

Globalization and its Impact on Different Sectors in India

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Abstract: *Globalization means different things to different people, but a key economic dimension of it is undoubtedly the opening up of economies to international competition, allowing goods, ideas, capital and some people to move more freely between countries. Many countries around the world have embraced these aspects of globalization, because governments have become convinced that a more dynamic economic performance awaits countries that more closely integrate with the global economy. And yet, because it brings with it more rapid domestic economic change, globalization can be disruptive and can generate losers as well as winners.*

Keywords: Globalization, goods, capital

1. Introduction

In the present era globalization has gained an enormous importance especially in the last 15 years. Globalization is perhaps the topic of the age. The modern world is seen as the world without geographical boundaries and any kind of barriers. Globalization has been the major force behind this.

In the basic sense, the word globalization refers to the adoption of liberalization of foreign exchange restrictions, open and unfettered trading markets, etc. As a result the world is considered as a 'global village'. Globalization is relatively a new term used to describe a very old process. It is a historical process that began with our human ancestors moving out of Africa to spread all over the globe".

Globalization is the integration of the world economy and exchanging the ideas, products, technologies etc. It was, however, adopted not as a solution to deteriorating Indian economy but to enable itself 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 health, Government simultaneously decided to amend its economic policies and go for privatization & liberalization of its economy. These decisions had immediate 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.

The process of globalization is an inevitable phenomenon in human history which has been bringing the world closer since the time of early trade and exploration, through the exchange of goods, products, information, jobs, knowledge and culture. Globalization is the process of integration of the world into one huge market. It provides several things to several people with removal of all trade barriers among countries. Globalization happens through three channels: trade in goods & services, movement of capital and flow of finance. Globalization in India is generally taken to mean 'integrating' the economy of the country with the world economy.

2. Defining Globalization

Hirst et al. (2008) describe that globalization is nothing new, that it refers to an old process that began more than 100 years ago. The beginning of these processes can be related to the second half of the nineteenth century, when thanks to technical and technological innovation, industrial revolution, the importance of transportation, costs were drastically reduced and when it came to the first major trade liberalisation.

Hill (2009) argues that globalization refers to the shift toward a more integrated and interdependent world economy, citing the decline in barriers to the free flow of goods, services and capital since the end of World War II and the wave of technological change as key factors.

Cerny (2011) defined globalization as a set of economic and political structures and processes deriving from the changing character of the goods and assets that comprise the base of the international political economy - in particular, the increasing structural differentiation of those goods and assets.

Stiglitz (2012) defines globalization as the closer integration of the countries and peoples of the world brought about by the enormous reduction of costs of transportation and communication, and the breaking down of artificial barriers to the flows of goods, services, capital, knowledge, and (to a lesser extent) people across borders.

Why globalization?

- Globalization – A “smaller world”.
- People are closer together.
- A world closer in time and space.
- A world without borders.
- Goods, services and ideas move faster or instantly.
- Driven by technology
 - Transportation – Shipping, Containerization Air travel.
 - Communication – Television, the Internet.
- Increase sales volume.
- Increase profit margin.
- Capital needs markets...new markets for growing/profits.

- Developing countries need to grow, need capital, technology, access to new goods & services.
- Investors need free trade, minimum or no regulations on capital and safe guarding of their investments.

Therefore economic reforms, free trade and globalization!

3. Globalization and different sectors

Globalization and education

- Globalization has also contributed to an increasing interest in English- language education worldwide.
- An increasing number of schools have stepped up English language requirements, even at under graduate levels.
- The emergence of new education providers such as multi-national companies, corporate universities and media companies.

Hickman *et al.* (2011) reported some advantages of globalisation- greater freedom of movement of goods, easy access to foreign products allows opting between wide quality range at lower cost; the strong integration of national economies into the world economy through trade; higher education level.

Parsons (2012) had emphasized that education is a basic route for eradicating poverty from slums and he said that the slum persons put God responsible for their problems, but the reality is that they themselves are highly responsible for their pitiable conditions. They are not educated and are not interested in doing hard work.

