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SOCIO-ECONOMIC CHALLENGES OF GLOBALIZATION

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Abstract:

This paper would examine the economic and social effects of ongoing globalization in India. The attempt has been made in this paper to analyze the impact of globalization and liberalization over the socio-economic aspects of Indian Economy. The study is based on secondary data and it is of descriptive type India is a multilingual, multi-religious and multicaste country and has been a dominant player in the world system and part of the global economy since ages. Its civilisational past has been shaped and has evolved through a number of events, crisis, people and communities. It has not been an isolated country at any point of time as there has been a continuous exchange of ideas, products and people with other countries and civilisations. LPG (Liberalisation, Privatization and Globalization) model was adopted by Indian Government during 1990-91 when Indian Economy was in a very bad shape. 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 three weeks outflow. To rectify its ailing financial health, Government simultaneously decided to amend its economic policies and go for privatization & liberalization of its economy. In the overall view, these decisions had immediate positive effect. However, globalization soon 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. Keeping in view the relevance of the subject, the attempt has been made in this paper to analyse the socio- economic changes of globalisation and liberalisation in the Indian Economy. The study is based on secondary data and it is of descriptive type.

Key words: Globalization, Liberalization, Privatization, Simultaneously.

INTRODUCTION

Globalization (or globalisation) 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. Globalization as a spatial integration in the sphere of social relations when he said “Globalization can be defined as the intensification of worldwide social relations which link distant locations in such a way that local happenings are shaped by events occurring many miles away and vice – versa.” Globalization generally means integrating economy of our nation with the world economy. The economic changes initiated have had a dramatic effect on the overall growth of the economy. It also heralded the integration of the Indian economy into the global economy. Globalisation can be seen as one of the most important force impacting on the economy. According to Brittan[4] globalisation is viewed “as a whirlwind of relentless and disruptive change which leaves governments helpless and leaves a trail of economic, social cultural and environmental problems in its wake Globalization was initially planned to be only a trade relationship. But the process has, as a by- product, integrated national & regional economies, societies and cultures through global network of trade, communications and migrations.

There are evidences that it has been integrating and assimilating ideas and people from all over the world. However, this has not been a one side flow as India has also influenced other regions, countries and civilizations through its contacts and interactions of traders, travelers, religious preachers and other migrants. [3] India has been a part of the bigger world system. It has kept on interacting with other countries. It therefore becomes essential to understand India in a global context to examine its problems and to seek solutions. Although economic in the core, globalization has pervasive effects on the society (Bauman, 1998 and Castle, 1999). It has its impact on the social structure, values, social institut The Indian economy was in major crisis in 1991 when foreign currency reserves went down to \$1 billion. Globalization had its impact on various sectors 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.

Objectives of the Study:

To study the forms of globalization

To know the impact of globalization in Indian society

ERAS OF GLOBALISATION

- 1) First Era of Globalization(1850-1914)
- 2) InterWar Period(1920-1939)
- 3) Cold War Era(1945-1989)
- 4) Second Era of Globalization(1989-present)

Main Form of globalization

1) Economic:

Under both the General Agreement on Tariffs and Trade (GATT) and its successor the World Trade Organization (WTO), world trade has expanded rapidly. TNCs have been the major force in increasing economic interdependence and several generations of newly industrialized countries have emerged.

2) Cultural

Mixing of cultures has occurred through - Migration - Rapid spread of news, ideas and fashions through the media, trade and travel - Growth of global brands – Nike, Coca cola, MacDonalds Western culture has diffused to all parts of the world through television, cinema, the internet, newspapers and magazines. This has been reflected in media, art, sport and leisure pursuits.

3) Political

The influence of nation states has diminished in many areas as more and more countries organize themselves into trade blocs. The influence of western democracies on developing countries has also been strong. Relationships are also political – the increasing role played by the United Nations around the world epitomizes the developing cooperation between nations growing importance of cross border pressure groups – Friends of the Earth, Amnesty International – ‘global civil society’. Their actions have led to international rules on trade, environment, human rights, war etc. Globalization can be seen in terms of: - Urban - a hierarchy of global cities has emerged to act as Centre’s for the global economy - Demographic – the growth of international migration and the rise of multicultural societies - Linguistic – the emergence of English as the working language of the ‘global village’ - Environmental – the impact of activity in one country has a clear impact in others – e.g. the spread of pollutants and the impacts of global warming.

Impact of globalization

1. Public-Private partnership
2. Competition in public sector
3. Efficiency
4. Effectiveness
5. Transparency
6. Responsiveness
7. Accountability
8. People participation
9. Business principles
10. Specialisation
11. Use of IT
12. Increase in productivity
13. Decrease in number of employees

Impact of liberalization

1. Flexibility in policies
2. Increase in production
3. Lessen burden of work on administration
4. Increase in creativity
5. New experiments
6. Loosen the control of administration on economic and commercial activities

Economic challenges

The oil crisis in 1970's and various other factors had created financial emergency in India around 1990 when foreign currency reserves were reduced to only 3 weeks outflow. Major factors for such a situation were 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.

Some steps towards these structural changes

1. Virtual abolition of Industrial licensing Raj
2. Free access to foreign technology
3. Abolition of Government control over capital issues and creation of SEBI to encourage equity culture in India.
4. Sharp reduction in industries reserved for public sector.
5. Decision to go for partial disinvestment in public sector enterprises.

Social Challenges

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.

CONCLUSION

Globalization is not only useless but dangerous too for Indian Economy. It gave temporary relief to Indian Government to tide over its serious foreign exchange situation during 1990-91 by enabling it to get loan from World Bank. But, as a byproduct, it has caused some permanent damage to Indian Economic system and deep rooted Indian social structure. 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. Gender-based dualistic enclaves are particularly important to mention. Globalization has widened the gap between the two enclaves. It may be noted that women workers are mostly employed in the unorganized sector. They may frequently be found in vast numbers in the mining activities and the export industries which earn the foreign exchange to service the country's external debt, stitching garments, assembling electronic circuits, cleaning shrimp, plucking tea, working at subsistence or below-subsistence wages. Globalization, mostly discriminating against the unorganized sector, has pushed them farther to the margin (Hensman (2001), Saptari (2001), Revolutionary Publications)

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