



IMPACT OF GLOBALIZATION ON INDIAN ECONOMY

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Abstract:

Globalization has opened up new and tremendous opportunities for worldwide developers. To accrue the benefits of globalization, India introduced economic policy changes and integrated its economy to the international economy since the Cold War end. It has brought far-reaching implications on India's economic, trade and investment relations with the countries of the world. India's economic achievement over the last two decades has attracted the attention of other regional and global powers for closer cooperation with India. The paper seeks to analyze the implications of globalization to the Indian economy in the latest era 21st century. It discusses the concept of globalization and its chief features. It examines the performance of the Indian economy since the arrival of globalization in India. It also highlights the measures taken by the government to improve the economy of our country.

Keywords: Globalization, Economic Liberalization, privatization, International Economy and Indian economy

Introduction

Globalization describes a process by which regional economies, societies, and cultures have become integrated through a global network of communication, transportation, and trade. The term is sometimes used to refer specifically to economic globalization: the integration of national economies into the international economy through trade, foreign direct investment, capital flows, migration, and the spread of technology. Globalization is a spatial integration in the sphere of social relations. Globalization can be defined as the intensification of worldwide social relations which link distant locations in such a way that local happenings are shaped by events occurring many miles away and vice versa. Globalization generally means integrating economy of our nation with the world economy. The economic changes initiated have had a dramatic effect on the overall growth of the economy. It also heralded the integration of the Indian economy into the global economy. The Indian economy was in major crisis in 1991 when foreign currency reserves went down to \$1 billion. Globalization had its impact on various sectors including Agricultural, Industrial, Financial, Health sector and many others. It was only after the LPG policy i.e. Liberalization, Privatization and Globalization launched by the then Finance Minister Man Mohan Singh that India saw its development in various sectors.

Globalisation and India

In the 1990s due to change in world economic order and due to heavy pressures from rich countries like USA, Japan, European countries dominating the WTO (World Trade Organization having 135 members, established in 1995) and IMF (International Monetary Fund)

and World Bank engaged in development financing activities, the developing and the poor countries all over the world were forced to open their trade and market and allow foreigners to share their major chunk of a business. Thus, India first started the process of globalisation and liberalisation in 1991 under the Union Finance Minister, Shri Manmohan Singh.

The first 5 years in globalisation did not yield appreciable results. The coming of Multinational cold drinks manufacturers like Coke, Pepsi, and others like Mc. Donald, KFC, Boomer Chewing gums, Uncle Chips, Cornflakes only dominated the show. Due to further liberalization of trade and the privatization, the late 1990s showed the effect to globalisation by the coming of giant car manufacturers like Daewoo Motors, Ford, Honda, Hyundai which resulted in availability of varieties of cars and reduction of domestic car prices. Electronic giants like IBM and world leaders in the telecommunication sector like Ericsson, Nokia, Aiwa etc., delivered wide range of quality products at affordable prices and brought a major revolution in Indian electronic industries. In the power sector Enron, AES-CESCO are dominating the show. The resultant effects were tremendous boost to industrial sector economy. The price level came down due to cut throat competition and Indian consumers are so far happy. Recently in May 2001, the Indian Government also opened the defence sector towards globalisation and privatization.

Effect on employment sector

The employment scenario in India is probably the worst in recent years due to globalization. The restrictions of use of child labour and fair pay to workers have a badly affected the traditional industries like cottage,

handloom, artisans and carving, carpet, jewellery, ceramic, and glassware etc., where the specialized skills inherited for generations were passed on to the next generation from the early age of 6 to 7 years. The globalization and trade restrictions under the influence of WTO have virtually killed business in these sectors.

