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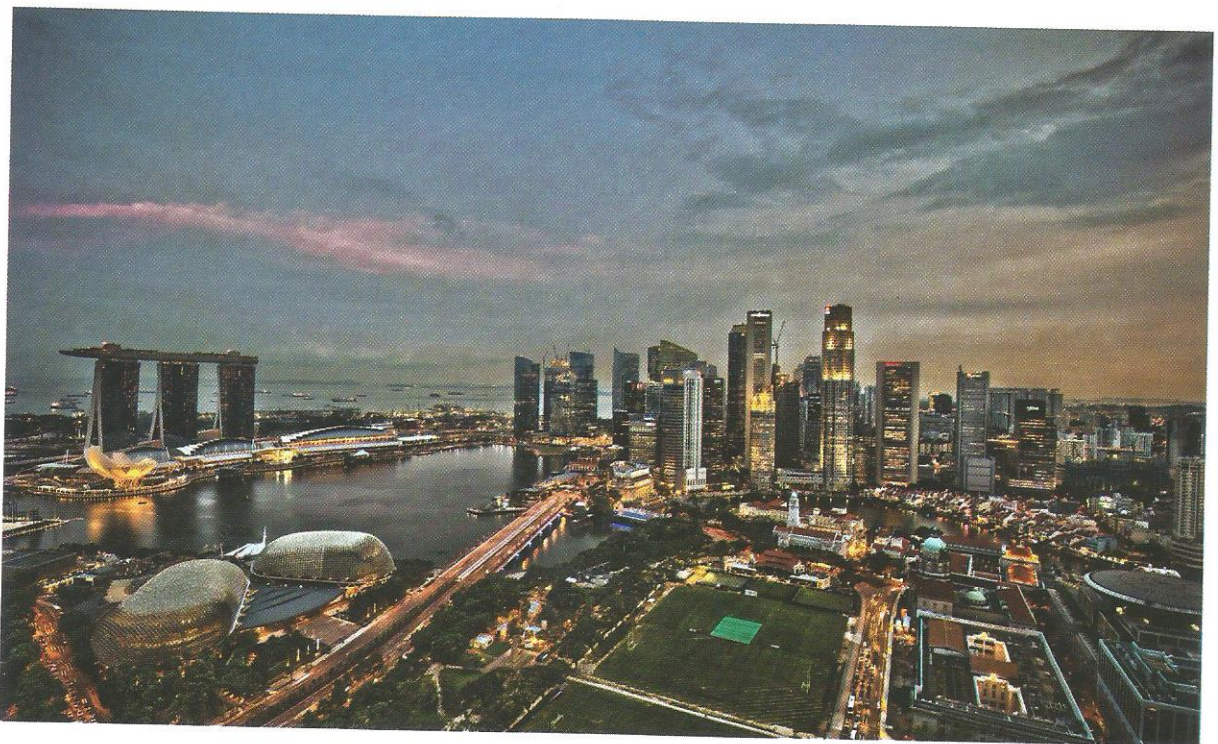
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Socio- Economic Impact of Globalization in India: **An Overview**



Globalization was adopted by Indian Government during the year 1990 – 91, when Indian Economy condition was in a very bad shape. , However it was, adopted not as a solution of deteriorating Indian economy condition, but to enable f to get further foreign exchange loans from World Bank, as its foreign exchange reserves were reduced to mere 3 weeks outflow. To rectify its ailing financial condition. Government of India, simultaneously decided to amend its economical policies and go for privatization & liberalization of its economy. These decisions had immediate

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positive effect. However, globalization has proved to be a double edged weapon. It did help government temporarily, meet its emergent need of foreign exchange, but it has, as a by- product, caused some permanent damage to Indian Economic system and Indian social structure.

Key Words : *Liberalization, Current Account Deficits, Disinvestment, Western Culture Etc.*

Introduction



Indian economy had experienced major policy changes in early 1990s. The new economic reform, popularly known as, Liberalization, Privatization and Globalization (LPG model) aimed at making the Indian economy, as fastest growing economy, and globally competitive. The series of reforms undertaken in respect to industrial sector, trade, as well as, financial sector, aimed at making the economy more efficient.

