

# EMERGENCE OF DE-GLOBALIZATION IN INDIAN PERSPECTIVE: NAVIGATING THE PATH TO SUCCESS

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**Abstract:** In recent years, the global economy has shifted towards less globalization, characterized by declining international trade, protectionist policies, and geopolitical tensions. This decline reflects that economies become less integrated with the rest of the world economies. The present study explores the factors driving de-globalization, analyzes the opportunities and challenges for the Indian economy, and discusses policy implications. Study concluded that globalization has pushed India's economic growth through global trade and investment, while de-globalization emphasizes self-reliance and safeguarding domestic industries but limiting global integration. By using information from various sources this study highlights that how India can leverage reduced globalization to strengthen its economy and achieve viable development. To navigate the complexities of de-globalization a balanced approach requires at both global and local level.

**Keywords:** De-globalization, Globalization, Indian Economy, opportunities and challenges

## I. INTRODUCTION

The use of the word 'De-globalization' has increased since 2016. It is the process of diminishing interdependence and integration between certain units around the world. The concept of de-globalization has gained traction in recent years as countries reconsidering their participation in the global economic system. De-globalization refers to the process of reducing interdependence and integration between nations in terms of trade,

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investment, and capital flows. At the global level, de-globalization seems to have been in progress for several years, at least with respect to the dimensions most directly relevant to international business, trade and foreign direct investment (Witt, 2019). The world is no longer heading toward a unipolar future, as nations are increasingly moving away from reliance on the US dollar. True de-globalization is giving way to a new form of globalization, one that emphasizes cross-border economic, political, technological, and socio-cultural exchanges guided by rational economic thinking, innovative institutions, restructuring of capital markets, adaptation to disruptive technologies, and a sense of political understanding and cooperation.

De-globalization has been found empirically since the global financial crisis and it is more apparent in developed countries than in developing countries (Kim, *et al.*, 2020). It does not oppose international trade nor the exchange of products or services, but proposes that trade is not done at the expense of the communities, the local and national economies. It might divide the world into different zones that grow their own food, weld their own steel, and manufacture their own cars. India, being top most country having highest working population of the world, will be in a unique position to offer the biggest scale for a range of industries. Its scale and diversity offer us a chance, even as the world hurtles toward an uncertain future. After the emergence of de-globalization trade patterns shift, organizations may want to reposition themselves ahead of currents by investing in new core business areas, that are the “natural owners” capable of creating bring unique advantages or capabilities to the business.

Globalization led the foundation stone of liberal democracy and free-market capitalism that resulted global financial crisis. The general complaint about globalization is that it has made the rich more richer while making the poor more poorer. The recent war (Russian-Ukraine War) which actually led to difficulties faced by various economies due to dependence on oil, wheat etc. led to break ties with Russia and take a step back in globalization. The COVID-19 pandemic was also one of turning point towards de-globalization. It has been observed that emerging markets like India have significantly benefited from the globalization process, while the developed world has over-globalized itself (Garg and Sushil, 2022).

On the macroeconomic front, India's policy and intellectual discourse have shifted towards an inward orientation. There is a consensus emerging

that the country's pre-COVID growth slowdown was primarily due to weakened domestic demand, especially in consumption. Consequently, policies have been sought to rejuvenate demand, including income redistribution, agricultural reforms, and increased public investment. COVID has made us think more rationally now. Though the world loves globalization, in the same breath it wants to protect itself from future viral attacks and its aftermath of financial disasters. World is swaying to cut down on the cross-border movement of materials and at the same time bolster the global knowledge pipeline to maintain the global quality standards.

## II. INDIAN ECONOMY IN AN ERA OF DE-GLOBALIZATION

Today's meaning of de-globalization is quite different as a few years ago. In the past, it would have isolation from the rest of the world. Today's, de-globalization means enhanced globalization or accelerated globalization via digitization and indubitably not decelerated or stunted globalization that slows down the economy and takes us back in time. De-globalization may be more fruitful for Indian economy because of its potentials.