Robertson (2013) emphasizes on formal and informal education in his book, he recognized the particular difficulties of working in the education area, largely because of the differing and in many cases contradictory mandates for education to be used as an engine for economic growth.

Globalization and Indian business

- India has a consumer base of 1.14 billion people.
- India is the 3rd largest global telecom market. The mobile subscriber base has grown from 0.3 Million in 1996 to over 900 million in 2013.
- India is likely to add over 200 shopping malls in 2010 and 715 malls in 2015.
- India is the world's:
 - 2nd largest two-wheeler market.
 - 4th largest commercial vehicle market.
 - 11th largest passenger car market.
 - 7th largest automobile market by 2016.

Technological impact of globalization in India

- Access to television grew from 20% of the urban population (1991) to 90% of the urban population (2009). Even in the rural areas satellite television has a grown up market.
- Scientific and technological innovations have made life quite comfortable, fast and enjoyable.
- People are less worried for government jobs as MNC's are offering more lucrative jobs.
- In the cities internet facility is everywhere. Extension of internet facilities even to rural areas.

- Global food chain /restaurants have already found a huge market in the urban areas of India.
- Lavish Multiplex movie halls, big shopping malls and high rise residential are seen in every cities.
- Telecommunication and Software Industries are booming in India.
- Entertainment sector in India has a worldwide market. Bollywood movies are distributed and accepted worldwide. Big international companies (Walt Disney, 20th Century Fox, Columbia Pictures) are investing on this sector.
- Famous International brands (Armani, Gucci, Nike, Omega etc.) are investing in the Indian market with the changing of fashion statement of Indians.
- In place of old cinema halls, multiplex theatres are coming up.
- Old restaurants are now replaced by Mc. Donald's.
- In India, land-line or basic phone was a prestige symbol few years back but now you find people riding bicycle with a mobile in hand, talking or listening music.

World Bank report (2010) on world development indicators from 1960 to date summarizes that technological advances have led a cumulative causation in the global economy linked to economic growth, improved standards of living and poverty reduction in developing countries. The Indian industry has in the last two decades proactively responded to market demands due to the introduction and effective application of new technological capability.

Burr (2011) revealed that the lives of the educated and the rich had been enriched by globalization. It seems that benefits of globalization are mainly absorbed by the urban population of India.

Brainbant (2012) refers 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.

Venables (2012) argues that countries that have embraced technological changes such as India and Japan became more competitive in foreign markets.

Krishnan (2013) argues that technological change is the first factor that has promoted the globalization of business through advances in information technology, communications and transportation logistics. Technological changes since World War II have transformed the global audience through leading to the emergence of the World Wide Web and the creation of the global village through advances in transportation logistic. This resulted in the development and popularization of mass media and communication technologies such as cell phones, credit cards and e-commerce which has transformed the way we do business today.

4. Globalization and Agriculture

Current Status of Indian Agricultural sector

- Share of agriculture in the GDP of the country is only 12.6% in 2013-14.
- The productivity chart of India is still low as compared to some other developed nations, considering the fact that more than 60% of total land area is under cultivation.
- It remains the largest contributor towards disguised unemployment in the country.
- Despite the agriculture ministry providing a high budget towards development of irrigation facilities, most farmers still depend on rainfall for their irrigation needs.
- Agriculture sector is changing the socio-economic environment of the population due to liberalization and globalization.
- About 75% people are living in rural areas and are still dependent on agriculture.
- Agriculture continues to play a major role in Indian Economy.

Growth Rate in Agriculture & Overall GDP (in Per cent)

Five year plan	Growth rate in GDP of agriculture and allied sectors	Overall GDP growth rate
1. Seventh plan (1985 -1990)	3.2	6
2. Annual plan (1990 - 1992)	1.3	3.5
3. Eight plan (1992-1997)	4.7	6.7
4. Ninth plan (1997- 2002)	2.1	5.5
5. Tenth plan (2002-2007)	2.3	7.6
6. Eleventh plan (2007-2012)	2.7	9

Source: Economic Survey, G.O.I., 2007 - 2008 and 2012 - 2013.

