



CHALLENGES IN COMMERCE DUE TO GLOBALIZATION

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ABSTRACT

Though India had developed well in almost all sector, it is still considered as one of the developing countries in the world. In business the producers are in a condition to adopt creativeness and innovation in their products to satisfy the needs and desire of the consumers. Nowadays almost in all businesses the business activities are carried after considering the behaviours and attitudes of the customers. In modern scenario we have to face toughest competition in the business in all levels of the business activities because of the government policy to enter in the WTO agreement. WTO agreement empowers the member countries to sell their products in any country with out paying tariff or in concessional tariff for all products. Due to globalization Indian manufacturers really face number of issues particularly to market their products and commodities both in inland trade and also in international business. The globalization paved way to Indian manufacturers to export their products to any nation in the world. In many businesses the Indians producers are the potential competitors in the global markets. Likewise the Indian manufacturers and the commerce industries face problems from foreign competitors. The foreign business men and manufacturers select India to market their products. India is considered as the potential country to market all nature of products and also to start new businesses because of the population and demands for all products. Further in India the business people can get good amount of labour force at a lower rate of wages when compared with the wage rate prevailing in the abroad countries. The government of India is continuously inviting foreign investors to start their business in India. In this regard we got considerable volume of FDI in all sectors which further increased the competition to the commerce in India. The consumers prefer good quality in commodities at a cheaper price. Due to globalization even in retail we have competitions from FDI. Maintenance of sustainable quality in the products by using advanced technology will reduce the cost of production which will lead to increase the profits and potential consumers to Indian manufacturing industries and businesses. But in most of the businesses we follow traditional system of production where more volume of manual workers is utilized in the production process instead of machineries. Till our Indian businesses suffer lot to market their products. It is the right time to make awareness to Indian businessmen about the challenges to commerce due to globalization. They must be given adequate training and awareness about the new technology to reduce the cost and to get finished products with good finishing which will attract the consumers. By keeping the above views in mind the researchers tried to write an article in the title "CHALLENGES IN COMMERCE DUE TO GLOBALISATION".

Keywords :

INTRODUCTION

In olden days goods and commodities were manufactured for self consumption. Then goods were produced and stored to meet future requirements of the family. Later, consequent to the development in business, industry and technology more goods were produced for the purpose of selling to satisfy the needs of others in domestic regions. Due to the geographical location and climate certain types of goods and commodities can be produced in a specific region only. But the same product is demanded in all regions of the world. Here there was a need for export and import business. All the countries produced various products in accordance with the availability of resources in the country and sold the goods in excess of domestic consumption abroad. The developed nations like America, England, France, etc., have imposed more rules and regulations to allow the goods from other nations. In February 1946, the United Nations Economic and Social Council (ECOSOC) at its first session established a preparatory Committee of eighteen countries to prepare the ground work for a United Nations Conference on Trade and Development. After many discussions records of the GATT was formed and came into force on 1st January 1948. All countries in the world were instructed to become a member in GATT. But the developing countries argued that the terms and conditions in GATT were favourable to developed nations and resisted to

put signature in GATT. But by the mid - 1980s its membership had risen to 90 countries that accounted for four-fifths of world trade. Still many countries felt that the rules and regulations in GATT was so rigid and was not acceptable by all. In the year 1994 the Uruguay Round – created a legal institution- the WTO to replace the provisional GATT. As a body of law, the WTO embodies the GATT 1994, as well as several other non - goods related Agreements (GATS and TRIPS) and has a single dispute settlement mechanism to cover all the various agreements. India has also signed in WTO. As per the terms in WTO all the nations in world can sell their products anywhere in the world. Tariffs and terms will be followed as per the provisions of the WTO. Tariff rate and procedures have to be relaxed as per WTO. In India the WTO agreements came into force from 01.01.2005. Due to globalization policy any commodity can be sold anywhere in the world with concessional tariff or without tariff. This globalization has both negative and positive impact on different sectors in India. For example in software and textiles industry we have positive impact. But if we consider education and machinery we have some sort of negative impact. Due to certain reasons we are not able to take competition in the global market in certain products. Many businessmen are not ready to go for international trade.

OBJECTIVES AND FUNCTIONS

The WTO's objective is to help trade flow smoothly, freely and predictably. The main functions of the WTO include:

- ◆ Administering WTO trade agreements
- ◆ Acting as a forum for trade negotiations
- ◆ Settling trade disputes
- ◆ Monitoring national trade policies
- ◆ Assisting developing countries in trade policy issues, through technical assistance and training programmes and
- ◆ Co - operating with other wings of the UNO (IMF, IBRD and its affiliated agencies).

KEY FEATURES OF THE WORLD TRADE ORGANIZATION

1. Single institutional framework encompassing the GATT (as modified by the Uruguay Round), all agreements concluded under it, and the complete results of the Uruguay Round.
2. Headed by a Ministerial Conference which meets once in every two years.
3. General Council of the Organization to oversee the operations of the organization and its ministerial decisions, and to act as a dispute settlement body and a trade policy review body;
4. General Council to establish subsidiary bodies, a Goods Council, a Services Council, and a TRIPS Council and
5. WTO framework to ensure a single understanding approach results from the Uruguay Round; the membership in the WTO involves accepting all the results of the Round without exception.

BRANCHES OF COMMERCE IN INDIA

1. Manufacturing and Trading
2. Banking and Finance
3. Transport
4. Insurance
5. Storage and Warehousing
6. Standardization and grading and
7. Education.

