

# India and the Global Trade -Globalisation vs. Trend

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## Abstract

'Global trade is integral to the process of globalization', observed Max Roser et al. (2018). Arguably, through the first decade of globalization India's imports recorded higher growth than exports. But the growth in exports is more than imports which indicates economic growth for the nation. If we talk about the foreign trade policy of India, it has been always based upon the trends of globalization and world economy. The long history of globalization serves as the foundation for the liberalized economic policy that the Indian government has adopted and put into effect. Globalization is widely regarded as the solution to the economic prosperity of economies worldwide. It is acknowledged that restrictive trade policies inhibit progress and that international trade is actually advantageous. This explains why many emerging economies have shifted to an outward-oriented policy after initially relying on an import substitution growth model. This research focuses on the trade side of globalization in this setting. The most important objective of this article is to examine the growth of foreign trade in India and to analyze the export and import share of major countries.

## INTRODUCTION

“Globalization is not a monolithic force but an evolving set of consequences - some good, some bad and some unintended. It is the new reality”, says John B. Larson. There are two sides to globalization the positive and the negative, which is a growing concern on the integration and interdependence of domestic and foreign trade markets (Panos, 2021).<sup>1</sup>

According to Prof. Robertson (1992), one important element in a competitive environment that integrates and mobilizes people's cultural values on a worldwide scale is globalization. In this era of swift technological advancement, the trend of globalization has united and changed numerous nations. Countries' cultural, social, economic, political, and community lives are greatly impacted by globalization. Numerous theoretical studies have shown how globalization interferes with people's cultural lives, posing a number of important questions.<sup>2</sup> The term 'globalization' refers to the blending of economies and societies through cross-border flows of people, capital, ideas, technologies, goods, services, and information. Theorists define globalization as 'the process by which economies and societies are integrated through cross-border flows of information, capital, people, ideas, communication, technology, and commodities and services ("Globalization," 2024).<sup>3</sup>

## Are Services the Trade of Future?

We see trade in services everywhere these days. In the past, services like communication and tourism were seen as a static industry with no economic significance and as a component of the economy. However, they currently play a significant role in determining the competitiveness of the entire nation. The majority of expenses that impact domestic industries' capacity to compete are related to service accessibility. Additionally, trade in services is expanding more quickly than trade in products. There is a boom seen in the trade in services in recent few years. The share of developing countries in exports of world services increased from 11% in 1990 to 29% in 2024 (World Trade Organization [WTO], 1996).<sup>4</sup>

Even if rich nations still control the majority of trade, we can observe that developing nations are progressively exporting services in spite of trade obstacles and challenges (Steven Matusz & David Tarr, 1999).<sup>5</sup> Although India is a significant player, it is not the only one. Infrastructure, production factors, and service-related institutions are some of the variables that affect a nation's ability to export services ("Liberalization," 2001).<sup>6</sup> Successful service exports have been achieved in nations with better service delivery infrastructure and service governance organizations. In order to explain export success in contemporary services like business and professional services, human capital and information technology are also crucial. The lack of skills is essentially cited as the reason why exports of commercial services have not progressed or as a barrier to exporting these services or to their long-term expansion. Services are important for social justice and growth as well. The quality of life, social advancement, and the degree to which various societal groups can profit from economic growth are all impacted by education, health, and safe, dependable water and wastewater management services (Sebastian, 2019).<sup>7</sup>

## Globalization and Education

The dynamics of polity and society of the world is totally changed by globalization and there is a need of the establishment of educational institution of global excellence that must become a priority of

the developing countries keeping in mind that the knowledge economy remains a very vital goal of both the developed and developing countries (Anil Kumar Thakur & Mohan Patel, 2010).<sup>8</sup> India has yet to achieve these priorities (Shyam, 2011).<sup>9</sup> The National Knowledge Commission has been making a number of useful and important recommendations that deserve serious and urgent attention; there is still a gap between the rhetoric of reform and the reality of governance. This problem is extremely felt the education sector (Nigavekar, 2011).<sup>10</sup> There is stiff resistance within the government to seek fundamental reforms that would enable a favourable regulatory environment to excel in educational sectors ("Academicians," 2012).<sup>11</sup>

Education is very important not only for the full development of one's personality, but also for the sustained growth of the nation. Education is an important investment in building human capital that is a driver for technological innovation and economic growth. It is only through improving the educational status of a society that the multifaceted development of its people can be ensured (Amritpal, 2013).<sup>12</sup> India finds a setback in the development of pier issues because of the lack of education and skills. The general idea of IPR is that it is the creation of skills and intellect which comes only through education. The failure to raise the IPR in India is because the capitalist countries rule over India not only in term of trade of tangible commodities but also intangible properties and services.

