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## IMPACT OF GLOBALIZATION ON INDIAN ECONOMY

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### Abstract

*Globalization in India (LPG) was to make the Indian economy of the fastest growing economies in the world. An array of reforms was initiated with regard to industrial, trade and social sector to make the economy more competitive. The economy changes initiated have had a dramatic effect on the overall growth of economy. This paper examines the reform history in Indian economy starting from the pre-British era to present stage of Liberalization Privatization, Globalization. Indian economy has a very diverse experience from prosperity to poverty. The reforms had gained momentum during 90's when a drastic change has taken place in Industrial policy, financial policy, Public sector, Capital Market, Trade policy. While there is an improvement in Indian Industry, particularly the manufacturing sectors, Education prepares the individual to connect and live in harmony with the environment. The challenge for higher education, therefore, is to reform, create and develop systems that prepare the individual to work in a borderless economy and live in a global society. In other words, our educational institutions need to produce global citizens.*

**Keywords:** Liberalization, Privatization & Globalization, Financial Sector, Public Sector, Capital Market.

### Introduction

The strategic objective of Indian policy makers at the outset of independence was the creation of a self-reliant economy and the reduction of the high levels of poverty that existed, all within a democratic political framework. The argument was that capital brings scarce in India, it was essential to regulate the flow of the available capital into socially desirable channels. This was achieved by an elaborate system of industrial licensing and state monopoly and control over key industries. Scarce foreign exchange through exports. Therefore the policy emphasized self-sufficiency and neglected foreign trade as a means of economic growth. While growth did

pick up in the latter half of the 1970s, the Indian economy was generally mired in a vicious circle of low productivity / product obsolescence and slow growth. Jagdish Bhagwati (1992) rationalises India's development failure as follows:

Globalization in India (LPG) was to make the Indian economy one of the fastest growing economies in the world. An array of reforms was initiated with regard to industrial, trade and social sector to make the economy more competitive. 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. The Indian economy was in

major crisis in 1991 when foreign currency reserves went down to \$1 billion and inflation was as high as 17% Fiscal deficit was also high and NRI's were not interested in investing in India. Then the following measures were taken to liberalize and globalize the economy. The world has become increasingly interdependent and integrated. It has been the harbinger of radical change. All the fortune 100 companies have a 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. Globalisation has come with both benefits and losses. The comprehensive review presented shows the importance of it. It should be clear that the increasing importance of it. It should be clear that the increasing importance of globalisation cannot be under-estimated or ignored. In more than way globalisation is the need of the hour.

### Objective of the Study

1. To study the concept of Globalizations in Indian Economy.
2. To identify Economic Impact of Globalization in India.
3. To indicate technological and cultural Impact of Globalization in India.
4. To know Impact of Globalization in Educations.

### Methodology of Study

The secondary data is collected from various reference books related to Globalization and its Impact on Indian Economy system for said Research study secondary data is also collected from national and International Research Journal which are related to this topic the data pertaining above objective was collected and reviewed the literature on the topic concerned. The secondary data also collected for various website.

### What is Globalization?

The term globalization means International Integration. Opening up of world trade, development of advances means of communication, internationalization of financial markets, growing of MNC's, population migrations and more generally increased mobility of persons, goods, capital data and ideas. It is a process through which the diverse world is unified into a single society.

### Economic Impact of Globalization in India

Multilateral agreements in trade, taking on such new agendas as environmental and social conditions. New multilateral agreements for services, Intellectual properties, communications, and more binding on national governments than any previous agreements. Market economic policies spreading around the world, with greater privatization and liberalization than in earlier decades. Growing global markets in services. People can now execute trade services globally - from medical advice to software writing to data processing that could never really be traded before.

### Impact of Globalization on Business in India

India has a consumer based of 1.4 billion people. India is a 3rd largest global telecom market. The mobile subscriber base has grown from 0.3 Million in 1996 to over 250 million currently. India is likely to add over 200 shopping malls by 2010 and 715 malls by 2015. India is the world's 2nd largest two-wheeler market, 4th largest commercial vehicle market 11th largest passenger car market. Expected to be the 7th largest automobile market by 20.

### Technological & Cultural Impact of globalization in India

Access to television grew from 20% of the urban population (1991) to 90% of the urban population (2009). Even in the rural areas satellite television has a grown up market. In the cities Internet facility is everywhere. Extension of interest facilities even to rural areas. Global food chain/ restaurants has already found a huge market in the urban areas of India. Lavish Multiplex movie halls, big shopping malls and high rise residential are seen in every cities. Telecommunication and Software Industries are booming in India. Entertainment sector in India has a worldwide market. Bollywood movies are distributed and accepted worldwide. Big international companies (Walt Disney, 20th Century Fox, Columbia Pictures) are investing on this sector. Famous International brands (Armani, Gucci, Nike, Omega etc.) are investing in the Indian market with the changing of fashion statement of Indians.