Reduced globalization pushes India to focus more on self-reliance, fostering domestic industries under initiatives like *Atmanirbhar Bharat*. This shift could enhance the growth of local manufacturing, technology, and innovation while diversifying trade relationships to minimize reliance on traditional global powers. India was almost closed economy before 1991, after 1990 country put its step forward toward globalization through LPG Policy (liberalization, privatization and globalization) in economic reforms (1991), resulted the rise in GDP. Globalization has been a dominant force in shaping the world's economies over the past few decades. However, recent trends indicate a shift towards de-globalization, driven by geopolitical tensions, trade wars, and the COVID-19 pandemic. The global economic landscape is witnessing a shift towards reduced globalization, marked by a decline in international trade and cross-border investments. This shift, often referred to as de-globalization, has been accelerated by factors such as geopolitical tensions, the COVID-19 pandemic, and a growing emphasis on self-reliance. For India, navigating this new era presents both opportunities and challenges as it seeks to balance domestic economic growth with global integration.

### **III. FACTORS LIABLE TO THE EMERGENCE OF DE-GLOBALIZATION**

Several factors contribute to the emergence of de-globalization in India such as the rise of protectionist policies globally, including trade barriers and tariffs, has prompted India to reconsider its trade relationships. The COVID-19 pandemic highlighted vulnerabilities in global supply chains, prompting India to strengthen its domestic manufacturing capabilities and reduce reliance on imports. Initiatives like “Atmanirbhar Bharat” (Self-reliant India) aim to boost the local production. Technological advancements, such as automation and digitalization, are reshaping global production processes. India is investing in technology to enhance productivity and competitiveness in sectors like information technology and manufacturing (Joshi, 2020).

India’s participation in economic and trade agreements serves as a foundation for broader diplomatic and strategic dialogues. These interactions strengthen international relationships, providing valuable support during geopolitical crises, conflicts, or economic downturns. However, embracing de-globalization risks isolating India on the global stage. International trade agreements are not solely about commerce; they also facilitate discussions on mutual concerns. By distancing itself from global trade, India may weaken its meticulously nurtured bonds with countries worldwide, including allies like Russia and the United States, as well as key partners like Saudi Arabia and the United Kingdom. Consequently, India might find itself marginalized in international discussions and organizations, relinquishing its status as the world’s largest market for various industries. This shift may diminish India’s influence in global affairs, as other nations prioritize engagement with more open and accessible markets, potentially altering the dynamics of crucial global interactions. Atmanirbhar Bharat Abhiyaan will provide momentum for indigenous manufacturing industry to become self-reliant.

### **IV. DE-GLOBALIZATION: THE CATALYST FOR INDIA’S SELF-RELIANCE**

The move towards protectionism started in the wake of the 2008 financial crisis (Zahoor, 2023). It encourages sustainable development practices by promoting local production and consumption. India can leverage its rich biodiversity and traditional knowledge to develop sustainable products and services (Sharma, 2021). De-globalization encourages countries to become

more self-reliant and reduce dependency on imports. This presents an opportunity for India to strengthen its domestic industries, bolster local manufacturing, and promote initiatives like “Make in India” and “Aatma Nirbhar Bharat.” For instance, India could prioritize the production of essential goods domestically, such as medical supplies, reducing reliance on global supply chains.

Embracing de-globalization presents a substantial opportunity for India to diversify its economy by promoting domestic industries such as toys, textiles, and millets. This strategic shift would serve to reduce the nation's reliance on international trade, facilitating consumers' choices of locally produced goods while supporting the “*vocal for local*” initiative. The phenomenon of deglobalization affords India a unique opportunity to fortify its regional ties, as exemplified by the “*Act East Policy*” and “*SAGAR*” initiatives with ASEAN and Indian Ocean countries, respectively. India can position itself as a viable alternative to China within regional partnerships.

As global supply chains become less reliable, Indian industries can benefit from increased demand for locally produced goods. This can lead to the growth of small and medium-sized enterprises (SMEs), creating job opportunities and contributing to economic development. India's rich tradition of handicrafts and artisanal products can see resurgence during de-globalization. The focus on local and traditional goods can provide a market for craftsmen and artisans, preserving cultural heritage and promoting rural employment. De-globalization can provide an opportunity for nations like India to focus on preserving and celebrating their rich literary, cultural, linguistic, and religious traditions. With reduced external cultural influences, there may be a renewed emphasis on the promotion and safeguarding of Indian literature, culture, languages, and traditions. This can foster a stronger sense of national identity and pride.

