IDEOLOGY OF INDIAN ECONOMY IN RELATION TO PROS AND CONS OF GLOBALIZATION

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Abstract

The economic reform, popularly known as Liberalization, Privatization and Globalization (LPG model) aimed at making the Indian economy as fastest growing economy and globally competitive. Besides, it also marks the advent of the real integration of the Indian economy into the global economy. But globalization has also generated significant international opposition over concerns that it has increased inequality and environmental degradation. There is a need to study the pros and cons of globalization on developing countries like India from the viewpoint of inward foreign direct investment. Attention should also be focused on the role which some developing countries are playing as initiators of globalization through their own MNCs.

While its GDP rose to 9.7 percent in 2007–2008, India greatly benefited from the LPG model. India ranks fourth globally in terms of market capitalization, yet despite the effects of globalisation, the state of agriculture has not improved. Only 17% of the GDP is devoted to agriculture. However given the benefits of globalisation, it can be predicted that India will quickly get beyond these obstacles and continue on its current course of development. The modernity we observe in our daily lives is a result of globalisation, according to the current study. Many sectors of the Indian economy are affected by globalisation in both positive and bad ways. Hence, globalisation has greatly advanced us .

Key words: Globalization, Liberalization, Indian Economy, GDP

Introduction :

Globalization describes a process by which regional economies, societies, and cultures have become integrated through a global network of communication, transportation, and trade. The term is sometimes used to refer specifically to economic globalization: the integration of national economies into the international economy through trade, foreign direct investment, capital flows, migration, and the spread of technology.

among them are the agricultural, industrial, financial, health, and many other sectors. India's progress in a number of areas didn't start until Man Mohan Singh, the country's then-finance minister, introduced the Liberalization, Privatization, and Globalization (LPG) strategy.

. including Agricultural, Industrial, Financial, Health sector and many others. It was only after the LPG policy i.e. Liberalization, Privatization and Globalization launched by the then Finance Minister Man Mohan Singh that India saw its development in various sectors

In the 1990s due to change in world economic order and due to heavy pressures from rich countries like USA, Japan, European countries dominating the WTO (World Trade Organization having 135 members, established in 1995) and IMF (International Monetary Fund) and World Bank engaged in development financing activities, the developing and the poor countries all over the world were forced to open their trade and market and allow foreigners to share their major chunk of a business.

Consequently, under the leadership of Shri Man Mohan Singh, the Union Finance Minister, India first began the process of globalisation and liberalisation in 1991. Globalization's first five years did not produce any notable results. The introduction of multinational cold drink producers like Coke and Pepsi, as well as others like McD's, KFC, Boomer Gum, Uncle Chips and Cornflakes, only served to dominate the show. The late 1990s demonstrated the effects of globalisation by the entry of massive automakers like Daewoo Motors, Ford, Honda, and Hyundai, which led to the availability of a variety of cars and a decrease in local car prices.

A significant transformation in the Indian electronic industries was brought about by global leaders in the telecommunications industry, including Ericsson, Nokia, and Aiwa, as well as electronic heavyweights like IBM. Enron, AES-CESCO, and the electricity sector are running the show. The economic growth of the industrial sector received a great boost as a result. Due to fierce competition, prices have decreased, and Indian consumers are so far satisfied.

Recent globalisation has sparked a heated discussion among economists, drawing both ardent proponents and detractors. This essay discusses the advantages and dangers of globalisation for emerging nations like India. The study reviews the data and justifications for and against globalisation, as well as the available options for policy.

Consequences of Globalization on Indian Economy

Interdependence and rivalry between economies on the global market have grown more intense as a result of globalisation. When it comes to the exchange of commodities and services and the movement of capital, this is reflected in interdependence. As a result, market factors and domestic policy do not totally dictate domestic economic changes. Instead, they are impacted by economic situations as well as national and international policies. So, it is evident that a globalising economy cannot afford to ignore the potential actions and reactions of policies and developments in the rest of the world while forming and assessing its domestic policy. The government's policy options were limited as a result, which implies a loss of some of its policy autonomy when making decisions at the national level.

