

## Impact of Globalization in India

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### I. Introduction

The question whether the globalization is beneficial for the world or harmful, is still unsolved and very controversial. Besides all of its disadvantages, it is an accepted reality that globalization is expanding very rapidly throughout the world. This paper is an attempt to find out what is the true sense of Globalization? How it is affecting the social, cultural and financial situation in India. Globalisation is the system of interaction among the countries of the world in order to develop the global economy. Globalization refers to the integration of economics and societies all over the world. Globalization involves technological, economic, political and cultural changes of the world in the last years, which was resulted by the scientific revolution. According to the sociologist Roland Robertson, "Globalisation as a concept refers both to the compression of the world and the intensification of consciousness of the world as a whole, both concrete global interdependence and consciousness of the globe whole". Economists refer to globalization in a narrow sense, where it involves integration of national economy with the world economy through trade, foreign direct investment, capital flows, migration and the spread of technology. According to Mary C Waters, Globalisation is understood in social process in which geographical obstacles to social and cultural arrangements lose importance. One most common definition of globalization states that Globalization is a process of integrating differently world economies. Globalization is integration among the people, government and companies of different countries. For Peter Dicken, Globalization is inherently geographical as a process requires us to consider the way, space place and time are configured and recognized as a result of contemporary changes in technological, economic and political practices. Thus globalization defined in different aspects depending upon the background we discuss it.

The term globalization started appearing in literature form 1980's. Initially it referred mainly the economic transactions and growth for economy. Soon it started penetrating to other fields like political, with weakening authority of states, emergence of global governance order systematic. Globalization required cultural

connotations with global culture, global civil society etc. and today the cultural connotation of the globalization is also widely discussed. Thus the term globalization requires all these connotations and exemplifying its influence on different realms of life. It is difficult to say what exactly constitute globalization as it is interoperated by different schools of thought on different matter at different points of times. But all of them agree on one point that globalization has a major impact on in this contemporary world. Many are not still sure whether globalization is a civilizing force or destructive force. Globalization is a fascinating term these days as modernization, development and change have been for the last 20<sup>th</sup> century. To think of the world as a global village was once a day dreamer's delight. Not any more instead the end of the 20th century will be remembered for bringing the dream of globalization to reality. On the one side, several outcomes of this transformation are within the reach of a large number of human beings, availability of Fax machines and internet facility are its examples. Globalization as a trend would create its impact on each area of human activity. On the other side, the process of globalization has generated universal disenchantment. Those applaud its arrival are fewer. Disenchantment prevails not only in the developing but also in the developed world. It needs to be analyzed as to what lies at the root of such disenchantment.

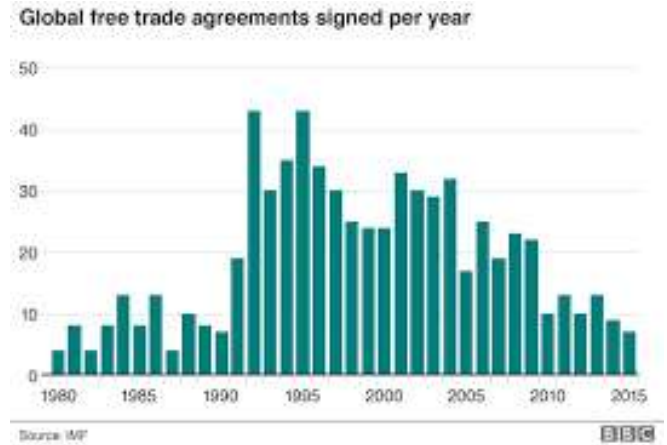
Globalization was introduced to India in 1991, when the Indian government introduced a set of reforms for the ailing Indian economy to prevent it from going to further crisis. These reforms were the Liberalization, Privatization and Globalization reforms. Since 1991, we have seen major changes in India. Globalization has opened India to the world and has brought in the much needed exposure. Globalization has had impacts in the economic, social, cultural and political ways of India. The most significant remains the impact of globalization on the economic sector. India has seen tremendous growth since 1991. India is one of the fastest growing countries in the world and that is all due to thereforms undertaken in 1991. The role of Multi National Corporations (MNC, s) is very significant in the Indian scenario. The MNC's were brought in by Globalization

