

The Impact of Globalization on Indian Economy

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Abstract:

“Globalisation” may means integration of economies and society as through cross country flow of information, ideas, technologies, goods, services, capital, finance and people. It may benefit even within a country those who have the skill and the technology. Since the economic reforms of the early 1990s, the Indian economy has witnessed a rapid rise in the economic growth and simultaneously, has brought about an increase in the economic efficiency. With the globalization of Indian economy, India has moved from a highly protected market to a free market economy with severe competition from international manufacturers. Attention to the quality of product in terms of functionality, reliability, dependability and cost has increased in several industrial sectors. Globalization in India was to make the Indian economy one of the fastest growing economies in the world.

Key Words: Globalization, Indian Economy, Students and Education Sectors, Health Sectors, Agricultural sector, Employment sector.

Introduction:

Globalization is a process of global economic, political and cultural integration. It has made the world become a small village; the borders have been broken down between countries. The history of globalization goes back to the second half of the twentieth century, the development of transport and communication technology led to situation where national

borders appeared to be too limiting for economic activity. Globalization is playing an increasingly important role in the developing countries. The post-1991 period has seen notable changes in India's macroeconomic policies, with the result that the Indian economy today is far more open and far more integrated with the global system than at any time since the 1960s. External trade has been considerably liberalized. Import substitution which was the centrepiece of the country's development strategy has been substituted by export orientation. The industrial licensing system has been abolished. The erstwhile limitations on foreign investment and capital and technology flows have been eased. India had the distinction of being the world's largest economy in the beginning of the Christian era, as it accounted for about 32.9% share of world GDP and about 17% of the world population. The goods produced in India had long been exported to far off destinations across the world. The concept of globalisation is hardly new to India. India currently accounts for 2.7% of world trade (as of 2015), up from 1.2% in 2006 according to the World Trade Organisation (WTO). Until the liberalisation of 1991, India was largely and intentionally isolated from the world markets, to protect its fledgling economy and to achieve self-reliance. Foreign trade was subject to import tariffs, export taxes and quantitative restrictions, while foreign direct

investment was restricted by upper-limit equity participation, restrictions on technology transfer, export obligations and government approvals; these approvals were needed for nearly 60% of new FDI in the industrial sector. India's exports were stagnant for the first 15 years after independence, due to the predominance of tea, jute and cotton manufactures, demand for which was generally inelastic. Globalisation is a very common theme of discussion and analysis these days. The process of globalisation is popularly described as a gradual removal of barriers to trade and investment between nations.

Effects of Globalization on Indian Economy

It means to open the Trade and Economy for the international players. In other words, every manufacturer or producer of goods can compete for sale of their products without restrictions or without any imposed control. Global market treats the world as a single market. With the advent of information technology and its strategic application, the world is focussed as a global village and all traders are therefore globalised. Before 1990s India followed a patch of restricted trade. Such restrictions were that certain products would not be allowed to be imported as they were manufactured in India. For example, General Engineering goods, Food items, toiletries, Agricultural products etc. were in the banned list of import. 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 Organisation 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. Recently in May 2001, the Indian Government also opened the defence sector towards globalisation and privatisation.

Effect of Globalisation on Students and Education Sectors:

Globalization has a close relation with education. As education has an important place in shaping a society, globalization has to be connected with education and the global activities have a deep impact on it. Globalization of the world economies is leading to increase emphasis on internationalization of the subjects included in a course of study in school. In every area, humanity lives an increase and rapid change. New challenges force social, economic and cultural values. In the field of education a lot of changes are expected

.Globalization changes traditional structure of education. Global education places particular emphasis on the changes in communication and relationships among people throughout the world, highlighting such issues as human conflict, economic systems, human rights and social justice, human commonality and diversity, literatures and cultures, and the impact of the technological revolution. While it continues to depend on the traditional branches of specialist knowledge, global education seeks to weaken the boundaries disciplines and encourages emphasis on what interdisciplinary and multidisciplinary studies can bring to the understanding and solution of human problems.