De-globalization can encourage skill development as domestic industries, facing reduced global competition, may focus on improving the capabilities of their workforce. This shift can lead to increased investments in training and upskilling programs, ultimately enhancing the skillsets of workers. The IT industry may invest in specialized training programs to equip employees with cutting-edge skills. By diversifying its sources of essential goods and technologies, India can build resilience against external shocks and economic crises. This ensures stability in times of uncertainty. India can

effectively employ de-globalization as a means to diminish global cultural influence while simultaneously preserving and promoting its indigenous cultures and traditions.

## **V. IMPLICATIONS OF DE-GLOBALIZATION ON INDIAN ECONOMY**

If De-globalization takes place all at once around the world, then the Goods of foreign market will not be able to reach the Indian market. Thus, the supply of goods will fall whereas the demand for goods will remain the same (or increase due to shortage of goods). This will lead to high levels of inflation in the country. De-globalization impacts the food security in India. It led to shortage of wheat, as Ukraine is top supplier. Indonesia, the world's top producer of palm oil has banned exports of this cooking oil. Energy costs has increased. It is fuelled partly because of the sanctions on Russian oil and gas. It also entails more political/geopolitical uncertainty, which could lead to market volatility. De-globalization has a negative impact on mobility of services and export, and restricts the trend of Indians migrating abroad for higher education and jobs. Closing borders and shutting doors of global trade will impact climate change cooperation. Increased tariffs and other trade barriers by the government and decreased transportation have made it more difficult and expensive for businesses to trade in India and this has reduced consumer choice to local manufacturers. Reduction in MNCs due to de-globalization has acted as a barrier in employment opportunities. Decreased exports as a result, caused reduction in new jobs.

As countries around the world would get detached from Indian markets, India, in turn will also lose access to global marketplace and this may result in less inflows of foreign capital for the country and its people, both in the form of portfolio investment and direct investment. De-globalization will hinder standard of living of Indians like individual purchasing habits, especially those of affiliated with MNCs, serve as early indicators of this shift. Indians may lose access to greater technologies both in consumer goods as well as sectors such as medicine alongside a decreased educational standard and, ultimately, decreased wages. These tendencies limit technological development of the world as whole and of developing countries like India. Limited knowledge sharing and lack of flow of technology limit the growth of developing countries in the field of science. India will need to create new

employment opportunities in several sectors. This will need huge amount of investment and wide-ranging infrastructure which will take a considerable amount of time. This will serve as a drawback for the people waiting for new opportunities in their own country and also a slowdown in their carrier path and economy as a whole.

De-globalization can undermine the influence of multilateral institutions like the United Nations. With nations focusing on their individual interests, global representation may diminish, affecting decision making on critical global issues. De-globalization will minimize competition which will help in the enrichment of self-help groups and make them efficient enough to thrive in their own local markets. De-globalization can encourage communities to work together and support each other, which aligns with cooperative nature of SHGs. It mainly focuses on country's local industries and areas. It will protect and preserve the rural culture of India by emphasizing on local customs and traditions. For this cultural transitions often involve a reconnection with local and traditional economies. It will be resulted as the preference for locally sourced goods and services, and reducing dependence on global supply chain. As the foreign influence will decrease due to De-globalization. It would lead to maturation the Indian industrial sector, giving an incentive to the Indian industrialists and entrepreneurs to develop and improve themselves. For example-Infant Industries, MSME'S, Indigenous Industries, Cotton & Textile Industries etc. The aftermath of De-globalization can be viewed as agriculture being free from the unfavourable terms and conditions (MSP should be abolished) imposed by W.T.O. Therefore, agriculture diversification will become the necessity.