### Economic impact of Globalization in India

Indian economy was in deep crisis in July 1991, when foreign currency reserves had plumbed to almost \$ 1 billion, Inflation had soared to an annual rate of 17%, fiscal deficit was very high and had become unsustainable. Foreign investors and NRIs had lost confidence in Indian economy. There were the economic compulsions at home and abroad that called for complete overhauling of the policies and programs. Major initiations such as liberalization, privatization and globalization have changed the overall look of the economy.

trade was subject to import tariff, export taxes and quantitative restrictions while FDI was restricted by upper limit equity participation, restriction on technology transfer, export obligations and govt. approvals. After globalization numeral global free trade agreements were signed by India.

### India's economy at a glance

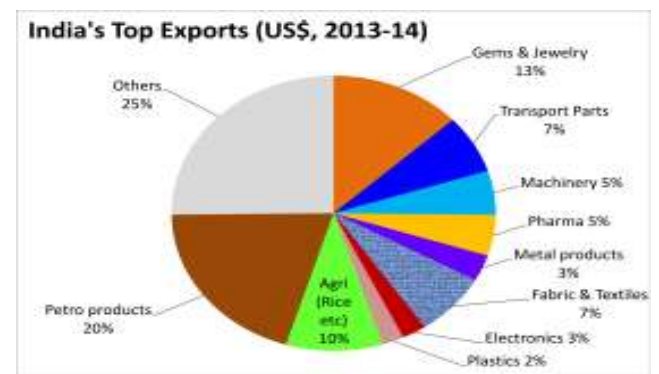


Above picture depicts the improvement in the economic development of India with avg. 6.3% per annum during the period of 2005-14. It also shows the decreasing trend in poverty rate and increasing trend in middle class population.

Above picture depicts the trend of no. of Global free trade agreements signed by India per year from 1980 to 2015.

Globalization in India has a favorable impact on the overall growth rate of the economy. The pickup in GDP growth rate has helped to improve the India's global position.

India's exports were stagnant for the first 15 years after independence, due to the predominance of tea, jute and cotton manufacturer's demand for which was generally inelastic. Since liberalization, the value of India's exports has become more broad based. India's trading partners are china, The US, The UAE, The UK, Japan and EU.



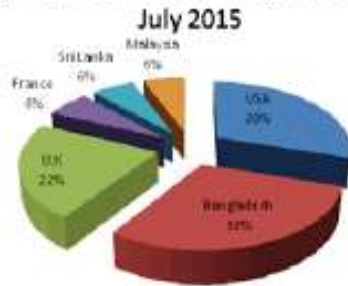
Above picture depicts the approximately increasing trend in GVA growth rate of India during the year of 2015-16 which increases the foreign investors' confidence in Indian economy.

Above picture depicts the constituents of India's exports are Gems and Jewellery, Machinery, pharma products, fabric and textile, Electronic products, Agriculture products, petro products and others.

Until the liberalization of 1991, India was largely and intentionally isolated from the world market, to protect its fledging economy and to achieve self reliance. Foreign

After globalization the tourism Industry in India seems to be substantial and vibrant. Country is fast becoming a major global destination. India's tourism and hospitality Industry is one of the most profitable Industries in the country and also credited with contributing a substantial amount of foreign exchange.

Foreign tourist arrivals (FTAs) in India during



Above picture depicts the percentage of foreign tourist arrivals in India from different countries. The major portion of tourists comes from Bangladesh in July 2015.

### Direct contribution of tourism and hospitality to GDP (US\$ billion)



The above picture depicts the increasing trend of contribution of tourism and hospitality industry to GDP since 2006.

### Impact of Globalization on Social and Cultural Aspect

Globalization has had a very profound impact on Indian culture. And this can be seen anywhere. It had had a very deep impact on our culture and has dug its way to the roots of our culture. In 1991, only 10% of the Indian urban population had access to a television. In 2009, that has increased to whopping 85%. Cable television has made inroads into the Indian household. Foreign movies have come and have reflected their culture in it. This has made a huge impact on the minds of the Indian people. Not to mention the easy availability of Internet whose reach even extends till rural areas. The Internet has opened up opportunities for people to learn more about foreign cultures and places. It has made Indians more acceptable and tolerant towards change. Globalization has broken all borders. As a result, the new generation of Indians is more knowledgeable, more aware and more interested in the world around them. Women, who were once the exploited and ignored part of the population, now assert their rights of being a woman. Women now have more access to education

and know more about their rights and their identity as a woman. They no longer bear the traditional role of mere wife, mother or homemaker. Now days, you find a woman in the society who work alongside men. Men dominated fields see the coming up of women. Men and women are slowly been treated equally. However, this does not mean that all Indian women are fully free. In many places, exploitation still continues.