Effect on Health Sectors:

Good health for all populations has become an accepted international goal and we can state that there have been broad gains in life expectancy over the past century. But health inequalities between rich and poor persist, while the prospects for future health depend increasingly on the relative new processes of globalisation. Globalisation is causing profound and complex changes in the very nature of our society, bringing new opportunities as well as risks. In addition, the

effects of globalisation are causing a growing concern for our health, and the intergenerational equity implied by 'sustainable development' forces us to think about the right of future generations to a healthy environment and a healthy life. Globalization has the potential to affect a broad range of biological, environmental, and social factors that influence human infections. Indeed, the implications of globalization on infectious diseases have received considerable attention in recent years. Globalisation is also responsible for a surge in practices such as commercial surrogacy and human trafficking.

Effect on Agricultural sector:

India is the second largest producer of food in the world. However Indian agriculture has shown a slow average annual growth rate. It was 3.1 % during the decade 1980-1990 prior to liberalization of the economy. The decline in overall growth of employment during 1993-94 to 2004-05 was largely due to fall in creation of employment opportunities in agriculture. With globalization farmers were encouraged to shift from traditional crops to export-oriented 'cash crops' such as cotton and tobacco but such crops needed far more inputs in terms of fertilizers, pesticides and water. The problem of the Indian farmer is that the farm land should be owned by the independent farmer and input costs like farm machinery, crop insurance, fertilizers, irrigation, pesticides, fuel, and seeds should be borne by the corporate. But corporate farming at present is bringing back feudalism as corporate farmers are working as contractual labourers of the corporate that have bought their lands and employed them. The small farmers, now landless, continue to be plagued

by problems of hunger and debt. Corporate farming can be economically and socially beneficial if it gets the marginal farmer a remunerative price.

Effect on Employment sector:

Economic globalisation and employment are multidimensional and dynamic. They also interact with each other. The relationship between globalization and employment is of growing significance to policy makers in developing countries, but is surprisingly difficult to analyse theoretically and empirically. Globalisation has led to increasing casual employment and the weakening of labour movements. We have failed to adopt a strategic policy in agriculture for an enhanced and sustained growth. Education, and especially health, has received inadequate attention, despite intermingling with the globalized world. With the opening of SEZs or Special Economic Zones, availability of new jobs has been quite effective. Furthermore, Export Processing Zones or EPZs are also established employing thousands of people. Another factor is cheap labour in India. This has motivated big firms in the west outsource work to companies present in this region. All these factors are causing more employment.

Effect on Cultural:

Due to globalisation people are getting attracted towards western life style. This behavioural change causing change in their expenditure pattern. They are less saving and more consuming. They are eager to buy branded and imported goods which ultimately results in increase in current account deficit or causes trade deficit. Cultural aspect of globalisation is destroying our rich ancient culture and values. To substantiate this allegation Vivekananda once said that we should learn science from western world and let them have a deep sense of our rich moral values.

Effect on Environment:

In 1992, soon after heralding in the new economic policies constituting globalization, the then Finance Minister of India (now its Prime Minister) Manmohan Singh delivered a lecture on environmental aspects of the reforms in Delhi. His main argument was that environmental protection requires resources, which would be created by the new policies. A few forms of environmental pollution related to globalisation are indisputable. One is the pollution provided by the transport of raw materials and finished goods that were formerly produced and consumed locally, or done without. The term 'in season', as applied to foods, is no longer comprehended by many First World consumers: sweet peppers and strawberries from Mexico can be purchased in Canadian markets in mid-winter. Even heavy, minimally processed products are transported around the world to places where they already exist in abundant supply. It also claimed that, with globalization capital can be shifted to whatever country offers the most productive investment opportunities,

creating economic growth. The concept of corporate social responsibility needs to become a globally accepted fact alongside the globalization of markets, since it will ultimately benefit the business.

Conclusion:

Globalization has come with both benefits and losses. It should be clear that the increasing importance of globalization cannot be underestimated or ignored. In more than way globalization is the need of the hour. Only countries which have effective social practices can in a true sense, reap the payback of globalization. We must not, nevertheless, miss the opportunities that the global system can offer. As an eminent critic put it, the world cannot marginalize India. But India, if it chooses, can marginalize itself. We must guard ourselves against this danger. Globalization affects education in that, the direction and objectives that education had previously, has to change. Some discussions focusing on globalization effects on health have pointed out the fear that, the increase in migration of people from poorer countries into developed nations creates a complex issue in healthcare systems. to protect local culture from the homogenizing effects of globalization are often intertwined with other, sometimes questionable, motives, including economic protectionism and the political suppression of ideas. This particular aspect of globalization surely has an ambiguous relationship to the further development of modernity.

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