Impact of Globalization on Sustainable Indian Economy

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Abstract

“Globalisation” may means integration of economies and societies through cross country flow of information, ideas, technologies, goods, services, capital, finance and people. It may benefit even within a country those who have the skill and the technology. Since the economic reforms of the early 1990s, the Indian economy has witnessed a rapid rise in the economic growth and simultaneously, has brought about an increase in the economic efficiency.

It is important to recognize that a transition to a green economy is already underway. It began largely in response to the increased public awareness and strengthened political will on sustainable development that were generated by the Rio Earth Summit in 1992.

This paper tries to capture how these Green economic changes brought about by globalization have affected sustainable development. The main aim of the paper is to study and analyze the overall view of globalization in India.

Introduction

We live in a world where, science, technology and development play an important roles in changing human destiny. A rapid increase in
international interdependence has initiated the process of globalization in the world. Globalization is process of integration of economy society and culture with the use of technology and new knowledge. Globalization is not a new term.

Globalization is a term that has become very popular and used in many different contexts (Powell, 2015). Norris (2012) links the definition of globalization to geographical borders. The author distinguishes between national, international offshore and global. On the other hand however, Amavilah et al (2014) defines globalization as the increasing integration between the markets for goods, services and capital. Redding’s (2000) definition also links globalization to the breakdown of physical boundaries. Those in support of the globalization wave see it as an opportunity for economic growth while opponents perceive it as a threat to economic prosperity, political sovereignty, and cultural integrity (Amavilah et al (2014). In the case of developing countries, the primary concern is the threat to political sovereignty and losing control of their economies (Glatzer, 2012).
The green economy is defined as an economy that aims at reducing environmental risks and ecological scarcities, and that aims for sustainable development without degrading the environment. The background report presented in United Nations Conference on Trade and Development (2011)\(^1\) was aimed to promote the green economy concept in order to stimulate more rapid global progress on sustainable development. However, it is important to recognize that a transition to a green economy is already underway. It began largely in response to the increased public awareness and strengthened political will on sustainable development that were generated by the Rio Earth Summit in 1992. The challenge for Rio+20 is to build momentum behind the nascent phase of a transition to a green economy that is now underway. Market trends reveal an advancing green economy transition. The number of firms with ISO 14001 environmental management certification rose from under 40,000 in 2000 to over 200,000 in 2009; and over 40 per cent of registered firms are in developing countries.

**Research Methodology**

Globalization has impacted nations’ states unevenly across time and space in the process enhancing opportunities and hegemonies on the other. It has severely affected the nature environment. Globalization today has raised various issues. Both positive and negative aspects of globalization has effected on environment. Sustainable development has become a major

necessity due over exploitation of resources in the world. Present research is focuses on this theme of Globalization and its impact on Green economy and Sustainable development.

**The basic objectives of the present study are:-**

1. To analyze the impact of globalization process on Indian Economy.
2. Find out the pros and cons of globalization.

The study is based on a qualitative theoretical research and the empirical finding consists of survey performed in a qualitative way, this will be discussed. According to Parasuraman et.al.(2005)\(^2\) Secondary Data are data that have already been collected by and are readily available from other sources. The secondary data consist of various documentation. It is essential to use secondary data in order to get a wider sight. For a researcher it is important to see what other researcher has done and their results within the research field (Arbnor & Bjerke, 1999)\(^3\). In order to further understanding of the research problem area I started by collecting secondary data.

The main advantage of starting the data collection process with secondary data was that it gave us the possibility to establish a thorough understanding of the problems related to the evaluation of investments in Automobile Sector. Furthermore, using secondary data is relatively uncomplicated and it gave us the advantage of exploring the problem area on a step-by-step basis.

The paper will be review various papers available so far this area and will try to conclude with the results.

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\(^3\) ibid
Results and Discussions

Globalization has many meanings depending on the context and on the person who is talking about. Though the precise definition of globalization is still unavailable a few definitions are worth viewing, Guy Brainbant: says that 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. The term globalization refers to the integration of economies of the world through uninhibited trade and financial flows, as also through mutual exchange of technology and knowledge. Ideally, it also contains free inter-country movement of labor. In context to India, this implies opening up the economy to foreign direct investment by providing facilities to foreign companies to invest in different fields of economic activity in India, removing constraints and obstacles to the entry of MNCs in India, allowing Indian companies to enter into foreign collaborations and also encouraging them to set up joint ventures abroad; carrying out massive import liberalization programs by switching over from quantitative restrictions to tariffs and import duties, therefore globalization has been identified with the policy reforms of 1991 in India.

Indian economy had experienced major policy changes in early 1990s. The new economic reform, popularly known as, *Liberalization, Privatization and Globalization* (LPG model) aimed at making the Indian economy as fastest growing economy and globally competitive. The series of reforms undertaken with respect to industrial sector, trade as well as financial sector aimed at making the economy more efficient.

