
SOCIO ECONOMIC IMPACT OF GLOBALIZATION IN INDIA

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Abstract

The society around us has established greater contacts over a period of time, but there is increase in such activities in mid 1980's The world is more interdependent now. The term globalization means inter national integration or integration of economies and societies through flow of information, technology, goods, services, capital, ideas and people across the countries. The term social justice is concerned with to ensure to provide equality, give individual rights to everyone in society. In other words it can be defined as securing the development of the capabilities of all society members i.e. every one should be benefited from development. Relationship between globalization and social justice need attention to ensure not only development for all. As we know globalization has affected all the aspects of human life and also social institutions. In this paper we will discuss the impact of globalization on society from economics view point.

Key Words: Globalisation, impact, F.D.I., G.D.P. Growth, employment, inequalities

Globalization : Globalization refer to a scenario where all the countries and economies around the world become inter connected and inter dependent for meeting requirements without creating any hindrances in the free flow of goods, services, technology capital etc. Globalization is opening up of world trade, development of means of communication, development of technology, mobility of goods, services, capital, data ideas and persons also. It is a process through which the whole world is unified into a single society. In context to India globalization implies opening up the economy to foreign direct investment by providing facilities to foreign companies to invest in India. The real thrust to the globalization was provided by the economic reforms during 1991. These economic reforms popularly known as liberalization, privatization and globalization i.e. L.P.G. The main aim of these economic reforms was making Indian economy fast growing and more efficient. Globalization has following parameters.

- (i) Reduction in trade barriers to allow free flow of goods and services among different nations.
- (ii) Creating environment in which free flow of capital can take place.
- (iii) Creating environment conducive for free flow of technology.
- (iv) From the point of view of developing nations creating environment in which labour movement can also take place.

Impact of Globalization

Now the concept of localization is no more there, it is totally changed and converted into globalization. Globalization broadens our minds, we feel that we belong to one world and we all are humans. If we want to know the impact of globalization on our economy and society in India, we will have to discuss some points.

➤ **Growth of gross Domestic Product :**

There is increase in GDP and its growth rate after globalization. Before globalization during 1980-90 growth in GDP was 5.6% and after globalization, growth in GDP during 1993-2001 was 7% and it came to 9.2% in 2006-07.

Table : Growth rate of GDP in India

Year	Growth rate of GDP
1980-90	5.6%
1993-2001	7%
2006-07	9.2%
2016-17	7.4%

➤ **Increase in reserves of foreign Exchange :**

As we know economic reforms are brought during 1991 at the time when there is foreign exchange crises. After these reforms foreign exchange reserves has increased.

Table : Foreign Exchange Reserves

Year	Reserve of Foreign Exchange
2000-01	\$ 39 billion
2005-06	\$ 145 billion
on Feb 2016	\$ 351.83 billion

➤ **Foreign Direct Investment :**

FDI has shown remarkable improvement. Since the limit of foreign direct investment has been raised to 100%, now many sectors are attracting foreign direct investment in India, Which is clear from following table.

Table : FDI inflow in India

Year	FDI (Inflow)
2000-01	2,378.68 Million
2016-17	43,478.27 Million

➤ **Increase in Number of Billionaires in India :**

There is increase in number of billionaires in India as per forbes list 2015. Now there are 100 billionaires in India.

Table : Number of Billionaires

Year	No. of Billionaires
2007	40
2015	100

➤ **Increase in National Income, per capita income and growth rate of economy :**

There is increase in the growth rate of the economy which was earlier moving at very slow speed.

Growth of Economy :

Sector	1985-90	1992-97	2016-17
Increase in national Income	5.8%	7.9%	7.1%
Increase in per capital income	3%	6.5%	5.9%

Source : *Economic survey, CSO Report.*

So from above table it is clear that both national income and per capital income, growth rates are increasing.

Except all above benefits which we observed there is dark side which can not be ignored. There is increase in national income, GDP, FDI, foreign exchange reserves etc but whether this increase benefit all the people or it benefited only elite class. This is also important to discuss. One thing is clear that multinational companies did not come to India for charity but they came to earn maximum profits by utilizing local sources. They are not concerned with our welfare, development, environment and social justice. Social justice and above other things are not in their priority list. Their motive is to exploit natural resources, on the cost of environment to earn profit and become more & more rich. Now further we will discuss the effect of globalization on society and social justice.

➤ **The employment situation has worsened in India in the post globalization period. The growth rate of employment generation has declined.**

There were continuous ban on recruitments and even those positions which were vacant by retirement are not filled in public sector. This lead to decline in growth of employment in various sectors of economy.