## Impact of Globalization on Agriculture in India

Agriculture acquired 17% of India's GDP in 2008. 60% of population still depends on agriculture for their livelihood. Occupied 43% of India's geographical areas. Agriculture Scientists are applying new technologies and instruments in growing crops. Different state governments of India are taking initiative to literate the farmers.

### Globalization and Education

The principal objective of education has been the development of the whole individual. The minimum level of education that was necessary to achieve this goal in the agrarian society was basic or primary and in the industrial age, secondary. In the present borderless information society, education needs to be able to respond to additional demands of a rapidly globalizing world by raising awareness of environment, peace, culture and social diversity, increased competitiveness, and the concept of a global village. Such education is to a knowledge or information society what secondary education was to an industrial economy. Education prepares the individual to connect- and live in harmony- with the environment around him. Globalization has changed for higher education, therefore, is to reform, create and develop systems that prepare the individual to work in a borderless economy and live in a global society. In other words, our educational institutions need to produce global citizens.

The collapse of the Soviet Union in 1991 allowed liberal democracies to claim victory for the capitalist system and contributed to increasing the pace of globalization that was already under way. As globalization gained momentum, market substituted political ideology as the dominant force guiding national and global policies. What followed next, therefore, does not seem so logical. National governments everywhere – partly in deference to the ascendancy of the market and partly in response to pressure from private sector to expand their sphere of activities – began to relinquish control over the delivery of social goods. Everything began to be viewed as a commodity that could be produced and delivery by the private sector in line with market forces and according to the principles so supply and demand. One by one – water, electricity, postal

services, health, and now education, have been turned into a commodity.

The withdrawal of state from higher education has also been helped by economist, who have an overly simple way of assessing the return on investment in higher education. The basic problem is that they have measured the return on education the return on education exclusively through wage differentials. With reference to someone who no education, someone who has been to primary school, someone has to completed secondary school, and someone with s university degree, one can ask how much more each earns that can previous. These differences are then compare to the incremental amounts invested in their education to find the return. The result generally suggest that higher education yields a lower return than primary or secondary education – and they have been used to justify the skewing of government budgets and development funds away from higher education institutions.

The rate of return calculations are flawed because they do not take account of the full range of benefits to those who receive higher education. For example, higher education can enhance health, openness, peace, and social development, and at the same time reduce disease, bigotry and blind nationalism – so the private benefits, as the rate of return analysis suggests. Higher education confers benefits above and beyond enhancing the incomes of those who receive it. And many of these benefits take the form of public goods, such as the contribution of higher education to enterprise, leadership, governance, culture, and participatory democracy, and its potential for lifting the disadvantage out of poverty. These are all vital building blocks for stronger economies and societies and all routes by which the benefit of investment in higher education multiplies throughout society.

There is another, more serious, problem with corporatization of education. Corporations operate on the principles of cost reduction and profit maximization. These require introducing standardization and the packaging of product incompact, measurable, byte-like, configuration. Applied to education, these approaches would possibly negate its basic fabric and purpose. Education has always encouraged and represents openness, inquiry, diversity, research and limitless learning.

Corporatization of education would make it elitist the one provided by corporations for the masses and the poor who cannot afford going to the traditional institution of learning, and the other for the rich and the affluent. The delivery of public goods and services is and should remain the primary responsibility of the state. Representative government may not be the ideal or perfect arrangement for governance but it represents the best that is available, and certainly more desirable than the private sector management of public services such as education. If the state relinquishes its control over education and education policy, we run the risk of diminishing it to the status of a packaged for-profit product which it is not. Openness, diversity, scholarship, research and disinterested learning will be its biggest victims.

### **Conclusion**

The strategic objective of Indian policy makers at the outset of independence was the creation of a self-reliant economy and the reduction of the high levels of poverty that existed, all within a democratic political framework. The argument was that capital being scarce in India, it was essential to regulate the flow of the available capital into social desirable channels. This was achieved by an elaborate system of industrial licensing and state monopoly and control over key industries.

Scarce foreign exchange had to be saved by curtailing imports, as it was thought that India was not capable of earning much foreign exchange through exports. Therefore the policy emphasized self-sufficiency and neglected foreign trade as a means of economic growth. While growth did pick up in the latter half of the 1970s, the Indian economy was initiated with regard to industrial, trade and social sector to make the economy more competitive. The economic changes initiated have had a dramatic effect on the overall growth of the economy. Globalization in India (LPG) was to make the Indian economy one of the fastest growing economies in the world. An array of reforms was initiated with regard to industrial, trade and social sector to make the economy more competitive. The economic changes initiated have had a dramatic effect on the overall growth of the economy.

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