With the onset of reforms to liberalize the Indian economy in July of 1991, a new chapter has dawned for India and her billion plus population.
This period of economic transition has had a tremendous impact on the overall economic development of almost all major sectors of the economy, and its effects over the last decade can hardly be overlooked. Besides, it also marks the advent of the real integration of the Indian economy into the global economy.

This era of reforms has also ushered in a remarkable change in the Indian mindset, as it deviates from the traditional values held since Independence in 1947, such as self reliance and socialistic policies of economic development, which mainly due to the inward looking restrictive form of governance, resulted in the isolation, overall backwardness and inefficiency of the economy, amongst a host of other problems. This, despite the fact that India has always had the potential to be on the fast track to prosperity.

Now that India is in the process of restructuring her economy, with aspirations of elevating herself from her present desolate position in the world, the need to speed up her economic development is even more imperative. And having witnessed the positive role that Foreign Direct Investment (FDI) has played in the rapid economic growth of most of the Southeast Asian countries and most notably China, India has embarked on an ambitious plan to emulate the successes of her neighbors to the east and is trying to sell herself as a safe and profitable destination for FDI (Tanveer Malik).

Dr Dhaval P Dave and Ms. Rina C. Dave (2013) given in their paper an elaborative description of Impact of Globalisation on Indian Economy. Globalization has been a recent phenomenon that has swept the world. The world has become increasingly interdependent and integrated. It has been the harbinger of radical change. All the fortune 100 companies have a

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foothold in the world market and reaping large revenues. The trade barriers have been lowered worldwide resulting in expansion of trade, foreign direct investment, exchange of technology, greater movement of people across borders.

Markets were open for foreign companies and investors more and more privatization began to take place and India turned into a more capitalized form of economy. The liberalization, privatization and globalization police of 1991 opened up new horizons of opportune for the Indian business (source: Indian business in the present scenario in Indian business).

1. Impact on Indian Manufacturing

The reforms involves putting an end to the license Raja, reduction of high industrial tariffs, the privatization of aluminum, car manufacturing, telecoms and information technology companies, the liberalization of the exchange Mergers, takeovers, global alliances joint ventures and collaborations are taking place, almost every day.

India’s telecom sector is exploding and all the big handset makers are talking about setting up manufacturing facilities here so that they can cater to this strong domestic demand”, says Shirish Sankhe, a partner at Mckinsey in India. This shows that even in a sector where imports were cheaper because of zero duties, “Made in India” is being preferred. Manufacturing capacities are being expanded the country is emerging as a global source. Globalisation has increased share in GDP. Indian has been witnessed of increasing GDP.
2. Impact on Wages and the Income Inequalities

Research indicates that FDI tends to increase wage levels and reduce poverty in both developed countries. For developing ones, it increases income inequalities in the short term but decrease then with greater investment over time. For developed countries FDI tends to decrease income inequalities. Income inequalities among the richest and poorest nations seem to be decreasing.

According to the liberals, globalization is an effective tool for eliminating want and for permitting the poor people to get hold of a steady grip of the global economy. For instance, as per World Bank reports, within the two decades from 1980s to 2001, those people living on US$1 or less or less per day, reduced from 1.5 billion to 1.1 billion. Alongside there is a rise in the total population of the world. So, it is globalization: It’s Impact on the Indian Welfare State an obvious conclusion that in the developing countries, the percentage of those people got reduced from 40% to 20%. It is also claimed that, with globalization, capital can be shifted to whatever country offers the most productive investment opportunities, creating growth.

3. Impact on Education

Entry of foreign universities is the best example of it. India has become a hub of information technology outsourcing, after the government decided to privatize education ten years ago. The most dramatic impact of the 21st century “foreign Hand” is in the opening of the higher education sector to foreign institutions. Most recently; the Ministry of HRD (Human Resource Development) is reported to have withdrawn the requirement for prior approval before Indian institutions enter into MOUs with foreign institutions. This is undoubtedly a pragmatic step, which reinforces the autonomy of universities and institutions.
4. Impact on Environment

There is no denying the fact that pollution is reality associated with increased manufacturing shift to developing countries. In an empirical study, Dande found that globalization increase CO2 emission is the main culprit of global warming. A more positive view of globalization would be that it has the potential to enhance productivity and raise the living standards everywhere, since a globally integrated economy makes for a better division of labor and an environment which can be exploited by the large companies to achieve economies of scale. It also claimed that, with globalization capital can be shifted to whatever country offers the most productive investment opportunities, creating economic growth. The concept of corporate social responsibility needs to become a globally accepted fact alongside the globalization of markets, since it will ultimately benefit the business.