Table: growth rate of employment in different sectors of India.

Sectors	1983-94	1994-2000
Agriculture	1.51	-0.34
Mining	4.16	-2.85
Manufacturing	2.14	2.05
Electricity, Gas, water	4.50	-0.88
Construction	5.32	7.09
Trade	3.57	5.04
Transport, storage, communication	3.24	6.04
Financial Services	7.18	6.20
Personal Service	2.90	0.55
Total	2.04	0.98

So there is decline in employment growth rate from 2.04 in 1983-94 to 0.98 during 1994-2000.

➤ **Inequalities in distribution of Income:-**

No doubt there is increase in inequalities in distribution of income during this period of globalization. There concentration in come among few hands which leads to dissatisfaction among masses.

Table: Distribution of National income

Percentage of population	percentage of distribution of income
Lower- 10%	3.6%
Upper- 10%	31.1%

Source: Human development report 2009.

➤ **Inequality in distribution of wealth or assets in rural areas:-**

As we know most of population live in villages and in villages main occupation is agriculture. But there is inequality in possession on land holding also.

Table : distribution of Land holdings

Percentage of farmers	Percentage possession on land holdings of village
6.4% (big farmers)	37%
67% (small farmer)	22.25%

Source: NSSO 200-01

So it is clear there is difference in distribution of land holding among rich and poor farmers.

➤ **Inequality in urban areas:**

As urbanization is increasing in India. There is again inequality in ownership of residential properties.

Table: Ownership of Residential buildings in urban area

Percentage of population	Percentage ownership of urban building property
Top 20%	93%
Top 10%	57%
Top 5%	52
Top 10%	Less then 1%

Source: Eighth round N.S.S.O

From above table it is clear that position of poor is worst in urban area and till now we are not able to bring this in equality down.

➤ **Share of wages and Profit:**

Another finding according to annual survey of industries reveals that real wages decline even for workers in organized sector, although managerial and technical staff secure large increase. So the condition of Poor labour is worse and gap between poor and rich is increasing.

Table: Share of ways and profit in organized manufacture sector in India.

Year	Percentage share of wages	Percentage share of profit
1989-90	50.8%	19.1%
1994-95	38.9%	40.65%
2004-05	32.4%	55.6%

Source: N.S.S.O, annual Survey

This dramatic rise in share of profit against fall in share of wages is the main reason of slower growth of poverty reduction efforts.

➤ **India's Ranking on the basis of corruption:**

Transparency international (TI) has been preparing corruption perception Index (C.P.I.). It is noted that India's rank slipped in C.P.I. to 71 among 102 countries and its score declined. This fact was highlighted by Mr. K.R.Narayanan, then president of India in his address to lok sabha in 1997: "Sheer opportunism and value less power politics have taken over the place of principles, idealism, relationship between people group and parties and corruption is corroding the vitals of politics and our society."

Table: India's Rank in corruption perception Index (CPI) 2010

Year	India's rank	Total No. Countries	CPI
1995	35	41	2.78
2001	71	91	2.70
2010	87	178	3.3

Source : CPI, transparency index, Berlin

A close look at data reveals that India has been ranked among highly corrupt countries.

➤ **Double standards of developed countries:**

Developed countries use globalization for their advantage. They push poor countries to reduce trade barriers, but keep their own barriers. For ex. industrially developed country's decline to open their market for selling goods of developing countries. Industrially advanced countries continue to subsidize agriculture sector, making it difficult for developing countries for developing countries to compete on the other hand they insist developing countries to eliminate subsidy on industrial goods. With these type of double standards, the condition of some poor countries actually become deteriorated.

The large number of suicides committed by farmers is also due to those double standards adopted by developed nations.

➤ **Preference to market instead of welfare state:**

Due to pressure of multinational corporations, International Monetary Fund, World Bank etc., developing nations have to take decisions like privatization and liberalization and opening up the economy for foreign direct investment in different sectors of economy. All these decisions some time hurt small scale industry and lead them to closure.

➤ **More production of luxury goods :**

Multinational corporations produce those commodities which are more profitable to them not those which we need. The production of luxury goods is more profitable to them so our resources are used in production of luxury goods in place of necessities.

Conclusion

Globalization lacks social responsibility. To restore social justice there is need to create a decent society which care for the workers and market should not be allowed to destroy justice. Our primary responsibility is that globalization should benefit all countries and it should raise the economic growth in poor, reduce the poverty from all the nations of the world.

I remember some words by Mahatma Gandhiji, suitable for this situation.

"There is enough in the world for everybody's need, but cannot be enough for everybody's greed."

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