

Globalization and its impact on employment in india



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ABSTRACT

Globalization has played a crucial role in the creation of employment opportunities in India. A careful study of the impact of globalization on employment in India points us to certain vital factors. Economic liberalization policies of the 1990s completely redefined the employment scenario of India. The open market policies resulted in a substantial improvement in the gross domestic product of the country. There was also a significantly increase in the exports. This growth in demand resulted in the need for increased supply which in turn required more production; finally resulting in increased employment. Globalization has also driven the growth of consumer markets. There has been a sprawling expansion of various industrial segments catering to varied needs of consumers. The advent of a wide range of industrial sectors resulted in the economic growth of India on one hand and in the high demand for quality workforce on the other. This has spearheaded employment opportunities for the Indian youth at various industries and also the introduction of technical and management training that would prepare candidates to be suitable to take up various roles in the corporate world. The growth of employment opportunities is not only seen in the organized sectors but is also observed in the unorganized and allied sectors as well. Keeping pace with the positive impact of globalization on Indian employment, the Government of India has taken a number of initiatives to create sustainable employment opportunities to all sections of the society, the urban as well as the rural youth.

INTRODUCTION

Globalization has become a widely discussed topic that has important implications to every area of life. Some consider globalization as paving way towards a world of new opportunities with no barriers while others consider it as a progression towards destruction. This paper presents a definition of globalization, traces the historical evolution of globalization, presents the impact of globalization on the employment scenario in India,

DEFINITION

“ Globalization’ is defined as the integration of economies and societies through cross country flows of information, ideas, technologies, goods, services, capital, finance and people. This integration happens politically, socially, economically and culturally. When we consider economic integration, there is cross border trading of goods and services, mobility of capital, flow of finance and mobility of people.

EVOLUTION OF GLOBALIZATION

When we trace back to understand the evolution of Globalization, there was a quick economic integration before World War I, between 1870 and 1914. There was mobility of both capital as well as people. Technological advancement in transport and communication was the main reason behind the growth of globalization. There were less barriers for the movement of goods and services, finance and people across nations. There was a downward trend in the rate of globalization between the First and the Second World War. During the period between the First and Second World War, many barriers were developed to curtail free movement of goods and services. The assumption behind that was raising high protective barrier

would help economies to thrive better. However, after World War II, all leading economies changed their views on globalization considering the negative impacts of being isolated earlier. After 1945, there was a thrust for increased integration. However, only during the 1970s, the exports and imports of developed nations reached the Pre-World War I level. Following the independence from the colonial rule, most developing countries practiced an import substitution industrialization program. However, globalization has progressed with vitality in the last two decades. Nations were getting integrated with the global economy. Developing countries started to realize that only an outward oriented policy is the way forward to growth. Recently we see complete transformation happening in economies at a rapid pace. We also witness the tremendous impact of information technology on this integration. India has enjoyed the benefits of globalization in various fields.

GLOBALIZATION AND EMPLOYMENT IN INDIA

Globalization has played a crucial role in the creation of employment opportunities in India. A careful study of the impact of globalization on employment in India points us to certain vital factors.

Economic liberalization policies of the 1990s completely redefined the employment scenario of India. Economic liberalization includes both macroeconomic stabilization and micro-structural change. Structural adjustment includes deregulation in the labour market and measures to increase labour market flexibility.

The open market policies resulted in a substantial improvement in the Gross Domestic Product (GDP) of the country. The opening up of the Indian market to Foreign Direct Investments (FDI) and Foreign Institutional Investors (FII) took India's GDP growth rate to an all time high during the 1990s. This period was followed by a 4.5% to 5% increase in the Indian GDP output. The tremendous growth in Indian Information Technology, Indian Service Industry and the Indian BPO Sector resulted took India GDP growth rate to around 6% by 2003. After 2004, the GDP growth rate reached 8.5%. In the third quarter of 2010, the GDP growth rate reached 8.9%. From 2004 until 2010, India's average quarterly GDP Growth was 8.40 percent reaching an historical high of 10.10 percent in September of 2006.

There was also a significant increase in the exports. The following graph portrays the steady increase that was witnessed in Indian Exports.

In December 2010, Indian exports were worth 22500 Millions USD. Exports contributed to 22% of India's GDP. India is a leading exporter of gems, jewelry, textile goods, engineering goods, chemicals, leather manufactures and services. India's main export partners are European Union, United States, United Arab Emirates and China. This growth in demand for Indian goods resulted in the need for increased supply which in turn required more production. This finally resulted in increased employment.

Globalization has also driven the growth of consumer markets. According to a McKinsey Global Institute (MGI) study titled 'Bird of Gold': The Rise of India's Consumer Market, the total consumption in India is likely to quadruple making India the fifth largest consumer market by 2025. Urban India will

account for nearly 68 per cent of consumption growth while rural consumption will grow by 32 per cent by 2025.

India ranks first in the Nielsen Global Consumer Confidence survey released in October 2010. “ India is one of the fastest growing markets in the world and the current consumer belief that recession would soon be a thing of the past has filled Indians with confidence,” said Piyush Mathur, Managing Director, South Asia, The Nielsen Co. With 129 index points, India ranked number one in the recent round of the survey, followed by Thailand (117) and Australia (115).

There has been a sprawling expansion of various industrial segments catering to varied needs of consumers. The advent of a wide range of industrial sectors resulted in the economic growth of India on one hand and in the high demand for quality workforce on the other. This has spearheaded employment opportunities for the Indian youth at various industries and also the introduction of technical and management training that would prepare candidates to be suitable to take up various roles in the corporate world. The growth of employment opportunities is not only seen in the organized sectors but is also observed in the unorganized and allied sectors as well.

CONCLUSION

Keeping pace with the positive impact of globalization on Indian employment, the Government of India has taken a number of initiatives to create sustainable employment opportunities to all sections of the society, the urban as well as the rural youth. An employment program initiated by the Indian government Prime Minister Rojgar Yojna. Launched on 2nd

October 1993, this scheme is designed to create and provide sustainable self-employment opportunities to one million educated unemployed youth in the country during the 8th Plan Period. These programs are aimed at increasing employment opportunities in the country. The government also has given emphasis to the improvement of the quality of labour in government as well as public sector units. The Minimum Wages Act has been a great success especially in the rural areas.