russi Mody** views globalization as a two way thing. First, it envisages free competition, high

productivity, using state of the art of technology and second selling in one single market place of the whole world.

• **Malcolm S. Adiseshiah** “Globalization of the economy may be defined as the global dimension of the evolving world economy.”

• **In current economic literature** the term globalization is used to mean a more liberal “outward-oriented” policy, which includes eliminating anti-export biases, lowering of very high import tariffs, playing lesser reliance on quantitative restrictions on imports.

Thus different countries have different meaning for the term globalization. India adopted current economic literature meaning of the term globalization. The main aim of the policy of globalization and liberalization would be to remove certain imbalances and restrictions which hamper the free flow of trade.

#### **Changing Business in Global Scenario:-**

At the global level the following business development have been witnessed.

- **Technological Advances** (Information, Communication, Computers, Money, Goods and Transportation)
- **Co-operation** (Nation / states have become more inter- dependent ever before. The need for greater international cooperation is being increasingly felt.)
- **Allocation of Resources** (using micro- management free mobility goods, capital and people.)
- **Dismantling of Trade barriers** (Binding commitments on tariff reductions can get deferred at least till 2005)
- **Trade related Intellectual Property Rights** (TRIPs is due for a mandated review)
- **NGO's** have emerged (As significant pressure groups to mobilize public opinion and organise boycotts on the grounds of human right violations, environmental degradation, poor labour standards etc can't be washed away.)
- **Financial Reform** (Free mobility of money and capital with modern means)

## **2. ENTERPRENEURSHIP:-**

### **Introduction**

Before Independences, entrepreneurship in India was concentrated in few business families from small region of the vast country like Parsis and trading castes of Hindu; Jain Banias from Gujarat, Rajasthan and chettiyars of Tamil Nadu.

After independence, India set out on the task of planned development and widening the base of entrepreneurship – socially, economically and geographically. As a result the entrepreneurial activity received a spurt in late sixties which lasted up to eighties. Meanwhile the new changes taking place like a globalization, privatization and a sharp growth in information technology swept the country and a totally new scenario unfolded in every sphere of social and economic life demanding higher levels of competencies. Today entrepreneurship faces even more new challenges. Hence the face of traditional entrepreneurship shifted from local view to global in global scene.

### **3. OBJECTIVES OF STUDY:-**

In the present study following attempt are made to find out

- Does entrepreneur necessarily be traditional entrepreneur?
- Essential conditions for success of entrepreneur in globalization.
- Do the level and nature of education have any bearing on entrepreneurial success due to the globalization of education?
- What are the strengths and weakness of emerging entrepreneurs
- The findings are summarized in the conclusion.

In essence, the purpose is to understand the impact of Globalization on Indian entrepreneurship and formulate policies for generation of new entrepreneurship.

### **4. METHODOLOGY:-**

In order to have an overall view, the research study has been conducted on the basis of

- Literature survey
- Discussion with entrepreneurs
- Discussions with experts
- Group discussion with staff academy of S. N. College of Arts and Commerce, Bhayandar-East, Thane (Maharashtra)

## **5. IMPACT OF GLOBALIZATION OF INDIAN ENTREPRENEURSHIP**

The findings from the sources are as follows –

1) Occupations which traditionally have been unconcerned with entrepreneurial activities viz. General servicemen, technicians, business executives, doctors, lawyers and the like were noticeable among new entrepreneurs emerging for the first time in global age.

2) Recently more and more people with high academic attainments starts joining the ranks of industrialists, especially the persons holding professional qualification because of changing business in Global scene with TRIPs

3) Established entrepreneur and new entrepreneur have increased in numbers and size of their companies; enjoy by and large the highest share in all aspects of corporate life – total assets, gross block, net sales, net profit and worth. This possible has become due to free mobility of input and output with world level which is the impact of globalization on Indian entrepreneurs.

4) The study noted a wide variety of choices of strategic alternatives. Quite a good proportion of companies in all categories of entrepreneurs expanded, diversified, promoted new units amalgamated with other companies or modernized themselves. The strategies chosen by different categories of entrepreneurs presently have interesting contrasts, which is more frequently concentric than conglomerate type. The concentric diversification in some cases of the entrepreneurs has a distress choice as the demand for the original product had fallen or the cost of product had gone up. The conglomerate diversification entrepreneurship occurred perhaps promoted by a desire to explore new avenues like Globalization.