On the onset of reforms, to liberalize the Indian economy in July of 1991, a new chapter has dawned for India and her billion plus population. This period of economic transition has had a tremendous impact on the overall economic development of almost all major sectors of the economy, and its effects over the last decade, can hardly be ignored. Besides, it also marks the advent of the real integration of the Indian economy into the global economy. This era of reforms has also ushered in a remarkable change in the Indian mindset, as it deviates from the traditional values had since Independence in 1947, such as self reliance, and socialistic policies of economic development, which mainly due to the () restrictive form of governance, resulted into the isolation, overall backwardness, and inefficiency of the econom performance, amongst a host of other problems. However, despite the fact that India has always had the potential to be on the fast track to prosperity.

According to Guy Brainbant, the process of globalization not only includes opening up of world trade, development of advanced means

of communication, internationalization of financial markets, growing importance of MNCs, population migrations and more generally increased mobility of persons, goods, capital, data and ideas, but also infections, diseases and pollution.

Economic Effects of Globalisation

The oil crisis in 1970's and various other factors had created financial emergency in India around 1990s, when foreign currency reserves were reduced to only 3 weeks outflow. Major factors for such a situation was stagnant economy, mounting fiscal deficits, current account deficits in international trade, and high rate of inflation during the preceding many years. Fiscal deficit as a percentage of GDP (Gross domestic Product) has been over 7% during previous decade and it had touched 8.4% of GDP during 1990- 91. Current account deficit was about 3.3% of GDP while rate of inflation was as high as 10%. Such a situation demanded some drastic steps including major structural changes in Indian Economic policies. At this point, Indian Government had no option, but to accept the precondition of joining stream of Globalization, so as, to be able to avail loan/grant facility from World Bank. It agreed to reduce quantitative restrictions imposed through licensing system. It also agreed to reduce custom duties in phases to levels acceptable to WTO. Custom tariffs were reduced in phases over the decade 1991 - 2001 from weighted average of about 70% to about 30%.

Policies of Privatization and liberalization of economy, along with the process of globalization, had a dramatic effect on Indian Economy, which responded swiftly and positively to these measures. Fiscal deficit immediately came down to 5.9% in the year 1991-92 itself. The real GDP increased at an annual rate of about 6%. Many new companies were formed by Indian entrepreneurs across different industrial segments, in view of liberalized economic policies announced by the Government. A large number of job opportunities, with good wages, became available in India. This resulted in sharp growth in middle Income Groups, which, in turn, fuelled domestic consumption. Liberalized policies on foreign direct investment (F.D.I) and Foreign Institutional investment (F.I.I.) helped in faster developments in telecommunication, roads, ports, airports, Insurance and other major sectors. All above improvements in Indian Economy were largely due to changed Economic policies of Government of India.

However, Globalization had only indirect contribution, in above improvements. Therefore, we may say, there are least developments- which are attributed to Globalization process only. Four such developments are:

I. Direct effect of Globalization is intensified interdependence of Indian economy and world economy. As a result, it has become very difficult for Government of India to insulate its economy from World Economy. Government is no more the sole driver of Indian Economy which is influenced more and more by international policies and international economic conditions. Direction and depth of all economic activities in India is now governed largely by global Economy.

II. Globalization has completely eroded the spirit of 'Swadeshi Movement' run by Father of the Nation, Mahatma Gandhi. Large scale migrations from India and easy availability of foreign products have increased the exposure of Indian population to high



quality and reputed foreign products/brands. Indians now prefer global brands over Indian brands. Globalization has adversely affected many established companies (like organisations manufacturing Ambassador cars or Fiat cars etc) which had failed to face competition from established global players.

III. Steep and fast reductions in custom duties have snatched large part of Indian market from Indian Industry and passed it on to imports from established global players. New opportunities for exports by Indian Industry opened up by globalization are no comparison to the loss it has suffered on account of reduction in demand of its products in local market of one billion people.

