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An Assessment Of Globalisation And Economic Growth In India

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ABSTRACT

This article explores the multifaceted impact of globalisation on India's economy, considering various sectors, societal changes, and regional disparities. Globalisation has reshaped the global economic landscape, bringing about changes in trade, investment, technology, and cultural exchanges.



INTRODUCTION

The liberalisation policies of the early 1990s marked a pivotal moment in India's economic history, opening the door to foreign investment and international trade. This article delves into the positive and negative effects of globalisation on the Indian economy, focusing on key areas such as trade, employment, industry, agriculture, and regional disparities.

The Historical Context of Globalisation in India

The roots of globalisation in India can be traced back to the economic liberalisation policies introduced in 1991. These reforms, driven by a balance of payments crisis, aimed to integrate the Indian economy into the global market. Key measures included the reduction of trade barriers, deregulation of industries, and opening up of sectors to foreign direct investment (FDI). These changes marked a departure from the earlier protectionist policies and set the stage for India’s rapid economic transformation.

Impact on Trade and Industry

Trade Expansion and Diversification

One of the most significant impacts of globalisation on the Indian economy has been the expansion and diversification of trade. The reduction of trade barriers allowed Indian businesses to access global markets and compete on an international scale. Exports of goods and services surged, contributing to economic growth and job creation. The composition of India’s exports also changed, with a shift from traditional products like textiles and agricultural goods to high-value sectors such as information technology, pharmaceuticals, and automotive components.

Industrial Growth and Challenges

Product Category	1990 (%)	2020 (%)
Textiles and Garments	25	12
Agricultural Products	20	10
Information Technology	5	45
Pharmaceuticals	3	15
Automotive Components	2	8
Others	45	10

Globalisation led to the rapid growth of various industries in India. The IT and software services sector, in particular, experienced a boom, positioning India as a global hub for outsourcing and technology services. However, this growth was accompanied by challenges. The influx of foreign goods and competition from multinational corporations posed a threat to domestic industries, particularly small and medium enterprises (SMEs). Many traditional industries faced difficulties in adapting to the new competitive environment, leading to closures and job losses.

Table 2: India's Export Composition (1990 vs. 2020)**Impact on Employment and Labor Market****Job Creation and Skill Development**

Globalisation has played a significant role in job creation in India, especially in the services sector. The IT and business process outsourcing (BPO) industries have generated millions of jobs, providing employment opportunities for a young and educated workforce. Additionally, foreign companies setting up operations in India have created jobs in various sectors, including manufacturing, retail, and finance.

Challenges of Unemployment and Underemployment

Category	1990 Exports (%)	1990 Imports (%)	2020 Exports (%)	2020 Imports (%)
Food Grains	15	5	10	7
Fruits and Vegetables	5	2	8	5
Cash Crops (e.g., Cotton)	10	3	20	15
Processed Foods	3	2	15	10
Fertilisers and Chemicals	2	10	5	20

Despite the positive effects on job creation,

globalisation has also contributed to unemployment and underemployment in certain sectors. The closure of uncompetitive industries and the restructuring of businesses have led to job losses, particularly in manufacturing and agriculture. The shift towards a knowledge-based economy has also created a mismatch between the skills required by employers and those possessed by the workforce, leading to underemployment and job insecurity.

Impact on Agriculture**Modernisation and Productivity**

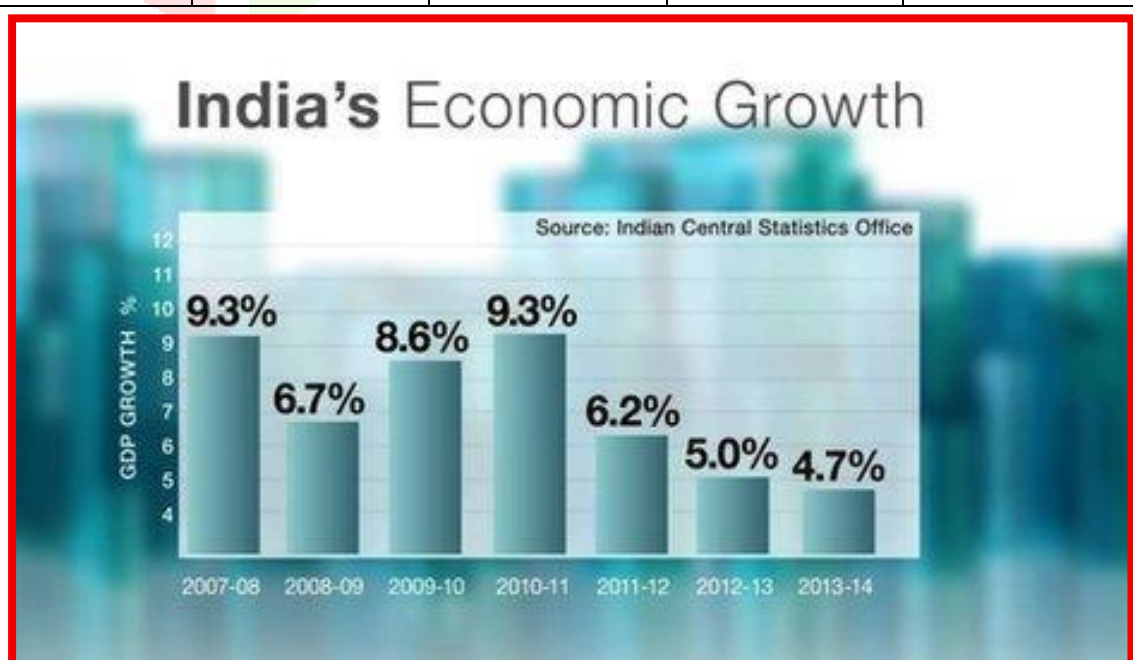
Globalisation has brought about significant changes in India's agricultural sector. Access to global markets has encouraged farmers to diversify their crops and adopt modern agricultural practices. The introduction of high-yield varieties, improved irrigation techniques, and mechanisation has increased productivity and income levels for many farmers. Additionally, the growth of agro-based industries and the export of agricultural products have provided new avenues for income generation.