5) It was noticed that industrial houses expanded their Board of Directors with the passage of time. The size of an average Indian board is larger than the boards of companies of others which mainly comprise of foreign promoters. It seems that too frequent changes and larger size of BOD affects continuity of policies and unresponsiveness for changing environment, new knowledge and ideas which is the main theme of Globalization.

6) Favourable influence on entrepreneurship development because of the factors like opening of wide potential market areas, free movement of inputs and output of money and goods; decline in inflation and interest rates in financial capital market; conducive export oriented and tax policy of Govt. From time to time. As a result, there is a wide range of entrepreneurship development in numbers in foreign trade area at different levels with their specialization.

7) Among the new entrepreneurs, the performance of general servicemen and technicians is noteworthy. The general servicemen have the unique record of improving their share on all counts.

8) Recognising that the entrepreneurial base in widening and that on impulse of autonomous activity has been created. We believe that there is a need for shift in financial and development institutions, which arises from generation of nay entrepreneurship to qualitative entrepreneurship

9) Identification of product with competitive advantage is yet another component of globalization. It is an established fact that every entrepreneur of country can't market several products internationally. Different entrepreneur have competitive advantage in different industries in India where we have competitive cost advantage of cheap labours and with gradual induction of technology. Here all entrepreneurs should adopt such identification in global age for their survival and growth.

10) The establishment of special linkage (co-operation) with a powerful trading bloc like the EEC would also help us in pushing through the process of globalization. In fact, the ratification of the recently initiated Indo- EEC co-operation agreement will be a good development in this context. Apart from allaying fears regarding irreversibility of India's economic reforms such as an agreement will bring in foreign investment and technology which are so vital for us to grow faster and become competitive to Indian entrepreneurship.

11) Key elements of liberalization in 1991. For encouragement of globalization at the national level; which are very useful to existing entrepreneur and develop new entrepreneurship at earliest.

\*Phasing out quantitative restriction and lowering of import duties \*Streamlining and reduction of export subsidies \*Rationalization of tariffs, rules and regulation \* Reformation of tax structure tax rates \*Virtual abolition of Industrial licensing monopolies and restrictive trade practices (MRTP) Act \*Current account convertibility and market determined exchange rates \*Financial sector reforms \*Easier access to foreign technology \*Development Of infrastructural facilities \*Liberalisation of Exim Policies \*Replacement of Import and Export Control Act 1947 by the foreign trade development and Regulation act 1992 : to ensure focus on promotion and development foreign trade entrepreneurship \* Import of capital goods at a concessional rates of custom duty \* Export promotion of capital goods scheme \* duty free import of raw material, components, consumable, accessories, packaging material and computer software required for direct use in product to be exported under the duty exemption Scheme.\*Establishment of 26 trade groups to give recommendation on products assigned to them for promotion of exports.

Thus liberalization of Exim policies is a part of globalization, which is very useful to develop new entrepreneurship in international trade.

12) Globalization of Indian economy really means that the entrepreneurs have to face completion from outside, subject to some degree of protection, which does not affect its efficiency, It is needless to emphasize that we have a high technological platform and one of the best human resources at our disposal.

#### **Present Scenario of few Entrepreneurs:**

India was a leader in entrepreneurship several years ago. Indeed since the Indus Valley civilization of about 5000 years ago. Entrepreneurship has been the part of the Indian culture and the basis of its civilization. Our entrepreneurship was diverse pioneering. Indian civilization was characterized by scientific thought, capabilities and techniques at levels far more advanced than others.

