

Globalization's effect on the indian economy



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Globalization has been a historical process with ebbs and flows. Growth of globalization was mainly led by the technological forces in the fields of transport and communication. There were fewer barriers to flow of trade and people across the geographical boundaries. Indeed there were no passports and visa requirements and very few non-tariff barriers and restrictions on fund flows.

India too is no exception to globalization. The Indian Economy witnessed major changes in the 90's. The main aim was the rapid growth of Indian economy & to make it globally competitive. The Indian economy was in major crisis in 1991 when foreign currency reserves went down to \$1 billion & inflation was as high as 17%.

Due to globalization, in Indian economy it affect not only to agricultural production but also employment opportunities in the rural parts, inequality between urban & rural areas. Globalisation is conceived as a powerful transformative force responsible for a massive shake-out of nations, economies, international institutions & the whole world order. Thus, we can say that the higher the level of international corporations/transactions, the higher will be economic growth, income level & living standards the globalization process would bring. Globalisation has brought many jobs & large sums of investment to India. India's economy has been growing at exceptional rates for the past several years & many new opportunities have opened up for India. Yet, India does remain quite poor. Most of those who profit from globalization in India are the upper classes, with many in the lower classes being displaced & suffering from miserable labor conditions. Globalization has created a large economic boom for India with largely

positive effects. At the present, we can also say about the tale of two Indians. We have the best of times; we have the worst of times. Globalization of financial markets has far outpaced the integration of product markets. There is sparkling prosperity, there is stinking poverty. We have dazzling five star hotels side by side with darkened ill-starred hovels. We have everything by globalization, we have nothing by globalization.

There are numerous advantages in the shift to a global economy including the possibility to increase benefits from economies of scale. The breaking down of global barriers allows companies to benefit from the largest & cheapest workforces, raw material, & technology. Due to globalization, in many areas of the country tomato growers, potato growers & fruit growers, farmers benefited from tie-up & collaborations with ketchup, potato chips, fruit juices etc. Fishermen in Kerala have increased their incomes using mobile phones to find out the best markets where the prices are highest on each day. Lock outs & strikes have declined to insignificantly low levels because industrial labor is happy. Due to Globalization the business market in the world has no boundaries; they can market their products in any part of the world. This has involved the chances of laying hands on global market & technologies, which would definitely increase our qualities of living standards. Globalization helps Indian Entrepreneur to know more about the competitors, recent trends, Quality of products. Helps in sourcing new technology for improving their Brand Quality. Hiring competent person irrespective of the nationality. Good exposure of Indian brands to overseas market. Due to increase in healthy competition with other brands, Indian brands will be forced to improve their quality and services to the customer. It

aims at increasing the production of food and improvements of the economic and social condition of farmers. It would increase efficiency of the workers. Use of seeds and heavy machines has help to increase agricultural productivity. It would improve animal husbandries would be able to import good breed of animals from the other countries. Farmers will get the privilege of the international market through export agricultural products.

The various beneficial effects of globalization in Indian Industry are that it brought in huge amounts of foreign investments into the industry especially in the BPO, pharmaceutical, petroleum, and manufacturing industries. As huge amounts of foreign direct investments were coming to the Indian Industry, they boosted the Indian economy quite significantly. The benefits of the effects of globalization in the Indian Industry are that many foreign companies set up industries in India, especially in the pharmaceutical, BPO, petroleum, manufacturing, and chemical sectors and this helped to provide employment to many people in the country. This helped reduce the level of unemployment and poverty in the country. Also the benefit of the Effects of Globalization on Indian Industry are that the foreign companies brought in highly advanced technology with them and this helped to make the Indian Industry more technologically advanced. Since 1991, India has witnessed an explosion of new media. Between 1990 and 1999, access to television grew from 10% of the urban population to 75% of the urban population. Cable television and foreign movies became widely available for the first time.

1) Indian Agriculture: Indian farmers are offered no subsidiaries compared to the US Farmers. There has been no encouragement from the government to ensure foreign companies to set up technologies for the farmer's assistance.

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The US Farmers has opened the market for textile & China has already set up factories & started production where in India hasn't woken up. On the other side of the medal, there is along list of the worst of the time, the foremost casualty being the agriculture sector. Agriculture has been & still remains the backbone of the Indian economy. It plays a vital role not only in providing food & nutrition to the people, but also in the supply of raw materials to industries & to export trade. The financial capital of India & the political of India are set to become the topmost slum cities of the world.

2) Gross Domestic Product (GDP) Growth rate: The Indian economy is passing through a difficult phase caused by several unfavorable domestic & external developments, Domestic O/P & DD conditions were adversely affected by poor performance in agriculture in the post two years. The rate of growth of GDP of India has been on the increase from 5.6% to 7% in the 1993-2001 periods. The sectors attracting highest FDI inflows are electrical equipments including Computer software & electronics (18%), service sector (13%), telecommunication (10%), transportation industry (9%) etc.

3) Export & Import: India's export & import is increasing many Indian companies have started becoming respectable players in international scenes. There are two alternative causes available. To sell its product in the export market. To produce those type of commodities that the rich in India could consume i. e. luxury consumption goods.

4) Technologies: IT is given special status. The reason for this is because the Indian government wants to promote it-s nation a as a technological advanced nation and in order to do this they must stimulate the IT sector.

The “ special status- means the sector and investors (willing to invest in the sector) will receive many benefits and incentives from the government to do so.

5) Poverty: The government of India has shown decline in people living in absolute poverty by manipulating statistics. The “ decline” happened when large number of industrial units has been closed down, number of days of work available to workers has declined, downsizing of manpower had taken place in most of the industrial undertakings and non-availability of jobs to the new entrant in employment market is witnessed. Besides, there is an all round decline of prices of agricultural products, forcing farmers to suicide. In sectors like plantation and tea, workers are virtually starving. It is just not possible that people living in absolute poverty can decline in the country under these circumstances.

6) Education: The growth of higher education and the impact of the global economies have influenced the Indian education system over the last few years.