Challenges Faced by Farmers

However, globalisation has also posed challenges for Indian farmers. The volatility of global markets, coupled with fluctuating prices of agricultural commodities, has exposed farmers to greater risks. The increased dependence on chemical inputs and the focus on cash crops have led to environmental degradation and soil depletion. Moreover, small and marginal farmers, who constitute a significant portion of the agricultural workforce, often struggle to compete in a globalised market, leading to income disparities and indebtedness.

Table 3: Agricultural Exports and Imports (1990 vs. 2020)

Category	1990 Exports (%)	1990 Imports (%)	2020 Exports (%)	2020 Imports (%)
Food Grains	15	5	10	7
Fruits and Vegetables	5	2	8	5
Cash Crops (e.g., Cotton)	10	3	20	15
Processed Foods	3	2	15	10
Fertilisers and Chemicals	2	10	5	20



Urbanisation and Economic Disparities

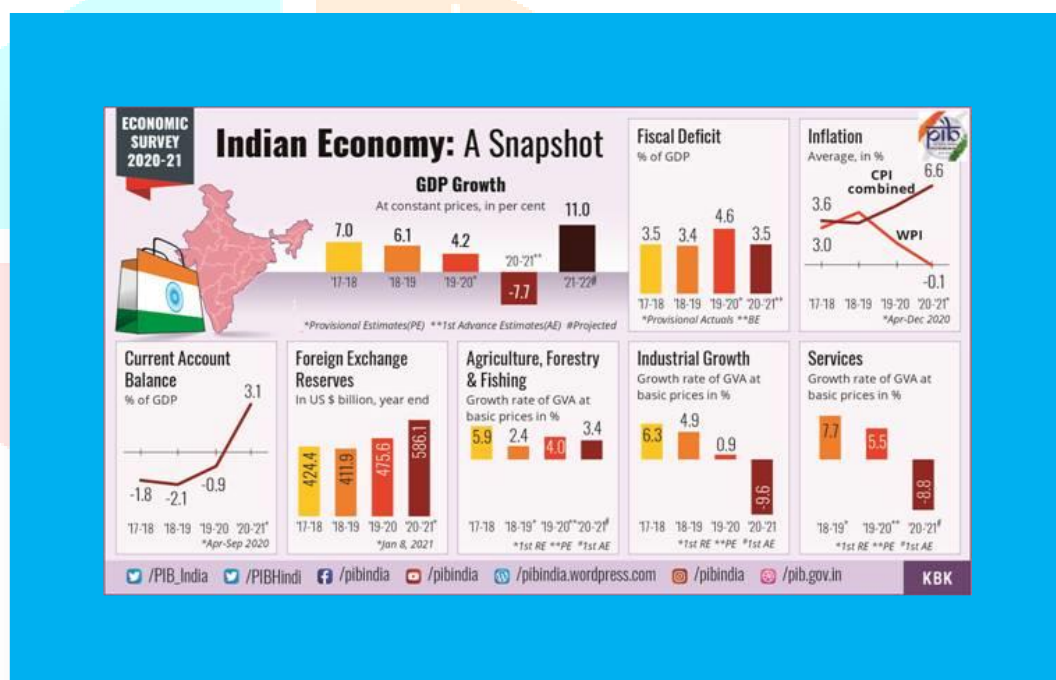
While urban areas have benefited from infrastructure development, job opportunities, and higher living standards, rural regions often lag in terms of access to quality education, healthcare, and basic amenities.

Migration and Social Changes

The economic opportunities created by globalisation have also spurred internal migration. Millions of people have moved from rural to urban areas in search of better employment prospects.

This migration has led to the growth of informal settlements and increased pressure on urban infrastructure and services. Additionally, the influx of different cultures and lifestyles due to globalisation has brought about social changes, influencing traditional customs and norms.

Conclusion



Globalisation has had a profound and multifaceted impact on the Indian economy. It has opened up new avenues for trade, investment, and employment, transforming various sectors and driving economic growth. However, the benefits of globalisation have been unevenly distributed, leading to challenges such as unemployment, regional disparities, and environmental degradation.

As India continues to navigate the complexities of globalisation, it is essential to focus on inclusive and sustainable development, ensuring that the benefits of economic growth reach all sections of society.

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