## The Impact of General Agreement on Trade in Services (GATS)

The influence of GATS is a contentious topic at the moment. The GATS requirements have been criticized for endangering the public interest and the excellent caliber of higher education. GATS proponents emphasize the advantages of more commerce, including increased economic value, improved student access, and innovation through new delivery methods and suppliers (Jane, 2002).<sup>13</sup> Instead of focusing on the market size, trade concerns in general, or the agreement's technical and legal components, the focus should be on policy issues and ramifications. The GATS applies to several countries since all World Trade Organization (WTO) members are participating. However, the



background of the provisions somewhere explains why each nation has a unique set of resources and services. And this demonstrates unequivocally how the GATS introduces inequality by treating all nations equally (Jane, 2002).<sup>14</sup>

The privatization of education is one of the most significant changes brought about by globalization. The expansion of admissions at all educational levels brought about by privatization of education has expanded opportunities. The disadvantage of privatizing educational institutions is that they are designed for the wealthiest segments of society, and impoverished students will inevitably attend public schools. The gap between the rich and the poor has grown as a result. It raised a question that whether we are facing the heat of capitalism once again (Bailey, 2002).<sup>15</sup>

## **Gats and Its Impact on Health Services**

The global legal basis for international trade in almost all service categories is established by GATS. The provisions of the Agreement define the parameters of its regulations, impose general duties, organize the process of making particular trade agreements, create a framework for the gradual liberalization of trade in services and connect the pact to the WTO's dispute resolution procedure (Nick Drager & David Fidler, 1997).<sup>16</sup>

Governments must make decisions about the extent and scope of trade liberalization in health-related services, as well as the effects of such liberalization on health policy, in important GATS sectors. In actuality, nations are free to choose whether and to what degree to pursue health sector liberalization. If nations do not want to liberalize health care, they are under no obligation to do so. Health officials must work with other government agencies to implement and liberalize GATS, comprehend its structure and content, and take action to prevent the GATS process from negatively impacting national health policy as a result of these decisions (Nick Drager & David Fidler, 1997).<sup>17</sup> The primary goal of WHO's GATS work has been to gather data regarding the prospective and actual effects of GATS on health systems' operations (Nick Drager & David Fidler, 1997).<sup>18</sup> If we study the unique advantage of Health tourism in India

then it appears, that we also have the benefit of offering a healthy balance of complementary and alternative treatments. For example, southern India has established centers for cutting-edge ayurvedic and naturopathy treatment, while northern India has been known for high-quality eye care and cardiac treatments. Indeed, scientific application of yoga and siddha therapies can cure rare conditions, thus, attracting seekers from all over the world.

According to the Ministry of Health and Family Welfare in 2023, the potential for profit in this industry has enticed a number of big businesses and non-resident Indians (NRIs) to engage in the construction of super-specialty hospitals (Hazarika, 2010).<sup>19</sup> These facilities, which primarily serve wealthy segments of society and medical tourists, now control the higher echelons of the private sector. Even the Indian government has acted quickly to capitalize on this industry's potential. The government has taken steps to market India as a "global health destination" in an attempt to take advantage of this opportunity. Medical establishments are particularly encouraged to offer treatments to patients from other countries by the National Health Policy of 2002 ("NHP," 2003).<sup>20</sup> The 'M' or medical visas are a new type of visas for medical tourists that the Indian Ministry of Tourism has introduced ("NHP," 2003).<sup>21</sup> This initiative has been boosting health service sector in India to the next level. Consequently, to ensure safety and ease of the medical tourists at their arrival and departure, efforts are being made to upgrade the airport's infrastructure by the ministry of civil aviation. According to official report, the Indian health care sector would experience phenomenal expansion in the upcoming years. Trade in health services will rank among India's largest industries if the current trend continues (Kishore, 2009).<sup>22</sup> However, the expansion of this industry may endanger India's already fragile public health system (Park, 2007).<sup>23</sup>

## **Globalization and Legal Services**

The market for legal services in India is expanding quickly. The market for legal services has been indirectly impacted by rising globalization as more and more companies are eager to conduct business with and in India. Naturally, this necessitates adherence to Indian law in order to guarantee

mutual satisfaction between the host and provider nations and the growth of trade and services. The demand for legal guidance about documents, company structuring, required sanctions, and applications has grown as more nations have established diplomatic ties with India. As a result, the growth of legal services is now both required and unavoidable. But the irony is that, in spite of all of the exposure and engagement, legal services market has mostly avoided the consequences of globalization.

