



Globalisation And Its Impact On Economy

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Introduction

Globalization means entry into the global economy for trade, transaction, investment and employment without any restriction. Any world citizen can import, export, invest and seek employment freely according to one's own choice and ability. Its other companions are liberalization and privatization. Globalization is termed as 'market populism' or 'neoliberalism'. It means 'privatisation', 'deregulation' and 'liberalization of the national economies in order to promote the allocation of resources by the 'market'.

The Bharat Ratna and Nobel laureate prof. A. Sen Defines "Globalization is a movement of ideas, people, technology and goods from one region to others, benefitting the people at large." Globalization is evident the history of the world and India has been an integral part of the globe in the most interactive sense. Even Indian ancient literature has warned that we should not become a frog in the well but expand our horizons. Globalization of the world economy has meant rapid change in technology and communication and also vast new markets for ever cheaper products. But globalization of the world economy also has resulted in even more chutthroat globalization has far reaching economic, social, political, cultural, environmental and technological consequences. Global forces play a much greater role in the determination of the price structure, level of investment, quality of product, occupational structure and direction of economic activities.

Globalization releases enormous opportunities and challenges for developing countries like India. The present article aims at examining the challenges and opportunities of globalization in three areas of the Indian economy and to suggest policy measures for facing the challenges of globalization. The areas are (1) agriculture (2) industry and (3) employment of labour

1. Effect of globalisation on Indian Agriculture

According to Pandit Jawaharlal Nehru "everything else can wait, but not agricultural." Sect oral policies formed since nineties are being framed within the system of the globalization and liberalization. Structural adjustment has now become an important policy matter of the Government. The implication is now being experienced. Agriculture, as an important sector in India is facing challenges of globalization.

- a) Towards the sixties, the Government of India adopted the agricultural strategy, "Green Revolution" (1967-68). Green Revolution (G.R.) in India ushered the use of hybrid seeds that were particularly responsive to chemical fertilizers. The increased output was the result of the introduction of H.Y.Vs. like the Mexican wheat and dwarf rice varieties. In the next phase (1983-84) emphasis was given on expansion in input supplies to farms and water management.
- b) The cheap imports of the agricultural products may bring miseries to the farmers in backward region of our country.
- c) In the process of competition and conversion of Indian agriculture into cash crops or export oriented crops may raise the question of food scarcity.
- d) Prices of farm products have lowered in the international market due to the introduction of scientific farming and bio-technology in particular which are made available to the farmers of the developed countries.
- e) Even today India is importing edible oil from other countries at high prices.
- f) Failure to take timely steps to improve the productivity and production, may lead to invasion of our markets by foreign goods and services.
- g) On the other hand, the removal of the quantitative restrictions on thousands of products is bound to affect millions of small and marginal farmers and agricultural labourers.

Various studies which analyzed the impact of trade liberalization policy on prices, export, marketable surpluses, subsidies etc. don't given encouraging result.

Therefore to reap the benefits of globalization and move in to the international marketing arena slowly the following steps to be taken –

- a) Huge investment in export oriented agricultural crops should be made to increase productivity.
- b) Special encouragement should be given to 100% export oriented units. Government can offer duty free imports of capital goods and other requirements.
- c) Air cargo transportation facilities should be extended.
- d) A common brand name has to be assigned for each individual commodity.
- c) Facility for testing the packages and quality should be made available to avoid sanitary and photo sanitary restrictions.
- f) Information about marketing facility abroad should be provided.
- g) Greater cooperation between the center and the state Governments is needed to plan agricultural production in a proper way for domestic production and export promotion.

II. Effects of Globalization on Indian Industry:

It is just over a decade since the launching of economic reforms in just 1991. Among other things, the main objective of reforms was to place India on a long high growth path. In particular, industrial liberalization unleashed hopes of healthy and competitive industrial expansion. But contrary to general expectations of business and industry the post reforms industrial performance has not been robust at least in quantitative terms.

- a) In post reforms period over 9 years (1992-2001), the average growth rate has been marginally higher at 6.5 per cent. Cyclically upturns and down turns in agro-based industries like cotton textiles, sugar, vanilla, tea, rubber plantation etc., is common phenomenon. But for other industries like shipping and metals are subject to violent the post reform period.
- b) India has lost its status from being the tenth largest industrial power in terms of aggregated value added of manufacturing output till about early seventies. Many countries which embarked on the industrialization process much better than India have scored much ahead.
- c) The per capita consumption of major industrial products in India less than many other countries including china.
- d) The structure of the economy is rapidly changing to the service sector. The share of the primary and secondary sector has started falling.
- e) The industrial sickness is on the rise. Fresh investment proposals in the manufacturing sector have sharply declined. Small scale is virtually facing closure due to cheaper imports from China and other countries.
- f) Current account deficit in trade is rising year after year. There has not been any major change in the direction of exports. The import intensity of exports has increased, but this has not led to improvement in export performance.

Like the agricultural sector industrial sector is facing numerous challenges of globalization. Against this backdrop we need to discuss some of the achievements of the industrial sector in the post reforms period.

- (a) The service sector has emerged as a dominant growth driver of the economy.
- (b) India has a competitive advantage in products like gems, jewelry, readymade garments, fabrics, leather and leather products.
- (c) Some of the sophisticated manufactured products like engineering goods, drugs and pharmaceuticals are being visible traded.
- (d) There is increased awareness about ecological and environmental concerns.

III. Effects of Globalization on Employment

Economic globalization is bound to affect the employment of labour. Some economists argue that globalization would block employment opportunities in the agricultural, industrial and service sectors of the developing countries of Asia and Africa mainly due to their inability to compete with developed countries and imposition of the issue of labour standards in international trade. The U.S.A. for example has raised the issue of labour standard in international trade, by which it proposes that goods produced by exploitative labour practices such as using child labour, bonded labour or by labour unfairly below minimum wage be banned for export. India is vehemently opposing the issue of linking exports with labour standard.

In the post reform period the volume of employment has declined in the organized sector due to the policy of disinvestment and sickness and closure of sick units. The agricultural sector is already overcrowded so globalization is likely to create unemployment problem in developing countries like India. Employment of children is a social shame and India is committed to eradicate it. So instead of rejecting the issue of the labour standard we can ask the developed countries to extend financial support to improve labour standard and to eradicate the employment of children. Developing countries can also exert pressure to follow a liberal immigration policy.

Conclusion:

Notwithstanding the dismal performance of Indian economy in the post liberalization period India has to continue with pace of globalization. At present no country can afford to remain in isolation. The cost of severing relationship is huge and unbearable. Globalization cannot wait for any country. The process of globalization is neither irreversible nor can be stopped. Hence, every country has to learn and qualify itself for global partnership.

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