



Globalization trade policies and Emerging markets in India

* Dr. Eedunuri Mohan, Department of Economics

**Osmaniya University, Hyderabad.

DOI: <https://doi.org/10.56975/ijrar.v13i1.330553>

Abstract

In today's world, governments must navigate the complicated pressures of globalisation and localisation, both of which have a considerable influence on trade policy. Globalisation encourages participation in the global economy, whereas localisation emphasises national self-sufficiency and the preservation of native businesses. India's trade policy focuses on export-led growth (aiming for \$2 trillion by 2030) by leveraging Free Trade Agreements (FTAs), digitalization, and ease of doing business. Since the 1991 reforms, India has transformed into a key global market, adopting a "dynamic" approach that balances globalization with protectionist measures, such as quality controls to support domestic industry.

This review investigates the impact of globalisation and localisation on Indian trade policy, with an emphasis on how both trends influence the country's economic strategy. India's trade policies have been greatly influenced by globalisation, which has opened up markets, attracted foreign investment, and made it easier for companies to adopt international standards for their operations. The study examines how India has embraced global commerce through liberalisation, leading to a rise in imports and exports, enhanced competitiveness, and supply chain integration. Localisation, on the other hand, places more emphasis on safeguarding home-grown businesses, maintaining cultural identity, and putting national interests ahead of international influence.

Keywords; Globalization, Localization, Indian Trade Policies, Economic Strategy, Exports, Domestic Industries.

Introduction

Globalisation

Globalisation is the merging of a national's economy with the international economy. It is a complex feature. It is the outcome of the integration and multiplicity of strategies that are intended to shift the global landscape towards increased interdependence and integration. It involves the building of networks and activities breaking through social, financial, and geographical boundaries. Globalisation seeks to create connections so that events occurring far off may help one to predict what happens in India. Stated another, globalisation is the means of connection and unity among people, businesses, and governments everywhere

Impact of globalization on Indian economy

Globalisation is the process of the integration of global economic, political, and cultural systems. The history of globalisation begins in the second half of the 20th century, when the growth of communication and transportation technologies resulted in circumstances wherein national boundaries seemed to be too restricting for economic progress [10]. Development of emerging nations is strongly influenced by globalisation. It provides a variety of benefits, such as developments in technology, political influences, enhancements to health systems, and the consideration of "social and environmental factors". For these nations, globalisation has created fresh prospects including improved links to developed markets, possible technology transfer, and changes in living standards and productivity.

1.Economics and Trade Processes

Developing countries have been significantly aided in their economic development by globalisation. Effectively participating in the global economy was previously impossible for these countries due to trade barriers. Nevertheless, "the World Bank and other international organisations" have facilitated the implementation of market reforms and substantial changes in developing countries through the provision of large loans, as a result of globalisation. Due to this, numerous developing nations have initiated the process of liberalising their economies and eliminating tariffs in order to expand their markets. This change has led to the creation of employment opportunities for impoverished populations, attracting investments from developed countries. Globalisation has so improved the ties between rich and poor countries by encouraging mutual dependency between them [13].

2. Education and Health Systems

The health and educational systems of underdeveloped nations have evolved in great part under globalisation. Fundamental goals for every country are health and education; thus, there is a clear link between these systems and economic development. In developing nations, life expectancy and living standards improve as economies expand. Richer countries allow poorer countries to give their people better sanitation and healthcare services. In addition, the rate of illiteracy can be reduced by the allocation of additional funds to health and education by governments in developing countries. Many emerging nations whose recent decline in illiteracy rates clearly show this encouraging trend. In fact, the economic advantages that globalisation has brought about have resulted in an increase in the life expectancy and living standards of these nations [14].

3. Cultural Effects

The culture of developing countries has been positively impacted by globalisation. Through globalisation, the cultures of developing countries have undergone significant transformations. The globalisation worries many underdeveloped nations as it can result in the destruction of language, traditions, traditional values, and culture. Globally, every nation has participated in the globalisation process. Globalisation has impacted the economies of developing countries, including "India, China, Africa, Iraq, Syria, Lebanon, and Jordan",

whether in a positive or negative manner. However, these economies have improved as a result of globalization [15].