Naturally, the legal profession would need to gradually become more globalized as the world's economies integrate (Zutshi, 2012).<sup>24</sup> This is not so for other sectors such as banking, education or hospitality. The legal profession is one of the most lucrative professions and currently more than 6 million advocates practice in the country. The profession governed by the Advocates Act, 1961 and the rules prescribed by the Bar Council of India (BCI), which is the regulatory body for the legal profession of India. The nature of the legal service market in India is such that it is vastly represented by national law firms and Indian advocates practicing in the court of law. A reading of the provisions of the Advocates Act, 1961 shows that only natural persons who shall be enrolled by any State Bar council and have a law degree from a recognized University and are citizens of India can practice law as a profession.

This has been a major hindrance in the entry of foreign law firms into the country. Though, India is a member country of the General Agreement on Trade in Services (GATS), it has not taken enough steps to liberalize the legal services (Amrit, 2015).<sup>25</sup>

Prior to 1991–1992, there was virtually little legal activity in the areas of finance, intellectual property rights, environmental compliance, competition and monopolies control, corporate taxation, project contracts, and foreign direct investment law (Panos, 2021).<sup>26</sup> The need for corporate litigation has increased recently, which has resulted in the establishment of an increasing number of law firms around the nation. Additionally, more senior and junior advocates are being hired. Globalization has unavoidably led to an increase in the demand for professional services both domestically and internationally (Pistor & Wellons, 1998).<sup>27</sup> In foreign trade, flow of capital, products and services are

hugely impacted by quality of legal services hired by the traders and organizations.

Economic activity and the ability of the legal system are closely related. For example, a robust competition legislation, capital market regulation and corporate governance are all necessary for the free flow of equity and credit instruments. It is necessary to establish a robust system of contract law to support the expansion of infrastructure, etc. Trade in legal services will undoubtedly be very significant (Mitra, 2020).<sup>28</sup>

## Ethical Issues

It is posited that given that licenses for practice are invariably contingent upon adherence to ethical standards, it becomes virtually unfeasible for foreign lawyers and law firms to contravene the ethical code, as they face the potential consequence of being disbarred. One might also consider the possibility of easing certain practices in various domains. The likelihood of ethical violations diminishes at the upper echelons and increases at the lower tiers of the professional hierarchy.

Furthermore, foreign legal firms provide 'single window services', which encompass not only legal assistance but also accountancy, management, financial and various other advisory services for their clients.

The diverse collaborations will address the needs of the clients in the various domains listed above. These collaborations could jeopardize the ethics of the legal profession since private information could be shared among the non-lawyer practitioners. This would negatively impact not only the clients but also the attorneys because it would undermine their independence. Once foreign legal consultants (FLCs) and foreign law firms (FLFs) are permitted to enter India, the Bar Council of India will need to establish norms and regulations for these kinds of single-window services or multidisciplinary collaborations. Multidisciplinary partnerships may seem appealing, but the key question is whether system accountability and service quality can be sustained.

For the code of ethics to encompass international legal practice, it must be reviewed. Foreign law firms may apply for a license to practice



full-fledged, regular law like Indian lawyers do, or they may come to provide restricted legal advice to foreign partners on domestic legislation. Therefore, it will be necessary to formulate the laws and regulations to accommodate both of these scenarios. The FLFs may have to comply with immigration and citizenship regulations if they plan to visit for routine legal practice. Partnerships with domestic law firms might be formed by those seeking limited practice without being subject to the organized legal profession's scrutiny. Therefore, it is essential to have a system that is open, equitable, and responsible in order to govern and control the globalization of law practice in India.

In the last few years, the Indian legal profession has changed dramatically, becoming fiercely competitive and prepared to follow the current globalization trend. Foreign law companies' interest in opening offices in India is therefore not surprising, as the country provides a wide range of legal services of equal quality for a fraction of the cost that would otherwise be required. As a result of the Bar Council of India's relatively conservative and, if one may use the word, "protectionist" stance on the subject, international legal firms are not allowed to operate in India.

