

Impact of Globalization on Indian Economy



Kavita Rani

Assistant Professor of Economics

D. A.V. (P.G.) College Karnal

Abstract

Globalization is defined as the process of speedy amalgamation of countries and events through greater foreign trade and foreign investment. It is a course of global assimilation resulting from the exchange of ideas, products, ideas and other aspects of culture in the world. The effects of globalization on Indian economy began when the Indian government opened up the country's markets to foreign investment in the early 1990s. The globalization of Indian economy took place in its different sectors such as steel, medicine, petroleum, chemicals, textiles, cement, retail and BPO. The economies of the India are becoming increasingly integrated due to globalization. In this way, it can be said that globalization has affected Indian economy in many ways, whose impact is clearly seen in Indian economy. This paper tries to explore the Impact of Globalization on Indian Economy.

Key Words: IMF, World Bank, Poverty, Development.

Introduction

Globalization is an economic, socio-cultural and global system in which market forces are so powerful that their impact can be seen in every sphere of life. Under this system consumption and consumerism, loss of sovereignty of the nation and state, economy being the most important and getting information without wasting time are included. Globalization is the climax of liberalization. Globalization is the process by which the entire world becomes a single market. It can be understood as rapid integration or mutual relations between various countries through foreign investment and foreign trade by multinational companies. Globalization means different things to different people. It can only be defined as the expansion of economic activities across the political boundaries of nation states. More importantly, it refers to the process of deepening economic integration, increasing economic openness, and increasing economic dependence between countries in the world economy. Liberalization began to gain a foothold on the wastelands of developing countries like India through reduction of excise duty on electronic goods in a given time frame. The import duty was reduced step-wise to allow multinational companies in India to operate on parity basis. The resulting globalization has also brought new technologies, new products and economic opportunities to India.

Globalization is a centuries-old phenomenon that has been going on for centuries. Due to its increased speed we can experience it very deeply these days. The penetration of technology and

new economic structures is leading to increased interaction between people. As it has, among other things, it has both positive and negative effects on India. The Indian economy experienced major policy changes in the early 1990s (Somalkar,2006). The new economic reforms, known as liberalization, privatization and globalization were aimed to make the Indian economy the fastest growing economy. A series of reforms promote the industrial sector, trade as well as the economic sector with the aim of making the economy more efficient (Adam,1996:151).

Impact of Globalization on Indian Economy

Globalization, both as an ideology and a process, has become a major political, economic and cultural force in the 21st century and has influenced the role of the state in a significant way. Global economic changes have a substantial impact on the role of the state. The global economy has been built by online banking, stock markets and large scale global franchises. The state no longer controls the currency, such as in Europe, due to intangible assets and imports, as well as online and electronic banking and a shared currency between many states (Mazumdar,2014:22-29)

The positive impact of globalization in India has been tremendous. Large competition among producers is a major benefit for consumers as a result of globalization as more options exist in front of them. Consumers now enjoy better quality and lower prices for many products. Many MNCs have increased their investment in India due to globalization (Sibal,2012:17-22) means

that thousands of people are getting higher-paying jobs and, enjoy higher standards of living than before. Globalization has created new opportunities for Indian companies providing services, especially in the IT sector. Services like data entry; accounting and administrative functions are now being done cheaply in India and exported to developed countries. This has created thousands of jobs (Angles,Sundar & Chinnaduari,2011:301-308).

After urbanization and globalization, Indian society is changing a lot. Economic policies have had a direct impact in creating the basic structure of the economy. Economic policies established and administered by the government played an essential role in the planning of levels of savings, employment, income and investment in society. Cross country culture has one of the important effects of globalization on Indian society (Bhardwaj,2017).

It has significantly changed many aspects of the country including cultural, social, political and economic. However, economic integration is the main factor that contributes maximum to the country's economy to the international economy. This means, in the Indian case, the term liberalization is used to show the direction of economic reforms, with the increasing influence of the state or planned or command economy and the growing influence of the free market or capitalist economy. This is a step towards capitalism. India market is trying to strike its own balance of state-market mix '. This means that even if economic reforms have the direction of market economy, it can never be considered blind to capitalism (Kumar,2013).

