



IMPACT OF GLOBALIZATION IN DIFFERENT SECTORS

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ABSTRACT:- Globalization is mainly a socio-economic term which is nowadays synonymous with the economic development of a country. In simple terms, it is a continuous process through which different societies, economies, traditions and culture integrate with each other on a global scale through the means of communication and interchange of ideas. By having an idea of the history of globalization, one will be able to properly understand the causes which led to such social and economic change. This paper discuss about impact of Globalization in different sectors in India.

INTRODUCTION

Globalization is the process by which the world, previously isolated through physical and technological distance, becomes increasingly interconnected. It is manifested by the increase in interaction between peoples around the world that involves the sharing of ideas, culture, goods, service and investment. The last sixty years have witnessed a huge increase in globalization, but the phenomenon has been going on for much longer. Thomas Friedman describes the current trend as the third great wave of globalization in human history. The growth of foreign investment in the field of corporate, retail, and the scientific sector is enormous in the country. It also had a tremendous impact on the social, monetary, culture, and political area. In recent year, Globalization has increased due to improvements in transportation and information technology. With the improved global synergies comes the growth of global trade, doctrines and culture.

Globalization is the free movement of people, goods, and services across boundaries. This movement is managed in a unified and integrated manner. Further, it can be seen as a scheme to open the global economy as well as the associated growth in trade (global). Hence, when the countries that were previously shut to foreign investment and trade have now burned down barriers.

Technology is the main driving force in the globalization; the new advance information technology has made a lot of impact on the economies of the world and changed them drastically in past two decades. Due to globalization we have open economies worldwide, countries like China have also opened their gates for trade to the world and they are flourishing. Globalization has helped in promoting international cooperation and peace cases like India and Pakistan. Even the farmer have benefited from globalization-now they have increased yield and are getting better price for their product, in many parts of country like India the cultivators of potato, tomato have collaborated with ketchup, and chips makers. Now Indian farmers have international market for their mangoes, spices flowers, vegetables, fruits tobacco etc

Globalization and India

Globalization is a process that encompasses the causes, courses, and consequences of transnational and transcultural integration of human and non-human activities. India had the distinction of being the world's largest economy in the beginning of the Christian era, as it accounted for about 32.9% share of the world GDP and about 17% of the world population. The goods produced in India had long been exported to far off destination across the world; the concept of globalization is hardly new to India. India's economic integration with the rest of the world was very limited because of the restrictive economic policies followed until 1991. Indian firms confined themselves, by and large, to the home market. Foreign investment by Indian companies was very insignificant. With the new economic policy ushered in 1991, there has been a change. Globalization has in fact become a buzzword with Indian firms now and many are expanding their overseas business by different strategies. The growth of foreign investment in the field of corporate, retail, and the scientific sector is enormous in the country. It also had a tremendous impact on the social, monetary, cultural, and political area. In recent year, Globalization have increased due to improvements in transportation and information technology. With the improved global synergies comes the growth of global trade, doctrines and culture.

Globalization in the Indian Economy

Indian society is changing drastically after Urbanisation and Globalization. Economic policies have had a direct influence in forming the basic framework of the economy. Economic policies established and administrated by the government also performed an essential role in planning levels of savings, employment, income and investments in society. Cross country culture has one of the critical impact of the Globalization on Indian society. However, Economic unification is the main factor that contributes maximum to a country's economy into an international economy.

Indian Economy Reacts to Globalization

When we talk about **globalization and the Indian economy**, one name strikes our mind, that is, Dr. Manmohan Singh. He was the finance minister in the 1990s when globalization was fully implemented and experienced in India. He was the front man who framed the economic liberalization proposal. Since then, the nation has gradually moved ahead to become one of the supreme economic leaders in the world. Below mentioned are some of the quick reactions which were felt after the introduction of globalization:

- After 1991, the rise in GDP that dropped to 13% in 1991 -92 extended momentum in the following five years (1992-2001). Moreover, the annual average rate of growth in GDP was recorded to be 6.1%.

- Furthermore, export growth skyrocketed to 20% in 1993-94. For 1994-95, the figures were recorded to be 18.4 per cent. Export growth statistics in recent years have been very impressive.

Impact of Globalization on various sector of Indian Economy

Agriculture sector is the mainstay of the rural Indian economy around which socio-economic privileges and deprivations revolve and any change in its structure is likely to have a corresponding impact on the existing pattern of social equity. The liberalization of India's economy was adopted by India in 1991. Facing a severe economic crisis, India approached the IMF for a loan, and the IMF granted what is called a 'structural adjustment' loan, which is a loan with certain conditions, attached which related to a structural change in the economy. Essentially, the reforms sought to gradually phase out government control of the market, (liberalization), privatize public sector organizations (privatization) and reduce export subsidies and import barriers to enable free trade (globalization). Globalization has helped in :

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

1.1 Impact on Industrial sector

Effect 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. Globalization means the dismantling of trade barriers between nations and the integration of the nations economies through financial flow, trade in goods and services, and corporate investments between nations. Globalization has increased across the world in recent years due to the fast progress that has been made in the field of technology especially in communications and transport. The government of India made changes in its economic policy in 1991 by which it allowed direct foreign investments in country. The benefits of the effects of Globalization in the Indian Industry are that many foreign companies set up industries in India, especially in the pharmaceutical, BPO, petroleum, manufacturing and chemical sectors and this helped to provide employment to many people in the country. 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. The negative effect of Globalization on Indian Industry are that with the coming of technology the number of labour required decreased and this resulted in many people being removed from their jobs. This happened mainly in the pharmaceutical, chemical, manufacturing and cement industry.