**STATUS OF INDIA IN THE FIELD OF COMMERCE
MANUFACTURING AND TRADING**

India, after independence, continuous efforts are being taken by the Governments to establish more industries. Subsidies are also provided by the Governments wherever possible to maintain balanced growth in both rural and urban areas of the country. Due to continuous planning we experience considerable growth in Industrial development. In some industries our development matches even the developed nations in the world. For example in software industries India plays a vital role in the global trade. In textiles also the growth is appreciable by and large. We are utilizing advanced technology in most of the fields. In some areas we use our own technology.

BANKING AND FINANCE

Since independence the participation of the indigenous banks has been considerably reduced and 14 Commercial Banks had been nationalized during the year 1969 and six more banks were nationalized in 1980. More concentration was given to promote loan facilities to almost all sectors. The government established some financial corporations like SFI, TIIC, SIDBI to provide better financial assistance to the businessmen. Cash Credit, Overdraft facility, Letter of Credit for export business also have been arranged by almost all commercial banks. Subsidies were provided to encourage the promoters to establish industries in rural and backward areas of the country. SIDBI plays a vital role in promoting industries in all parts of the country.

TRANSPORT

The transport services in India have also been developed well in India. We have spent large amount in developing transport and communication facilities. For developing business transport plays a important role. Goods and commodities of the business can be moved from one place to other place only with the help of transport. In India we have all means of transport like Road, Rail and Air transport. The transports are owned by both the private and government. But the rail transport owned by the Union Government. Facilities provided are appreciable nowadays.

INSURANCE

In all nature of work we have to face risk. Likewise in all businesses there will be risk sometime. If the risk is not covered, on the occurrence of any unexpected event, there will be loss to the business people. To avoid this problem insurance corporations have been established in India. In India both the government and private corporations cover the risk in the life of human being as well as in the goods and other assets. We have various insurance policies to cover the risks. The services rendered by the insurance industries in India is considered the best in the world.

STORAGE AND WAREHOUSING

Storage and warehousing facilities are highly established in India both by the state and central governments. Some of the warehouses are operated by the private authorities. Bonded warehouses are also maintained by the central government, they sometime provide loan facilities to the business people by taking the goods and commodities as security for the loan.

STANDARDISATION AND GRADING

In the warehouse and storage apart from storing, grading, standardization and packaging also are undertaken. According to the necessity of the consumers the goods and commodities are graded with various quality and quantity. The warehouse keeper provides better services to the business sectors. The quality of the service provided by the warehouse is developed tremendously when compared with the situations prevailed in olden days.

EDUCATION SERVICES

In olden days education services were considered as the service to the society. But in modern scenario education is considered as a best product or commodity which earns more profit. Due to this reason all the vendors (Educational Institutions) try to attract the customers (students) by offering various new and innovative programmes in the field of education.

STRUCTURE OF INDIAN HIGHER EDUCATION

In the Indian system higher education includes the education imparted after the 10+2. The Bachelor's Degree is obtained after three years study (Liberal Arts) and four years in the case of most Professional Degrees (Four and half in the case of medicine and five or six years in case of law). The Master programme is of two years duration. The research degrees (M.Phil. and Ph.D.) take variable time depending upon the individual student. The minimum period for and M.Phil. Degree is one and half year and Ph.D. a further two years. The highest degrees are D.Litt. and D.Sc. are awarded after the Ph.D. Degree for original contributions of the highest order. In addition to a number of Diploma and Certificate courses are available in universities.

PROBLEMS

1. India being a developing nation in manufacturing and trading, more amount of human power are utilized than machine power. It will give room for defectives in the finished products and increases the cost of production which is a hurdle while facing competition in the world-wide market. Further technically we are still backward when compared with the developed nations.
2. If we consider the Banking and Financial service in India, due to the change in policy of the government frequently

the interest rates are changed. There are some problems in providing subsidies to the borrowers in certain sectors.

3. Transport cost is more in some means of transport like air and rail. And these facilities are not available in all regions. Rural people will not be benefited with these means of transport.
4. Cold storage facilities are not sufficient in India. In many villages people do not know about cold storage facilities for the products which are perishable in nature and
5. In educational services the infrastructure provided in India is not up to the mark. In many educational institutions no water facilities, laboratory, toilet and well furnished Play Ground etc. are available.

SUGGESTIONS

1. Government should frame policies to uplift the technology in the industries wherever necessary and should encourage innovative and creative ideas in the technology.
2. Facilities like cold storage also can be provided in rural and semi-urban areas to provide better quality products to all the citizens.

3. Best quality should be maintained in all aspects of the business to face the competition in the globalized era.

4. Traditional system of production in small scale and cottage industries should be replaced by introducing advanced technology in production process.

5. The educational institutions should revise the fee structure especially for higher education which will enable even a poor to get good higher education and

6. More infrastructure must be provided in all educational institutions. The government should strengthen rules for the educational institutions.

CONCLUSION

We have all resources within the domestic region of our country. In the modern scenario quality and service are considered to be the best way to satisfy the consumers both in domestic and international trade. Quality can be maintained only if we have latest technologies and creative and innovative methods of productions. Both the government and business people should try to innovate and introduce new technology and supply of products with better quality at a reasonable rate to face and survive in the competitive and globalized era, which will surely help to make India a super nation by or before the year 2020.