The effects of globalization on Indian industry began when the government opened the country's markets to foreign investment in the early 1990s. The globalization of Indian industry took place in its various sectors such as steel, pharmaceutical, petroleum, chemical, textile, cement, retail, and BPO. The negative effects of globalization on Indian industry are that with the advent of technology the number of labor decreased and as a result many people were fired from their jobs. This occurred mainly in the pharmaceutical, chemical, manufacturing and cement industries.

In short, the process of globalization has changed the social life of the industrial patterns of the global people and it has a great impact on the Indian business system. The globalization of

economic, social and cultural structures occurred in all ages. Previously, the pace of the process was slow. Today with the introduction of information technology, new ways of communication have made the world a much smaller place. With this process, there is a huge market place. Globalization has resulted in an increase in the production of a range of goods. MNCs have set up manufacturing plants all over the world. It has positive implications and India will remove many hurdles and adopt global policies to expand trade internationally. India is gaining international recognition and getting stronger in the economic and political fields.

Conclusion

Liberalization of trade and investment policies greatly helps in the global process. These policies clear the way for foreign investment. Along with this, the way of import and export also opens up. Local companies and businessmen are motivated to improve quality. Many multinational companies get the opportunity to get different stages of production from different countries. Globalization is an important element of economic reform, introduced in India in 1991 (Goyal,2016):Singh,2009):Ravan,2014):Das,2021-26): Acharya & Mohan,2011).

Due to globalization it was expected that globalization should be beneficial for the economy, welfare of all people as a whole and throughout the country. It was expected that capital and technology would flow into India from developed countries of the world. This implies that it increases the rate of economic growth in the country and reduces poverty and does not increase inequalities in the economy, moreover, there should be social integration of the economy with the rest of the world. Globalization has been happening for centuries and will continue to happen. This is a reality from which we cannot turn our backs. Globalization has advantages as well as disadvantages. It would not be an exaggeration to say that globalization has brought more benefits. Now the big countries of the world have to make such policies so that the benefits of globalization reach the common man. Globalization will be called successful in the true sense when every class of man starts living a right level of lifestyle.

References

1. Somalkar, P. (2006). Impact of globalization on Indian economy. *ABHINAV National Monthly*

- Refereed Journal of Research in Arts and Education, 1,(8), ISSN 2277 Sardar Patel college, Chandpur.*
2. Adams, J. (1996). Reforming India's Economy in an era of global change. *Current History, 95*(600).
 3. Mazumdar, S. (2014). India's economy: Some reflections on its shaky future. *Futures, 56*.
 4. Sibal, R. (2012). The untold story of India's economy. *India: The Next Superpower*.
 5. Angles, S., Sundar, A., & Chinnadurai, M. (2011). Impact of globalization on production and export of turmeric in India—An economic analysis. *Agricultural Economics Research Review, 24*(347-2016-16971).
 6. Bhardwaj, R. (2017). Impacts of Globalization on Indian Economy-An Overview. *World*.
 7. Kumar, N. P. (2013). Globalization and its Impact on Indian Economy. *Innovare Journal*.
 8. Goyal, K. (2016). Globalization and its impact on transforming India's economy. *International Journal of Research in Management and Business Studies, 3*(4).
 9. Singh, K. (2009). What is restraining the process of globalization. *Indian Management Journal Studies, 13*.
 10. Ravan, S. V. (2014). Impact of LPG on Indian Economy. *Prime International Research Journal, 1*(4).
 11. Singh, L. (2013). Globalization and poverty in India. *Voice of Research, 1*(4).
 12. Das, M. (2016). Globalization and its Positive Impact on Indian Economy.
 13. Acharya, S., & Mohan, R. (2011). *India's Economy: Performance and Challenges: Essays in Honour of Montek Singh Ahluwalia*. Oxford University Press.