State Ranks as per Growth rate of Agriculture as on 01.08.2014

States	Rank
Jammu & Kashmir	20
Himachal Pradesh	4
Punjab	23
Uttarakhand	11
Haryana	14
Delhi	17
Rajasthan	26
Uttar Pradesh	9
Bihar	15
Madhya Pradesh	1
Gujarat	25
Maharashtra	21
Goa	27
Sikkim	3
Arunachal Pradesh	16
Manipur	19
Nagaland	8
Mizoram	28
Tripura	12
West Bengal	13
Karnataka	29
Kerala	24
Tamil Nadu	18
Meghalaya	10
Andhra Pradesh	6
Jharkhand	2

Source: NITI Aayog

5. Changing face of Indian agriculture in global scenario

Knowledge transfer to the agriculture sector with necessary inputs is most important. The country has a widespread telecom & internet network which could be put to effective use for delivering knowledge and information to the farming community.

The Vision 2020 document of the department of agriculture and co-operation envisages that the tools of ICT will provide networking of agriculture sector not only in the country but also globally. It bring farmers, researchers, scientists and administrators together by establishing "Agriculture Online" through exchange of ideas and information. There are several ministries and departments in government dealing with agriculture marketing. The Government's digital initiatives include Agrinet, Agris, Agmarknet, Dacnet, Fishnet, E-Chaupal, Digital mandi, Kisan call centre etc. with their independent websites.

- New farming practices.
- Improved mechanization in agriculture such as drip irrigation, etc.
- Access to markets.
- New opportunities for employment and income generation.
- Productivity gains.
- Increased investment in sustainable agriculture and rural development.
- Lack of bio diversity due to deforestation.
- Rich goes richer and poor goes poorer.

Gulati (2009) estimated the export demand and supply elasticities to predict the impact of WTO's agreements on agricultural exports. The direction of the change in the welfare of the developing countries like India, as predicted by the various economic studies may be correct.

Singh (2010) assessed that although agriculture is the backbone of the Indian economy in terms of employment but there have been fewer reforms in scope and depth in this sector. Reforms in the agriculture sector were introduced only towards the end of the 1990s. Nevertheless, a series of policy initiatives have been undertaken in this sector as well.

World Bank (2010) reported that small-scale farmers face obvious disadvantages in this emerging centralised and globalised system: they lack the capital and organisation that the system demands, they find it hard to meet volume and quality demands, and, often, they are far from the markets they need to access and therefore relatively powerless.

Mahadevan (2011) suggested globalization in the context of agriculture can best be discussed in the context of three components - improvements of productive efficiency by ensuring the convergence of potential and realized outputs, increase in agricultural exports and value added activities using agricultural produce and finally improved access to domestic and international markets that are either tightly regulated or overly protected".

Reardon *et al.* (2011) revealed that relative lack of market power, for example, makes them less likely to break contracts even if higher paying opportunities arise, which in turn makes them desirable to contractors. A number of companies have found it worthwhile to provide small-scale farmers with services to facilitate their production, thereby ensuring the companies' access to the resulting harvest.

Khurana (2013) in their study on the sector-wise distribution of FDI inflow to know about which has concerned with the chief share, used a data from 1991-92 to 2011-2012 (post-liberalization period). In this study found that, Indian economy is mostly based on agriculture. So, there is a most important scope of agriculture services. Therefore, the foreign direct investment in this sector should be encouraged.

6. Conclusion

- It is clear that the liberal policies adopted by Indian government has played a dominant role in development of agriculture in India.
- But the main problem is that the basic issues of rural poverty, corruption, still remain and are in fact, getting worse in some aspects.
- In the long run globalization is going to play key role in development and advancement in the field of agriculture resulting in all the fields directly or indirectly getting the benefit from it.
- India is getting a global recognition and slowly moving towards to become a major economic and political strength.
- It is a common belief that globalization plays a role just at international levels of trade and commerce but the fact is that it has played an important role in making our lives much more comfortable too.

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