



Globalization and Indian Market: A Swot Analysis

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ABSTRACT

Globalization is the buzzword that has come to dominate today's world. Globalization is a highly complex and controversial concept, it is not a new phenomenon but a continuation of developments that have been going on for some considerable time. Today, globalization involves numerous features, but the main engine driving it are Internationalization of production accompanied by changes in the structure of production, Expansion of international trade in trade and services and Widening and deepening of international capital flows. Thus, this paper is an attempt to do a SWOT analysis of Indian's Market globally and to know the various challenges faced by the Indian marketers globally.

KEYWORDS

globalization, capital flows, SWOT, challenges

Introduction

Globalization is a process that refers to the growth of inter-dependencies between national markets and industries on a worldwide scale. Globalization, a highly complex and controversial concept, is not a new phenomenon but a continuation of developments that have been going on for some considerable time. The concept of globalization has been expressed in diverse ways. Several terms over the years have been developed to describe the manifestation of globalization in different areas, such as global strategy, global markets, global products, global advertising, and global marketing. Today, globalization involves numerous features, but the following three seems to be the main engine driving global economic integration:

1. Internationalization of production accompanied by changes in the structure of production.
2. Expansion of international trade in trade and services, and
3. Widening and deepening of international capital flows.

The globalization of market broadens its definition and creates both opportunities and threats for firms. This development has led more and more firms to move into the international arena either offensively or defensively. As the world is becoming smaller, markets in different countries are easy to tap and competition has become intense. Therefore, firms have to exploit their competitive advantages so that they can have an edge over other competitors.

The variations present in the different markets leads to a great work which requires skills to cater to the needs of the different set of consumers as well as potential customers present in the market. Thus, it becomes imperative to be aware of the global markets; as it provides numerous challenges which need a deeper understanding and henceforth to be dealt with. This paper is an attempt to do a SWOT (Strength, Weakness, Opportunities and Threats) analysis of the Indian Market and to see the various challenges present in it; in the context of globalization.

SWOT Analysis of Indian Market

Strengths	Weaknesses
<ul style="list-style-type: none">• Immense demand for domestic industrial good• Abundance of skilled Human Resource• Increasing investment in real assets• Inflow of FDI	<ul style="list-style-type: none">• Industrial sickness• Outdated Laws• Dependency of Subsidies• Lack of Quality Infrastructure• Delays in projects

Opportunities	Threats
<ul style="list-style-type: none">• Focus of Indian industries on quality• Vast export market• Make in India as Global Brand• Overseas investment and acquisition by Indian Firms	<ul style="list-style-type: none">• Countries still lagging behind• Competition from China• Unorganized job market• Inadequate environmental safety norms

Strengths

- **Immense demand for domestic industrial good:** The demand for domestic goods has been increasing. This has paved a way for the downstream industries to come forward and grab the opportunities of the domestic market. The production of high quality goods for the domestic market also widens the scope of going beyond the domestic boundaries.
- **Abundance of skilled Human Resource at Low-cost:** The presence of skill based labour in bulk has made them to be available at low cost. This fact has led a way for industries to come to India. Even today, large number of MNC's has been set up in India and many companies are functioning mainly from the Indian market. For Example Call centre, BPO, KPO, etc.
- **Increasing investment in real assets: India** has an urban population equivalent to the total population of USA and UK, and about 10 million people moving into cities annually. The strong growth, coupled with 18.8 million housing shortage and it is estimated that the size of the real estate sector may increase fivefold to reach an approximate figure of 676 billion US\$ by 2025, requires no mathematical genius to understand the potential.
- **Inflow of FDI (Foreign Direct Investment) across Industrial sector:** India has been ranked among the top 3 attractive destinations for inbound investments. Since 1991, the regulatory environment in terms of foreign investment has been consistently eased to make it investor-friendly. The changes and the reforms that have been done continuously by the government to increase the flow of funds from abroad are remarkable.

Weaknesses

- **Presence of Industrial sickness:** Economic Survey 1989-90, in this connection observed that "Growing incidence of sickness has been one of the persisting problems faced by the industrial sector of the country". Substantial amount of loanable funds of the financial institutions is locked up in sick industrial units causing not only wastage of resources but also affecting the heavy

growth of the industrial economy. E.g. M/s Tata Iron & Steel Co., Jamshedpur, etc.