Impact on agricultural sector

Agricultural Sector is the mainstay of the rural Indian economy around which socio-economic privileges and deprivations revolve and any change in its structure is likely to have a corresponding impact on the existing pattern of Social equity. The liberalization of India's economy was adopted by India in 1991. Facing a severe economic crisis, India approached the IMF for a loan, and the IMF granted what is called a 'structural adjustment' loan, which is a loan with certain conditions attached which relate to a structural change in the economy. Essentially, the reforms sought to gradually phase out government control of the market (liberalization), privatize public sector organizations (privatization), and reduce export subsidies and import barriers to enable free trade (globalization). Globalization has helped in:

- Raising living standards,
- Alleviating poverty,
- Assuring food security,
- Generating buoyant market for expansion of industry and services, and Globalisation in India:

Education and Health Sector

It should be noted that food (Agriculture), Health and education (and to lesser extent banking) are among basic necessities, which every human being deserves and can't do without. Unfortunately, in developing countries there is market failure in all these sectors and majority of people can't afford beyond a certain limit (or can't afford at all). Concept of free markets, globalization, liberalization etc. fails here miserably. Free markets provide goods and services to people who can afford paying for them, not to those who deserve and need these.

Now if we consider these sectors from angle of our inclination towards free markets, certainly there has been lot of progress. There has been world class education available in India and Deregulation has resulted in Mushrooming of private engineering and Medical Colleges. But in reality, this had far reaching devastating effect on society.

These new colleges accommodate only a miniscule proportion of aspirants at very high

costs. Recently, an Independent organization 'Transparency International' came out with report claiming that India's medical system is most corrupt in the world. This was no surprise, we all know from where it starts. High fees of education forces many aspirants to take educational loans from banks. After qualifying job market is unable to absorb majority of them. Practice turns out to be option of last resort. Now to make a decent living and to pay back the loans person is lured by corruption. Consequently, when many similar cases are put together, we get a corrupt system, economy and society.

Reality is that after deregulation and liberalization, government along with other sectors, pulled its hand from social sectors too. Now there is Mediocre to high quality options are available in private sector which can be availed as per one's budget. In public Sector Less than Mediocre to Mediocre options are available. This leaves huge proportion of aspiring students and expecting patients. On Social front India's performance is deplored all over the world and it is probably behind all important developing economies. This lacuna has been recognized and government has taken the charge. In case of education almost universal enrollments has been achieved up to primary level and now impetus should be on improving quality, so that student of public schools comes at par with at least average private ones.

Technological and Cultural impact in India

With the process of globalization, there is an access to television grew from 20% of the urban population (1991) to 90% of the urban population (2009). Even in the rural areas satellite television has a grown up market. In the cities, Internet facility is everywhere and extension of internet facilities even to rural areas. There is an increase of global food chain /restaurants in the urban areas of India. Excessive Multiplex movie halls, big shopping malls and high rise residential are seen in every city. Entertainment sector in India has a global market. After economic liberalization, Bollywood expanded its area and showed a major presence in the global scale. The industry began to explore new ways to become more global and modern. In India, modernity is observed with the West. Therefore, Western philosophy began to be incorporated into Bollywood films. As these new cultural messages began to reach the Indian population, Indian moviegoers were pushed to re-evaluate their traditional Indian cultural ideology. Bollywood movies are also

distributed and accepted at international level. Big international companies (Walt Disney, 20th Century Fox, and Columbia Pictures) are investing on this sector. Famous International brands such as Armani, Gucci, Nike, and Omega are also making investment in the Indian market with the changing of fashion statement of Indians.

Impact of Globalization on business

India has a consumer base of 1.14 billion people
 India is the 3rd largest global telecom market
 The mobile subscribe base has grown from 0.3million in 1969 to over 250million country.
 India is the world 2nd largest two wheeler 4th largest commercial vehical market 11th largest passenger car market.

Conclusion

Following with Globalization India is shining in nearly every prospect. India is getting a global recognition and slowly moving towards to become a major economic and political strength. Globalization has intensified inter dependence and compaction between economic in the world market.

It is focus clear that a globalizing economy while formulating and evaluating its domestic policy. Cannot afford to ignore the passable action and reaction of polices and development in the rest of the world. We will focus on the positive changes it has brought to the world. Both economically and culturally, and how it can very well become one of the defining factors present economies.

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