5. Impact on Indian Culture

The culture of any country does not only portray the region and language of the region, but it starts with the mindset and mentality of the residing citizens. Indian culture is quite rich with respect to its heritage and resources, and more importantly due to the welcoming approach of its citizens. India is bouquet of flowers varying religion, dialect, edibles, tradition, custom, music, art and architecture etc, bundled into a single unit of patriotism and unity. The common factor within all these diversities is the Indian mindset of welcoming, greeting, celebrating in a united way with immense affection and togetherness. This is the rich essence of the Indian culture that has attracted many foreigners to stay back in India and mingle into its eternal fragrance.

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When we analyse this rich culture with the globalization point of view, we can find many punch holes of westernization and mixing of other traits and cultures into our beautifully woven blanket. Let us closely analyse the impacts of globalization on Indian culture:

i. Family Structure

Let us start with the key attraction of Indian joint family culture. The joint families have become a strange surprise to the Indians especially to those residing in the metropolitan cities in the small flat culture with the nuclear families blooming up like mushrooms in the rain. We have lost the patience to get adjusted into the joint family, imbibing the values of the elders and getting the young ones brought up under the shadow of their grandparents. Children have started treating grandparents like guests or visitors, and such an upbringing is one of the main reasons of increasing old age homes, as those children consider their own parents as burden in their state of adulthood.

ii. Marriage Values

Similarly, marriages have also lost their values. It is very much evident from the increasing number of divorce cases and the extra-marital affairs reported every now and then. Marriage used to be considered as bonding of the souls which will be linked even after the death; but today marriage is like a professional bond or a so-called commitment to share life without compromising their self-interests. The ego factor into the Indian youth is again a product of globalization.

iii. Adultery

Both the genders were kept at a distance, with lot many restrictions and limitations to the approach for ages in our culture. With the emergence of
globalization and western culture, youth have start mixing up well with each other. The friendly approach and the socializing feature is worth appreciable. But the total breakout of restrictions have adulterated the Indian mindset, playing up with the physical relationship. This has given birth to new relationships in India like live-in relationships. Also the increased cases of rape and sexual abuse cases are a result of the perverted mind which again the imported values very much alien to our mother culture.

iv. Social Values

We have the incorporated values of treating the guests as God, warm-hearted welcoming, greeting elders with due respect and a celebrating every small festival with great colour of enjoyment and togetherness. Such a wide gathering with full hue and light can hardly be seen today. People have highly restricted themselves in social interaction. The interaction in present generation is highly diplomatic considering the financial status and wealth. We have lost our social values and cheerful blessing of togetherness. The present generation are more happy celebrating Valentine’s Day rather than Holi and Diwali.

v. Food, Clothing and Dialect

Indian food, clothing and languages are varied with respect to different states. The food varies in its taste, but every food has its own nutrient value and every region is specified and rich in its medicinal preparations with the home remedies. Even the clothing varies in different states which is very much particular in maintaining the dignity of woman. The varies cuisines from all over the world though have different flavours to add, still the food ingredients that have inflicted with much popularity are the junk food items which has increased the health disorders in the country. Again the dressing like the suitings for the males are an inappropriate
match for the Indian type of climate. The female dresses are again a way of distraction to the perverted minds.

Even the Indians are not very much in favour of promoting their mother tongue or our national language. Instead the youth today consider it to be a shameful condition to speak in their national language Hindi. The way the foreign languages are getting prevalent in India like the French, German and Spanish, right from the school level, is the example of how much we provide importance to Indian languages in comparison to the foreign ones.

vi. Employment and the Agricultural Sector

India was predominantly an agricultural based country. With the advanced globalization and cropping up of MNCs, the farming has lost its prime value in India. Agricultural science has the least focus amongst the youngsters who consider farming as a shameful profession and look down upon the same. Employment through MNCs have lucrative deals attracting the bulk of manpower who are working for the other countries as their customer care representatives. We are losing our health and our status and slowly getting to the age of economic slavery due to these MNCs. This is what the globalization has provided Indians through their emergence.

Conclusion

Making globalization work in a sustainable manner will not be easy. Those who benefit from the current system will resist change. However, in the case of developing countries, they must be able to use available resources well and take advantage of the new opportunities. A major determining factor on how well a country will do is the quality of the public and private institutions, which in turn is related to how decisions are made and in whose best interest, a subject broadly referred to as
governance. Even if barriers are removed systematically, not everyone is equally in a position to take advantage of the new opportunities. It is easy for those in the advanced industrial countries to seize the opportunities that the opening up of the markets in the developing countries affords—and they do so quickly. Globalization and sustainable development will remain topical subjects of debate for quite some time come.

Green economics is not just about the environment. Certainly we must move to harmonize with natural systems, to make our economies flow benignly like sailboats in the wind of ecosystem processes. But doing this requires great human creativity, tremendous knowledge, and the widespread participation of everyone. Human beings and human workers can no longer serve as cogs in the machine of accumulation, be it capitalistic or socialistic. Ecological development requires an unleashing of human development and an extension of democracy. Social and ecological transformation go hand-in-hand.

References