Localisation

Localisation in Indian trade rules generally refers to "data localization—that is, the need of keeping and handling" certain data—especially personal data—within India. In an effort to fortify the local economy and enhance data sovereignty, this methodology is motivated by concerns regarding data privacy and security. Consequently, it impacts cross-border data flows and worldwide operations by imposing unique regulations on data storage and processing. That is, it impacts enterprises [7].

Challenges for Businesses

- **Increased Costs:** Data localisation needs mean significant infrastructure expenditures, operational process adjustments, and continuous legal compliance initiatives—all of which add to the expenses for companies.
- **Barriers to Global Trade:** Restraints on cross-border data transfers may impede Indian companies' capacity to successfully compete and access world markets.
- **Reduced Accessibility:** Accessing and utilising data stored outside of India can be challenging for businesses due to localisation, which may have an impact on innovation and efficiency.

LITERATURE REVIEW

(DHOOT, 2025) [16] With an emphasis on important industries including manufacturing, services, and agriculture, this study explores the multifaceted effects of globalisation on India's economic environment. The sociocultural ramifications, such as changes in labour dynamics, education, and consumer behaviour, are also examined in this research. In addition to stressing the benefits of globalisation, like easier access to markets, improved technology, and integration into international supply chains, it also discusses the drawbacks, like income disparity, environmental issues, and susceptibility to changes in international markets. In order to ensure equitable and sustainable economic development, this study offers policy suggestions that optimise the positive consequences of globalisation while minimising its negative ones. Through the integration of "historical analysis, empirical data, and case studies", the article provides valuable insights into India's trajectory within the global economic framework and its potential for growth in a swiftly evolving global landscape.

(Gaikwad & Dhokare, 2023) [17] The integration of the Indian economy with the rest of the world is the typical interpretation of globalisation in India. This basically means that the economy will be opened to foreign direct investment by giving foreign companies the opportunity to participate in a variety of Indian economic activities; removing barriers and restrictions to MNC entry; enabling Indian companies to form international partnerships in India and encouraging them to form joint ventures in a wide range of industries; completing extensive import liberalisation programs by moving from "quantitative restrictions to tariffs" in the first place and then lowering the extent of important duties significantly; and, instead of offering a plethora of export incentives, choosing the rate of exchange adjustment to promote exports. Only secondary data is used to support the research. The good and negative effects of globalisation on the Indian economy will be discussed.

Benefits of Localization:

- **Enhanced Data Security:** Local data storage could help to lower the danger of data leaks and provide more control over private information.
- **Promotion of Local Infrastructure:** Localisation has the potential to enhance the Indian economy by serving as an incentive for the establishment of local data infrastructure.
- **National Security:** Maintaining sensitive information inside the boundaries of the nation, some contend, improves national security and helps to prevent monitoring.

Trade Policy Implications:

- **Impact on E-commerce:** Localisation needs may have a big impact on financial services and e-commerce as company operations depend on data flow.
- **Trade Negotiations:** As seen by the US and India, data localisation rules may complicate trade discussions and maybe cause conflicts.
- **Free Trade Agreements:** Data localisation rules might impede the advancement of other trade projects including Free Trade Agreements (FTAs).

Need for a Balanced Approach:

- **Balancing Privacy and Trade:** India's economic development and competitiveness depend on striking a balance between free trade and data protection.
- **Collaboration and Dialogue:** Navigating the complexity of data localisation calls for open communication and cooperation among government, companies, and foreign partners.
- **Adaptability and Innovation:** Companies have to be proactive in adopting new technology and flexible in changing regulatory environments to guarantee compliance and ongoing development.