Now for Further analysis we take up Impact of Globalization on various sectors of Indian Economy.

Globalization's effects The agricultural sector serves as the foundation of the rural Indian economy, and any changes to its structure are likely to have a comparable effect on the social equity that now exists. India accepted the liberalisation of its economy in 1991. a severe economic crisis is present. When India applied to the IMF for a loan, the IMF approved what is known as a "structural adjustment loan," which is a loan with terms relating to an economic structural change.

Globalization has helped the agricultural sector in:

- Raising living standards,
- Alleviating poverty,
- Assuring food security,
- Generating buoyant market for expansion of industry and services and
- Making substantial contribution to the national economic growth.

Impact of Globalization on Industrial Sector:

Effects of Globalization on Indian Industry started when the government opened the country's markets to foreign investments in the early 1990s. Globalization of the Indian Industry took place in its various sectors such as steel, pharmaceutical. petroleum, chemical, textile, cement, retail, and BPO.

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.

When the government began to allow foreign investment in the country's marketplaces in the early 1990s, effects of globalisation on Indian industry began to emerge. The Indian economy's different sectors, including steel, pharmaceuticals, petroleum, chemicals, textiles, cement, retail, and BPO, have all undergone globalisation.

The rapid advancement of technology, particularly in the areas of communications and transportation, has led to an increase in globalisation recently. In 1991, the Indian government changed its economic strategy by allowing foreign direct investment in the nation. The positive implications of globalisation on the Indian economy include the establishment of numerous foreign firms' industries in

India, particularly in the manufacturing, chemical, petroleum, BPO, and pharmaceutical industries.

The introduction of technology reduced the amount of labour necessary, which had a detrimental impact on Indian industry because it led to many people losing their jobs. The pharmaceutical, chemical, manufacturing, and cement industries were the key areas where this occurred.

Impact of Globalization on Financial Sector:

Recent globalisation initiatives have made it easier for international rivals to access India's local market. For survival, innovation has become essential. Financial intermediaries have abandoned their conventional methods and are prepared to take on more credit risks. As a result, there have been several advances in the international financial sectors, which also have an effect on the domestic industry.

The financial services sector has changed from being a conservative industry to one that is quite dynamic as a result of the advent of many financial institutions and regulatory agencies. This method has a lot of difficulties for this industry. The financial services sector in India must play a very positive and dynamic role in the next years by providing a wide range of cutting-edge goods to meet the diverse needs of the millions of potential investors dispersed across the nation. The most significant element of India's programme for economic liberalisation is banking sector reform.Growth in financial services (comprising banking, insurance, real estate and business services), after dipping to 5.60% in 2003-04 bounced back to 8.70% in 2004-05 and 10.90% in 2005-06. The momentum has been maintained with a growth of 11.10% in 2006-07. Because of Globalization, the financial services industry is in a period of transition. Market shifts, competition, and technological developments are ushering in unprecedented changes in the global financial services industry.

Impact of Globalization on Export and Import:

In 2001–2002, India imported and exported a total of 32,572 and 38,362 million dollars, respectively. Many Indian businesses are now regarded as legitimate competitors on the global stage. Around 13 to 18% of the overall annual exports of the nation are accounted for by agriculture. More than US $6 million worth of agricultural products were exported from the nation in 2000–01, with 23% of that amount coming from just marine products. In recent years, marine goods have become the single largest contributor to the nation's total agricultural exports, accounting for more than one fifth of all agricultural exports.Cereals (mostly basmati rice and non-basmati rice), oil seeds, tea and coffee are the other prominent products each of which accounts from nearly 5 to 10% of the countries total agricultural exports.

Impact of Globalization on Education Sector:

The amount of study materials and information on the internet, also known as the World Wide Web (www), has greatly risen as a result of globalisation. Unfortunately, higher education and specialised training are now out of the reach of students from lower and moderate income families due to the prohibitive costs.

With Indian universities and study institutions, hundreds of foreign universities have begun working together. The cost of the courses has been impacted. The course costs for engineering, medicine, and management education range from 20 to 50 lakhs rupees. Educated middle-class and working-class students may have to settle for a daily pay in the future because they cannot afford it.