Some of the more well-established ones, perhaps unable to withstand the enormous potential of the Indian legal markets, are gradually establishing their presence in India in anticipation of the "globalization of legal services" under the auspices of the WTO. In many cases, this takes the form of them forming partnerships with Indian companies, thereby indirectly operating in India in spite of the prohibitions against doing so. As a result, the probable repercussions of foreign firms entering the Indian market have begun to draw the attention of both Indian lawyers and law school graduates. Will this result in a job or will it benefit the already expanding Indian law practice, is the main contention.

India is still in the process of making its economy more globalized. The legal market will inevitably open up to competition from the global legal market throughout this process. Rather than discussing the pros and cons of opening up the legal markets to international companies, it might be more prudent to acknowledge that foreign companies will soon

be able to enter India. However, since they might just drive out Indian companies if their operations are not regulated, this should not be the case. Law school graduates' presence in India may lead to a wider variety of employment options, in addition to having a major impact on how the Indian law practice evolves in digital landscape of this century.

## **Recommendation and Solution**

- The education system must ensure that students are open to exposure but not at the cost of the development of their own country. Education is ought to be practical. In addition to gaining a thorough understanding of these disciplines, students also need to develop the mindset and abilities necessary to succeed in the real world. Their exposure to the free market for educational services, particularly higher education, causes the nation's wealth and intelligence to decline.
- Indian education system should also focus on spreading Indian Knowledge System to the world rather than just continuing with the Eurocentric teaching pedagogies. While inheriting globalization of education in India, education system cannot disregard economic capacities of diverse student population of the nation.
- The paramountcy of national interest must be prioritised first rather than getting diverted by the glimpse and glitters of the internationalization of education. This is particularly true in the realm of education sector, where the growth of human capital is a key priority. Ultimately, rushing into the global education market can hurt students' fundamental interests, especially those of the poor, for future generations.
- Public universities shall adopt coherent mechanism to protect the interest of students and other stakeholders while private universities are rushing into globalised education business.
- Lastly, it's about never standing still, always striving to innovate, and always attempting to raise the bar a bit. Students will succeed in all facets of life if educational institutions adhere to a value-based education system.
- As we know, globalization is a never-ending process and developing countries like India

should utilize this mindfully to improve the national standard through its education system. India stands at the crossword wherein Indian value based education shall complement western education system.

## CONCLUSION

Globalization is a phenomenon. It has changed everything according to its own phenomenon. The general understanding of globalization for a layman would be trade related i.e. free movement of trade inter-countries but there is a resistance to the change of globalization. The major wave of globalization is a product of scientific discovery, invention, cultivating into industrialization resulting into rise of capitalization and colonial imperialism.

The multi-faceted phenomenon of globalization results in good as well as a bad impact. The reality of globalization on the other hand tells something very different. It shows how it has affected the trade of the countries and has also infringed in the movement of services and people. There is a dark side to everything and so does the General Agreement on Trade in Services (GATS).

The main motive to exempt the non-commercial services from the governmental authorities is nowhere to be seen at the present age. Instead, what we see is commercialization of the non-commercialized services like education, health and legal services. Education services are traded in the name of borderless education. The internationalization and commercialization of education services has ended up into a wide gap between the private educational institution and the public educational institutions. Not every person can afford an education so costly. And in the other hand the governmental institutions find it too hard to face the standards of the educational institutions established by developed countries.

The main agenda behind globalization to have an open market and interconnectedness of the countries somewhere results in capitalization of education services also. The first priority should always be to keep in mind the national interest. The other service sector is health sector where also is the privatization of hospitals and a wide network of foreign medical tourism. The medical facilities

in India are witnessing a boom but then it's all happening due to the private sectors of hospital and health services.

The public health sector remains in a dilapidated condition. There are no skilled doctors in the public hospitals. The facilities are so poor in comparison to the private hospitals. This again is ending up in capitalization of medical facilities as well. The last service that has been discussed in the paper is the legal services. On one hand where there are quality based universities of legal education in India. This education is resulting in the brain drain of the capable lawyers.as the condition of litigation is seeing more degradation day by day; the Indian lawyers tend to shift their work in corporate and private firms. The intrusion of foreign legal firms in hiring lawyer into their firms results in a very deteriorated condition of the independent lawyers.

Seeing the present scenario, that day is not very far where the service would take a lead in trade. The world would witness trade in services on a boom and a ban in trade in commodities. This sounds very fascinating but in reality, this is enhancing the economy of developed countries that already flourished in terms of trade of tangible commodities.

There is a need of an hour to stop depending so much on foreign entities and focusing on the national interest of the countries. The governmental authorities instead of exempting such services should work on how to bring success in that field.

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