Delocalization may also become a barrier to agricultural exports. Indian farmers would face the double whammy of environmental change and Delocalization. An important challenge is to cure poverty; Delocalization will also put a barricade on the happiness of the people who are earning their livings by retailing imported goods. The most important challenge is to describe the importance and grace of it's own culture and religion. The rise of protectionist policies and trade barriers in various countries can hinder India's access to international markets, affecting its export-driven industries. A notable example of supply chain disruptions was seen during the COVID-19 pandemic when India faced challenges in procuring medical supplies. Reduced market competition post-de-globalization could



lead to market monopolies and a decline in the quality of goods and services. Completely de-globalization is not possible as no country can be fully self-sufficient as it is not possible that any country can have all the natural resources. De-globalization can lead to increased economic and technological protectionism. It can lead to increased geopolitical tensions. Countries may become less willing to cooperate on issues like climate change or economic policy. Larger economies may try to become more independent from the world, while smaller economies may find themselves in the middle.

## VI. GLOBALIZATION VS DE-GLOBALIZATION

Globalization refers to the integration with the global market, leading to increased trade, foreign investments, and technological exchange, contributing to economic growth. It has resulted in the expansion of industries, outsourcing, and improved infrastructure. De-globalization, on the other hand, emphasizes reducing dependence on global markets by promoting self-reliance, local industries, and inward-focused policies, potentially protecting domestic sectors but limiting global trade opportunities. Both trends influence India's economic policy and growth trajectory.

Since the era of the Indus Valley Civilization, signs of worldwide trade have been evident, as evidenced by the discovery of Mesopotamian coins in Harappa. Today, our planet has become a tightly connected global community. No nation can isolate itself from the rest of the world. The word 'globalization' refers to a complicated phenomenon. It refers to the increasing interconnectedness of economies, cultures, and societies across the world through trade, communication, technology, and migration.

In the early 1990's, "License Raj" was at its peak and India was operating in a closed economy with import duties as high as 400 percent. Shortly after India faced with the most unprecedented and worst economic crisis where we did not have even four weeks' foreign exchange to pay for our exports. At that time Government of India introduced the economic reforms, which are commonly known as LPG: Liberalization, Privatization and Globalization. Focusing on the globalization arm of the policy, it meant that the import duties were brought down and the protections on the domestic industries were lifted, making India open for rest of the world. Globalization may also causing brain drain as more and more educated people are leaving the



country to live somewhere else.

As India becomes less dependent on foreign aid, our economy is opening more and more employment opportunities. This will also lead to a decrease in labor migration, which will protect workers from being exploited abroad because they will receive their wages on time and have a good working environment. Globalization played a significant role in making India a world leader in the IT sector and creating ample number of opportunities in making India world's favourite destination for outsourcing. 55 percent of Indian IT businesses revenue and 27 percent of small-scale industries pivot on outsourcing. But in case de-globalization takes place, it would be challenging for various businesses to survive in the marketplace. While globalization has driven economic growth, innovation, and cultural exchange, it has also created challenges like income inequality, environmental degradation, and the erosion of local cultures. Additionally, the historical experience of India suggests that liberalization and openness to trade have been key drivers of export growth and overall economic prosperity. Engaging in regional cooperation and trade agreements can help India access new markets and strengthen its position in the global value chain.

De-globalization is a term that refers to the process of diminishing interdependence and integration between certain units around the world. It can also be defined as a shift movement towards a self-reliant less connected world, finding solutions at local level and border controls, rather than global institutions, international treaties and free movements across borders. On the economic front, it has led to job displacement, wage suppression, economic crisis, loss of economic sovereignty, and currency fluctuations on a very large scale. Socially it has severely added to income inequality, cultural homogeneity, health risks, migration and brain drain through migration, along with labour exploitation. Politically it has led to conflict over resources, loss of national sovereignty, dependency on multi-national corporations (MNCs) and security concerns. A reduction in foreign direct investment (FDI) may hinder India's ability to attract capital for development projects and infrastructure.

De-globalization can have a mixed impact on unemployment. While it may create job opportunities in certain domestic industries like manufacturing, it could also adversely affect export-oriented sectors like IT and services. The agriculture sector, employing a significant portion of

the population, may also face challenges due to changes in global trade dynamics. Government policies and the ability to adapt to shifting global economic trends will play a crucial role in determining the net effect of de-globalization on unemployment in India.