IV. For its survival in the face of global competition, Indian industry has transformed itself from labour intensive processes to Capital intensive processes by adopting global technologies and automatic machinery. This has resulted in high rate of unemployment in India. Unemployment is the biggest challenge for Indian Government today.

V. We can thus, observe that Globalization does not seem to have helped Indian Industry. We may call globalization, at best, a double edged weapon. It has helped Indian consumers to enjoy all high Quality global brands. It did help Government of India to tide over its serious foreign exchange problem, though temporarily, by enabling it to get loan from World Bank. But, it has been at the cost of serious erosion of control of Indian Government over its economy and at the cost of local Industry.

Socio-Cultural Effects of Globalisation

Improved Economic conditions, increased recognition of human rights, unprecedented mobility and interaction of people from different countries have dented local cultures of people the world over. Transnational workforce and large scale immigrants, a product of globalization, are dispersing

different cultures in various countries leading to a unified world culture that consists of a mixture of various regional cultures. Global population is getting closer to sharing similar social values, aspirations, attitudes and life styles. Local culture, spiritual practices and core social values have been getting reframed and a new meaning is being given to human life. It is globalization and globalization alone, which is responsible for changing people's outlook and life style. To highlight the fact that our established socio culture systems have been severely affected, we examine here below some of the changes in various established practices: Indian society has always been a male dominated society. Male members have been sole bread earners and have been the sole face of family to outside world. Women folk have been only managing the family within four walls of their home. Globalization has struck a fatal blow to this established practice. Today women are working in all spheres of Indian Economy. They have challenged male domination in all respects. Today men are normally not free to take any family decision without consent of women folk. Indian joint family system has been appreciated world over for strong relationships which provided support to everybody to face hard times and old age periods. Western culture has given new meaning to life to Indian youth. They want to lead an independent life. They are getting more and more blunt in breaking relations with elders and in building nuclear families. Old & handicapped persons in the families are being forced to support themselves without any support from their children. These nuclear families are getting further divided due to strained relations of partners or due to displacement of one or the other partner to a far off place in pursuit of his/her employment.

Earlier, well defined religious practices were being blindly followed by one and all. But globalization has now brought in the spirit of reasoning which has weakened established practices. Secondly, work place integration of

different cultures has inter-mixed the religions practices. This way old age religious practices which differentiated people from different religions are getting blurred. Earlier life partners were searched from local areas and from within their caste. Now inter caste marriages i.e. marriages within families with

totally different social systems are quite common. Majority of such marriages are getting fructified either in the study institutions or at their work place. Globalization has thus, greatly affected our social fabric. The shared experience is giving new meaning to our life and is leading to changes in our culture, religious practices and spirituality.

Conclusion



It can be concluded that Globalization is the process of international integration arising from the interchange of world views, products, ideas, and other aspects of culture. Socio-economic impact can be summarized as under:-

(A) Economic Impact of Globalization

1. Globalization has given nations greater access to global markets, technology, financial resources and quality services and skilled human resources.
2. Improvement in and greater access to quality goods and services and an exponential increase in the volume of trade.
3. Access to global capital resources via the stock market and international debt depending on the economic potential of nations and their markets.
4. Access to technologies depending on the nations responsiveness to respect to protection of IPR and the responsible usage of technologies.
5. Access to the world markets to the skilled human resources from nations with inherent intellectual and technical capabilities (the outsourcing of IT, Pharma, BPO and KPO work).

(B) Social Impact Due to Globalization

1. The free flow of Information both general and commercial.
2. Globalization has through greater exposure liberalized our attitudes, reduced our biases and predispositions about people, situations and communities worldwide.
3. The advent of Information, Communication Technologies (ICT), Nations have built greater awareness of themselves and the other countries and cultures of the world.
4. One can see in India that inhibitions have been diluted because of the advent of media and the medium of entertainment. This has also naturally had some affect on the old cultural values with the focus now being on consumerism and success..
5. The experience in India is of relevance because of the greater cultural and literacy diversity between states and the economic divide between the urban and rural areas of India.

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