- **Outdated labor laws and presence of too many political, labor and trade union:** The law of the land is outdated, but still prevalent in many parts of the country. The main disadvantageous position is created for the companies due to the pressure from the other regulatory as well as a few non-regulated bodies which hinders the working of the companies.
- **Dependency of Subsidies:** Subsidy, an incentive based scheme launched by the government to boost industrialization. An export subsidy is a support from the government for products that are exported, as a means of assisting the country's balance of payments. Export subsidy in India is known for being abused. For example, some exporters substantially over declare the value of their goods so as to benefit more from the export subsidy. Such schemes are offered by the government to uplift industrialization and to boost the economy but it has become an opportunity for organizations which tries to take undue advantage of such schemes.
- **Inadequate and poor quality infrastructure:** India being a country with maximum of rural population (almost 60%) is still not having adequate access. This poses a concern for many marketers to think to enter such markets. At the same time the infrastructure developed in these areas is of poor quality and hence the sustainability of such is questionable.
- **Delays in the completion of the projects undertaken:** Majority of the projects remains uncompleted and gets delayed by a considerable period of time. Such delay increases the burden of cost on the companies.

Opportunities

- **Growing Competition of Indian industry due to focus on efficiency and quality:** The predominant sellers market has turned into buyers market and the need of the consumers has changed from a simple product to highly efficient product irrespective of the cost. This has given a way for the firms to compete and deliver a cost effective product at an affordable price, where quality is to be standardized and cannot be compromised.
- **Vast export market to explore:** India is self sufficient in many resources which can be utilized efficiently by exploring the export market. Even today many of India's resources remains ideal as they are unexplored. "A major part of the 3.14 million square km area of the country's reserves remains unexplored" said by Dharmendra Pradhan, Petroleum and Natural Gas Minister.
- **Growing recognition of "Make in India" brand in global market:** The government taken initiative to uplift the industrial sector gives a big opportunity for companies to come forward which also allows foreign investors to come forward. The Make in India is a Buzz word in today's global arena which invites investors to start a manufacturing hub in the country.
- **Growing number of overseas investment and acquisition by Indian Firms:** With the ease of moving across countries, many Indian Companies went abroad for doing business where few has set up a complete manufacturing plant in a foreign country, few acquiring foreign companies and others entering into joint venture with foreign firms to establish a worldwide recognition.

Threats

- **Competition from China:** China became the world's largest exporter in 2015, whereas India ranked nineteenth in the list, which itself depicts that China is a big threat, not only to India but to many other countries as well. China is dominating in areas like manufacturing, electronics, mobiles, technologies, automobile industry, other gadgets etc. China adds fire to the prevailing competition in the market and becomes a major threat for the countries thinking to export to other countries, including India.
- **Countries still lagging behind:** Globalisation is a syn-

onym to competition and strength. It is a reality that globalization has provided the developing countries an access to the world market, but at the same time they are being restricted through various trade and non trade barriers by the developed countries.

- **Unorganized job market:** Downsizing, retrenchment, layoff and VRS has become a buzzword and are on high rise, whereas new jobs are not coming up. With globalization, comes automation, computerization and capital intensive techniques of production which minimizes the number of labour required. As per ILO's report, more than 1 billion people in the world are jobless. In India, annual growth rate of employment generation is merely 2.04 % in all sectors during the year 1983-1994 and it got lowered to 0.98% in the year 1994-2001.
- **Inadequate environmental safety norms:** Competition among developing countries to attract foreign investment leads to "race to the bottom" in which countries dangerously lower environmental standards. Indian environmental norms are not satisfactory to meet the standards and hazards of the global giants. This poses a threat to the environment and also raises a serious concern on the sustainability of the environment.

Challenges to overcome by the Indian market to compete globally:

In case of India, marketers are not only facing challenges for global approaches but also many other challenges such as:

1. Removable of industrial sickness so that the funds which are blocked can be mobilized to its fullest.
2. Outdated Laws whereas the present scenario of business is very dynamic. These laws need to be amended so as to meet the current business environment.
3. Infrastructural development is the need of the hour to compete with the standards of the global world.
4. Incomplete projects in the public sector are a major challenge that government should take into consideration.
5. Dominance of China is a serious issue for the world to look into; including India.
6. Quality has become a centre of focus for the consumers today.

Conclusion

Like every coin has two faces, similarly globalisation also has a two-fold aspect. It can be either positive or negative. For many countries the term globalisation became a word for development whereas for some other countries it may turn out to be completely opposite. Through analyzing the current trends in the global arena, a SWOT analysis of Indian marketer's and prevailing challenges needs deliberate consideration to overcome them and become self sufficient to compete with other giant companies whose existence has become global.

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