Key Aspects of India's Globalization and Trade Policies

- **Trade Strategy (2025-2026):** India is actively pursuing partnerships, notably with Europe and Gulf nations, moving away from past defensive postures to a more assertive role in global supply chains.
- **Foreign Trade Policy (FTP) 2023:** This policy is open-ended rather than time-bound, focusing on fostering domestic manufacturing, simplifying procedures, and boosting exports of goods and services.
- **Free Trade Agreements (FTAs):** India is aggressively signing FTAs to reduce tariffs and secure market access for exporters, while aiming to reduce reliance on single-source imports.
- **FDI Reforms:** FDI restrictions have been eased across several sectors (civil aviation, mining, retail) to boost foreign capital and technology inflow.

Emerging Market Dynamics and Challenges

- **"Rotation of Protection":** While signing FTAs, India often substitutes lowered tariffs with non-tariff barriers (like quality control orders), which can increase costs for downstream exporters.
- **Focus on Local Manufacturing:** Programs encourage domestic value addition and reduce import dependence, sometimes leading to protectionist tendencies for specific industries.
- **Structural Challenges:** Despite being a growing hub, the economy faces challenges in balancing competitiveness with the need to protect nascent, sensitive domestic industries.

- **Focus on Technology and Services:** Digital trade and services are increasingly becoming central to India's export strategy and economic growth.

Trade Policy Instruments

- **Tariffs and Non-Tariff Barriers:** Used to regulate trade, protect sensitive sectors, and negotiate better terms.
- **Special Economic Zones (SEZs):** These zones offer tax incentives and regulatory relaxations, modeled after China's success to boost exports.

India's current approach seeks to combine integration into global value chains with robust domestic manufacturing growth.

CONCLUSION

In conclusion, the influence of globalization versus localization on Indian trade policies reflects a complex yet strategic balancing act. Globalization has undeniably transformed India's economic landscape by increasing trade volumes, attracting foreign investment, integrating supply chains, and raising competitiveness. Liberalization has opened markets and aligned Indian industries with global standards, contributing to economic growth and positioning India as a rising global economic power. However, this global integration has also exposed local industries to stiff international competition, trade imbalances, and socio-economic disruptions. In response, policymakers are adopting localization strategies to protect domestic businesses, promote self-reliance, and maintain cultural and economic sovereignty. Initiatives such as tax incentives, skill development programs, and reduced entry barriers for new businesses aim to bolster local economies and minimize globalization's adverse impacts. India's trade policies now reflect a nuanced approach that simultaneously leverages global opportunities while reinforcing economic resilience at home. This dual strategy enables India to pursue inclusive growth and sustainable development, ensuring both global competitiveness and domestic stability. As global trade dynamics continue to evolve, India's ability to navigate between globalization and localization will be crucial for shaping a robust and equitable economic future.

References

1. U. K. Srivastava, "A Study of Global Trade War and Its Impact on Indian Economy," *Int. J. Multidiscip. Res.*, vol. 6, no. 2, pp. 1–89, 2024, doi: 10.36948/ijfmr.2024.v06i02.14813.
2. N. Zahoor, J. Wu, H. Khan, and Z. Khan, *De-globalization, International Trade Protectionism, and the Reconfigurations of Global Value Chains*, vol. 63, no. 5. Springer Berlin Heidelberg, 2023. doi: 10.1007/s11575-023-00522-4.
3. B. Sun and X. Yan, "Comparative Research on the Globalization and Localization of International Business," *Int. Conf. Soc. Sci. Educ. Manag. Sport. Educ.*, no. Ssemse, pp. 1972–1975, 2015, doi: 10.2991/ssemse-15.2015.500.
4. P. Dongre, "Policy changes in the wake of globalization and its impact on Indian industries," *J. Policy Model.*, vol. 34, no. 3, pp. 476–496, 2012, doi: 10.1016/j.jpolmod.2011.10.004.
5. D. Thomas, S. Thacker, and M. Sumetha, "A Study on Impact of Regional Trade Agreement with Ref. to Indian Exports," *Int. J. Nov. Res. Dev.*, v