There has been both positive and negative impact of globalization on social and cultural values in India. There are no denying of the fact that globalization has brought to cheers to people's life by opening new vistas of employment. It has also made inroads in the cultural heritage of this country. Through the development of globalization world is getting into identical culture that is understood by every nation, we may call it intermixing of the cultures. People of world especially people of rich countries are getting less conscious about their nations cultures and they have started emerging in world culture. Globalization has resulted in increasing the diversity and boosting television and tourism sectors of the world. The very concept of globalization is a major challenge for existing conception of the world culture. It is clearly been discussed by the political Scientist Samuel p. Huntington in his book 'The clash of civilizations and Remarking of the World Order.' According to him, the fundamental conflict in the world will not be ideological or political. But the great divisions among human kind and the dominating source of conflict will be cultural. He also argued that nation states will remain the most powerful actors in world affairs, but the principal conflicts of global politics will occur between nations and groups of different civilizations. The clash of civilizations will dominate global politics. He said, the fault lines between civilizations will be the battle lines of the future. When we talk about cultural globalization the role of media and communication is also often discussed under this title. Globalization and communication are deeply tangled. There is a common agreement among the scholars that practically, there would be no globalization without media and communication.

### Impact of Globalization on Financial Aspect

The concept of economic development refers to the process of improvement in the economic opportunities, and the quality of human lives, and reduction in the poverty. Better health facilities, better education, clean environment and better utilization of resources are the important components of Economic development. Moreover the justified distribution of goods and services is also the part of economic development. A good distribution network that includes the good transportation system results in not only better delivery of goods and services but the improvement of

labors mobility. (Henderson, 2007). According to (Bell, 1987), “Economic development is a field of economics which is related to the process of development. It not only focuses on the ways of enhancing structural change and economic growth but also improving the potential of the mass of the population; for instance, through education, health and workplace conditions”. Globalization has changed the picture of World economy, by increasing the cross border trade, exchange of currency, free flow of capital, movement of people and flow of information. Globalization has introduced the concept of border less and integrated world economy. Globalization has given a new thought to the business world wide. A lot of strategic changes have been occurred in the businesses. Now target market for businesses is not only their home land, but the overall world. Economic development refers to the Economic system that might be a mean to increase the absolute size of, for instance, capital or annual production regardless to the size of population but in modern sense, economic development is used in relation to the movement in real income per head and to potential in this respect.

Socialization of people for improving business and financial activities across the globe can be referred as globalization. It is not a new phenomenon as people kept searching new places and avenues to increase their business activities as evident by explorations of Vasco-Degama , Columbus and East India Company. Bitter experiences from East India Companies and British rule makes Indian little bit conscious for adventures for globalization. This has been the root cause for delay in liberalization in India. In literary terms, globalization has been defined in several ways as evident from definitions reproduced below. In the initial sense of the term, globalization refers to the spread of new forms of non-territorial social activity. To make term clearly, Globalization has been defined as the process of rapid integration of countries and happening through greater foreign trade and foreign investment. In essence, it refers to the increased possibilities for action between and among people in situations irrespective of geographical considerations as per the definition of Social theorists. Developed countries have been trying to pursue developing countries to liberalize the trade and allow more flexibility in business policies to provide equal opportunities to multinational firms in their domestic market. International Monetary Fund and World Bank helped them in this Endeavour. Liberalization began to hold its foot on barren lands of developing countries like India by means of reduction in excise duties on electronic goods in fixed time frame. Indian government did the same and liberalized the trade and investment due to pressure form World Trade Organization. Import duties were cut down phase wise to allow MNC’s operate in India on equality basis. As a result

globalization has brought to India new technologies, new products and also the economic opportunities. Despite bureaucracy, lack of infrastructure and an ambiguous policy framework that adversely impact MNC’s operating in India, MNCs are looking at India in a big way, and are making huge investments to set up R&D centers in the country. India has made a lead over other growing economies for IT, business processing and R&D investments.