Impact of Globalization on Health Sector:

It is incomprehensible that impoverished people in India must spend at least Rs. 200 to treat a simple seasonal cold or mild stomach aches, thanks to international pharmaceutical companies who are driving up the price of basic medications. For a heart or kidney operation, private hospitals like Apollo and Medicare will be more than delighted to create a bill in the range of Rs. 5 lakh to Rs. 10 lakh. In the coming years, the problem will get worse as a result of electronic health monitoring over the internet. With the impact of globalisation on the health sector, death will be the most convenient alternative for the poor.

Pros of Globalization on Indian Economy

The pros of globalization on Indian economy have been tremendous.

Consumers benefit greatly from increased producer competitiveness brought on by globalisation since it gives them more options. For a number of products, consumers now benefit from higher quality and lower prices.

Many MNCs have boosted their investments in India as a result of globalisation. This indicates that tens of thousands of individuals are obtaining well-paying employment and living at significantly higher standards than was previously achievable.

Local companies supplying raw materials, to these industries have prospered. .

The rise in competitiveness has benefited leading Indian companies. They have upgraded their production standards, invested in more modern technology, and employed new production techniques.

Some Indian companies have gained from successful collaborations with foreign companies. Large Indian companies have emerged as multinationals like Tata Motors.

In particular, the IT industry now has more chances thanks to globalisation for Indian service providers. Data entry, accounting, and administrative work are being performed inexpensively in India and sold to wealthy nations. This has created a huge number of jobs.

Cons of Globalization on Indian Economy

Multinational Companies (MNCs), based in industrialised nations, buy raw materials at reduced prices from nations like India, process them there, and then sell the finished products with significant profit in India.

Because MNCs are more capital-intensive than labor-intensive, they use machines to lower the number of people. Also, governments in developing nations like India have begun to reduce investment in public sector industries. All of this has caused a spike in unemployment in those nations.

Since the vast majority of people continue to live in poverty and misery, globalisation helps the wealthy, who are a small minority.

Consumrism results from globalisation. Aesthetically pleasing products and marketing entice consumers to purchase them. They wouldn't think twice about using unethical ways to profit from this. As a result, corruption and other societal ills have significantly increased.

Governments in many developing nations are leaving the field of social welfare due to privatisation, and private businesses have entered the disciplines of education, health, and other development-related fields. As a result, poor people are having a lot of problems.

Cultural homogenization would result from globalisation. Each country or society has its own unique culture, but as a result of globalisation, emerging nations like India are forced to adopt the standards and values of more industrialised nations.

Democracy has been weakened, eroded, and even destroyed as a result of globalisation. Multinational firms' wealth and power have grown significantly as a result of globalisation, and they now frequently meddle in and exert control over the politics and economics of emerging nations.

Globalization would destroy environment. In the name of economic development, environment is blindly destroyed.

Conclusion:

India benefited greatly from the LPG model, which helped boost its GDP to 9.7% in 2007-2008. India is the fourth-largest market in the world in terms of market capitalisation. Nonetheless, despite globalisation, the state of agriculture has not changed. Agriculture only makes up 17% of the Economy .

Families without access to land have become more prevalent, and farmers continue to kill themselves. However given the benefits of globalisation, it is safe to say that India will soon get past these obstacles and continue on its path to progress. The recent experience has shown us that a nation must carefully select a set of policies that will best enable it to seize the opportunity while avoiding the traps. The United States has held the title of having the greatest economy in the world for more than a century, but significant changes in the global economy since then have caused attention to shift from the US and the wealthy nations of Europe to the two Asian giants, India and China.

According to economists and several studies carried all over the world, India and China will rule the planet in the twenty-first century. Within ten years, India, which is currently the fourth-largest economy in terms of purchasing power parity, could surpass Japan and take Japan's place as the world's third-largest economy. As a conclusion, we may argue that the modernisation we experience every day is a result of globalisation. Many sectors of the Indian economy have been impacted by globalisation in both positive and negative ways. Our country has advanced as a result of globalisation, which has carried us a long way since 1991.

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