1.2 Impact on Financial sector

Reforms of the financial sector constitute the most important component of India's programme towards economic liberalization. The recent economic liberalization measures have opened the door to foreign competitors to enter into our domestic market. Innovation has become a must for survival. Financial intermediaries have come out of their traditional approach and they are ready to assume more credit risks. As a consequence, many innovations have taken place in the global financial sectors which have its own impact on the domestic sector also. The emergences of various financial institutions and regulatory bodies have transformed the financial services sector from being a conservative industry to a very dynamic one. In this process this sector is facing a number of challenges. In this changed context, the financial services industry in India has to play a very positive and dynamic role in the years to come by offering many innovative products to suit the varied requirements of the millions of prospective investors throughout the country. Reforms of the financial sector constitute the most important component of India's programme towards economic liberalization.

1.3 Impact on Indian Banking Sector

The Indian banking sector has emerged as one of the strongest drivers of India's economic growth. The Indian banking industry has made an outstanding advancement in last few years, even during the times when the rest of the world was struggling with financial meltdown. India's economic development and financial sector liberalization has led to a transformation of the Indian banking sector over the past two decades. Today Indian Banking is at the crossroads of an invisible revolution. The sector has undergone significant developments and investments in the recent past. Most of banks provide various services such as Mobile banking, SMS Banking, Net banking and ATMs to their clients. Indian banks, the dominant financial intermediaries in India, have made high-quality progress over the last five years, as is evident from several factors, including annual credit growth, profitability, and trend in gross non-performing assets (NPAs). The financial sector reforms have brought about significant improvements in the financial strength and the competitiveness of the Indian banking system. The prudential norms, accounting and disclosure standards, risk management practices, etc. are keeping pace with global standards, making the banking system resilient to global shocks.

GLOBALIZATION IN MNC'S

The concept of globalization just coming in and sweeping the world up like that, there has not even been the time to ponder on the issue, "Is Impact of globalization on BPO industry". It has been running more on the terms of - It came, It saw, It conquered... And no one really had the time to stop and think what was happening. A company which has gone global is called multinational corporation (MNC). A global company has some characteristics like it is located different parts of the globe. Globalization can be viewed as a four dimensional construct based on the premise that an enterprise can be more or less globe along each of four major characteristics like it is located different parts of the globe. Globalization can be viewed as a four-dimensional construct based on the premise that an enterprise can be more or less globe along each of four major characteristics: Internationalization of market presence, globalization of supply chain, globalization of capital base and globalization of corporate mindset. MNCs confer several benefits to host countries as well as home country. But a major fall-out of the MNCs is that the host country is likely to lose its economic sovereignty. An international business will be successful if only it creates and sustains the image of a good corporate citizenship the hall marks of which are honesty and social responsiveness.

Advantages of Globalisation in India

- **Increase in Employment:** With the opportunity of Special Economic Zones (SEZ), there is an increase in the number of new jobs available. Including Export Processing Zones (EPZ) Centre in India is very useful in employing thousands of people. Another additional factor in India is cheap labour. This feature motivates big companies in the west to outsource employees from other regions and cause more employment.
- **Increase in Compensation:** After Globalisation, the level of compensation has increased as compared to domestic companies due to the skill and knowledge a foreign company offers. This opportunity also emerged as an alteration of the management structure.
- **High Standard of Living:** With the outbreak of Globalisation, the Indian economy and the standard of living of an individual has increased. This change is notified with the purchasing behaviour of a person, especially with those who are associated with foreign companies. Hence, many cities are undergoing a better standard of living along with business development.

Disadvantages

- Operating in different markets in terms of consumer behaviour, traditions, their expectations and attitude.
- Operating globally may bring a strong competition; in each market the global companies face both the global competitors (with the same financial strength and size) and the local competitors, enjoying the advantages provided by the legal rules of the country concerned, the loyalty of some nationalists consumers and the deep insight into the local psychology respectively.
- Higher expectations from the public: thus, global corporations need to show an interest in environmental protection, human rights, and country regulations. Every mistake turns into a huge scandal, well publicized, followed by boycotts, events and protest marches against them, which causes damage to corporate image and leads to sales decrease;
- Managing a corporation of millions of dollars and dozens of branches across the globe can be difficult in terms of central management; each error management costing millions of dollars.
- Reduced flexibility compared to smaller firms.

Conclusion

Globalization is deeply connected with economic systems and markets, which, on their turn, impact and are impacted by social issues, cultural factors that are hard to overcome, regional specificities, timings of action and collaborative networks. For some people, this global phenomenon is inherent to human nature. Because of this, some say globalization begun about 60,000 years ago, at the beginning of human history. Throughout time, human societies' exchanging trade has been growing. Since the old times, different civilizations have developed commercial trade routes and experienced cultural exchanges. And as well, the migratory phenomenon has also been contributing to these population exchanges. Especially nowadays, since travelling became quicker, more comfortable, and more affordable. This phenomenon has continued throughout history, notably through military conquests and exploration expeditions. But it wasn't until technological advances in transportation and communication that globalization speeded up. It was particularly after the second half of the 20th century that world trades accelerated in such a dimension and speed that the term "globalization" started to be commonly used.

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