#### **Changes in Social and Cultural life due to Globalization**

- Cable television and foreign movies became widely available for the first time and have acted as a catalyst in bulldozing the cultural boundaries.
- All these technologies have changed perceptions and dreams of ordinary people
- Unmarried boys and girls are sharing same apartment and staying away from their parents.
- Indian youth leaving education in midway and joining MNC’s
- There has been increase in the violence, particularly against women
- Scientific and technological innovations have made life quite comfortable, fast and enjoyable.
- More availability of cheap and filthy material (CD’s or DVDs of Hollywood movies, porn movies, foreign channels like MTV) in the name of liberalization.
- In India, land-line or basic phone was a prestige symbol few years back but now you find people riding rickshaws with a mobile in hand, talking or listening music.
- Society has become more open compared to the earlier conservative look due to exposure to other cultures through DTH Or cable network.
- This has contributed to dating, celebration of friendship day/ valentine day, and resulted to rising number of call girls and make them more prone to sexually transmitted diseases.
- People are less worried for government jobs as MNC’s and private or public sector are offering more lucrative jobs.
- Extension of internet facilities even to rural areas.
- In place of old cinema halls, multiplex theatres are coming up.
- Old restaurants are now replaced by Mc Donald. Fast food and Chinese dishes have replaced juice corners and parathas.
- More inflow of money has aggravated deep rooted problem of corruption.
- More scandals and scams compared to pre-globalization era.

### Changes in financial Aspect due to Globalization

- Entry of private sector banks has completely transformed the functioning of public sector banks.
- Commencement of the depository that helped common men to become the retail investors.
- Fall in interest rates: smaller monthly installments made life more simple to Indian customer.
- ATM,s made bank transactions easier to common men than few years back.
- Online trading, online purchases of various finance products and online banking have helped common men to participate in investment process.
- Salaries are more attractive than the nineties.
- Students get selected by the companies through campus recruitment an year before the date of completion of their technical education,
- Large salary hikes than offered few years ago.
- More emphasis on performance and not on number of years in the job.
- More flexibility in timings and work from home arrangements are becoming common.
- Office automation has helped improving efficiency of employees.
- More and more recruitments are being made using job portals. Earlier ads were placed in the newspapers,
- Number of ATMs has increased manifold.
- Computerization of banks has helped speed up bank transactions.
- The use of net banking and mobile banking has been increased very much.
- Ist debit card and Ist credit bank were issued by Citibank in 1998 and 1990 respectively.
- Tax reforms have given common men more freedom to invest money and more purchasing power than ever before.
- Tax concessions on interest of housing loan and easy availability of house loans have helped common men to own a dream house.

Impact of Globalization in India has also many other dimensions. It has wide ranging impact on everything else connected with our lives. It impacts our entire culture or the entire value system, on the milieu in which we are living. We are creating human beings who are capable of consuming of certain products. The emphasis is no longer on creating the products that are required by the human beings rather creating human beings that are required for the products. This is essentially the defining feature of culture under Globalization. Human beings are reduced to the status of products who will consume the other products that capitalism produces. This entire trend of culture

consumerism, degeneration etc. creates its own atmosphere which affects every aspect of our life and society.

### II. Conclusion

Generally globalization can be understood as a process which compresses the world into a small space where business and technology play a predominant role in new social relations. Although globalization has started with relaxation of economic rules to accommodate free market principles and foreign players, now it has grown beyond the comprehension of economists. Today is a massive social process demanding an altogether different method to understand the development in culture, society, religion, polity and personal relations. These factors and characteristics of society needs separate analysis to know the globalization fully well.

Globalization is thus an ongoing syndrome. Globalization is not only about interplays between local, regional, national and global scales, but also about the interconnectedness, flows and uneven development in the world. The strategic keys that accelerated the growth of globalization were transnational corporations, technical change and governments etc. Globalization has brought not only advantages to the globe by providing large range of imported products or by raising the basic standard of living of the people. But also has major impacts on the socio political, economic and cultural realms of life by diminishing the role of state, challenging the unique culture of every society, attacking the risks and opportunities of globalization the whole phenomenon is still very difficult to predict.

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