It may be concluded that elements of de-globalization can offer potential benefits, such as boosting domestic demand; there are substantial challenges and risks involved in implementing such a strategy, particularly in the aftermath of the COVID-19 pandemic. By focusing on self-reliance, India can strengthen its domestic industries and reduce dependence on foreign imports. This can create jobs, enhance economic resilience, and promote local innovation.

## **VII. POLICY IMPLICATIONS AND SUGGESTIONS**

As countries focus on self-reliance, competition for limited resources, including energy and minerals, can intensify. India must explore sustainable resource management practices and engage in diplomatic efforts to secure access to vital resources. While some local industries may benefit from de-globalization, others may struggle to adapt to changing global dynamics. For instance, Traditional handloom products from India, such as textiles and garments, often find markets abroad due to their unique craftsmanship and cultural significance. Promoting rural entrepreneurship and diversifying rural economies can help to mitigate these challenges. Rather than going fully globalized or de-globalized India should take a middle path that is we should maintain a balance between globalization and de-globalization. We should understand the need of the hour and then take the steps as our honorable Prime Minister discussed in the G-20 submit about “One Earth, One Future” that is the Earth is a huge village and all the countries are interconnected by a web. To reduce the drawbacks of globalization we can opt for certain measures like we can make a resilient supply chain that is we should not be fully dependent on any nation for anything and when time comes, we should have enough to satisfy the needs of the countrymen. India has introduced the Make in India plan so that they do not be fully dependent on any nation for anything. We can also focus on technology transfer rather than only goods transfer, as it would help us to know how to make the products. We can also focus on the betterment of the education system and job creation in India, which would help in reducing the brain drain.

Steps should be taken to promote foreign direct investment (FDI) into India. This includes simplifying regulations, improving infrastructure, and providing incentives for foreign companies to set up industrial units. Encourage the growth of domestic manufacturing industries through initiatives like “Make in India.” Invest in infrastructure and technology to make India a competitive manufacturing hub. Promote innovation and invest in research and development to develop technologies and products. This can enhance India’s competitiveness in global markets. Focus on skill development and vocational training programs to ensure that the workforce is equipped with the skills and expertise.

Embrace the digital economy and promote e-commerce, fintech, and other digital services. Create an environment that encourages startups and innovation in the technology sector. Investing in infrastructure projects, including transportation, logistics, and smart cities, to support economic growth and attract investment. Invest in promoting India as a tourist destination, showcasing its rich cultural heritage and natural beauty. Tourism can be a significant source of revenue. Incorporate sustainable practices into economic development, including renewable energy initiatives, pollution control measures, and conservation efforts. Advocate for reduced trade barriers and tariffs globally to facilitate ease of doing business. Strengthen data protection regulations to ensure the security and privacy of digital assets, which is crucial in the digital age. Policymakers should create an environment conducive to domestic and foreign investment to support India’s growth objectives. De-globalization may become more successful if it equalizes the distribution of income among different section of society. India needs to invest in education and skills development to ensure that it has a workforce that is equipped to meet the needs of the global economy.

## **VIII. CONCLUSION**

In conclusion, de-globalization provides demanding situations and possibilities for growth of India because it navigates its manner in an increasingly more interconnected international. While retreat from globalization can result in economic slowdowns, decreased business opportunities, social and cultural modifications, it also presents an opportunity for self-reliance and the strengthening of local groups improving

infrastructure, such as transportation, logistics, and digital connectivity, can enhance India's domestic and international trade capabilities.

De-globalization is increasingly relevant in the Indian context due to concerns over economic sovereignty, self-reliance, and sustainable growth. India's dependence on global supply chains makes it vulnerable to external shocks, as witnessed during the COVID-19 pandemic. De-globalization can help strengthen domestic industries, promote local innovation, and reduce reliance on imports, especially in critical sectors like technology and manufacturing. It aligns with initiatives like "Make in India" and Atmanirbhar Bharat, aiming for a more self-sufficient economy. Additionally, focusing on local resources and markets can enhance job creation and protect small businesses from global competition.

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