- Realizing the power of Indian intellect, we have seen more than 100 top Companies from abroad, set up their R&D centers in India.
- On the human resources front, India has the largest pool of qualified engineers in the world, the seventh largest pool of R&D personnel and a large cadre of expatriate scientists, technologists and entrepreneurs, who are increasingly returning to their home country.
- **Innovative models of entrepreneurship** - The TeNet Group at Madras, has spun off – with faculty, student & alumni involvement - a series of firms that are engaged in a range of activities from IT product development to provision of technology - based service. Scientists from India Institute of Science have set up companies such as '**Strand Genomics**' The nanoscience group at National Chemical Laboratory (NCL) has a breakthrough on nanotechnology to make unique materials, which is leading to the formation of a company, we need to multiply such examples manifold in India.
- **N. R. Narayan Murthy**; Showed by putting together Rs. 10, 000 and starting in his small 700 sqft apartment, he built Infosys. Its market capitalization, at one point of time was more than Rs. 60,000 crores. Infosys has become a pride of the nation today.
- **Mukesh Ambani of Reliance** ; Has built the largest field refinery complex at Jamnagar with an investment of five billion US dollars in a record time of 36 months at a capital cost that was 50% lower than similar refineries and commissioning it in three months as against the international norms of 6 to 18 months.
- **Dr. Kurien**; talks about our white revolution and making India a global leader in milk production in the world.
- **E. Sreeharam**; spoke about building the 760 km Kohkan railways project in one of the most difficult trains ever encountered in the history of railways construction by using the most sophisticated technology
- **Chandrababu Naidu** ; emphasized on his role of CEO of Andhra Pradesh. He has converted Hyderabad into a world class city today.



- **Ratan Tata;** built a car “Indica” by using 700 engineers who had no experience of designing an automobile and at a development cost, which was one tenth of the international cost.
- **CSIR;** Today export our knowledge even to a leading MNC’s in USA & Europe whose budgets are bigger than India’s R & D budgets.
- **General Electric and Motorola;** have in common with a humble tiffin delivery network comprising 3500 dabbawallas who deliver 1.5 lacs lunch boxes to citizen in Mumbai each day! They are largely illiterate. The dabbawalla have the six sigma rating or an efficiency rating of 99.999999, which means one error in one million transactions. This rating has been given to them by Forbes Global, the famous American business weekly.
- In short there are different fields at small scale as well at large scale opened at world level, whose ideas had worked right here in India by the Indian entrepreneurship. The simple message is that any entrepreneur can do it in India, in any field, in all sectors at national and global level also.

## 6. Conclusion:

Let us first acknowledge the fact that all point out the emergency of new entrepreneurial class from almost all segment of the society - occupations, profession, communities and regions - and that means the spirit of doing something independently is catching up.

The foregoing discussion brings to limelight the diverse challenges faced by the entrepreneur under global environment which gives opportunities to realize its weaknesses and how thin its base is. As a matter of fact, every challenge through open certain opportunities and threats. It all depends on the wisdom of the entrepreneurship in converting the challenges in to opportunities and take advantage of the changing environment. The entrepreneurship should have anticipative attitude of all this change.

The real solution to the challenges faced by the entrepreneurship is the shift in the basic character of the entrepreneurship from left completion to more competition; poor quality to fare quality; primitiveness to modernity and above all from low ethics to high ethics. Then it will be anybody’s guess that entrepreneurship would come up and stabilize in India.

From the Rattan Tata (Indica); General Electric and Motorola: entrepreneur I am trying to convey that the innovative potential of the entrepreneurship does not plummet to zero. when the people are illiterate or semi - literate or have the level and nature of education, no any bearing on entrepreneurial success due to globalization of education, but it is useful.

The strengths of emerging entrepreneur are positive, protective and continuing policy; wide market potentials free movement of tangible and intangibles ample opportunities for development in all sector, changing infrastructural facilities, which are very useful to reduce cost of operating and handling. Whereas weaknesses are about cost of product quality and competition. But all this can be removed through innovation process which passage of time and educational awareness.

I would like to end up emphasizing that the future of India be built by remembering and practice three things which are encapsulated in the world TI

### **Firstly TI stands for ‘Think India’**

We must have India in our hearts & minds .As someone had said India’s response to WTO should be WTI, that is’ we think for India’

### **Second TI is ‘Team India’**

We all must work as a team, breath as a team and strive forward as a team.

### **Third TI is ‘Total Innovation’**

This means making India truly Innovative by changing its social, legal and economic structure.

The most important pledge we should take today is that we should make the national symbol I in India stand for Innovation ‘.if we ‘think India’ work with the spirit of ‘Team India’ and push forward the movement on ‘Total Innovation’, then I am confident that India will find its rightful place in the community of nations, which is right at the top.

I hope this paper will evoke interest in the academicians students of entrepreneurship and very useful as guide to potential entrepreneurs especially to escape pitfalls and provide realistic basis to administrators to re-orient their policies for generation of new entrepreneurship to create a better tomorrow in India and world.

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258/34 Raviwar Peth Solapur-413005, Maharashtra  
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