SOCIAL AND ECONOMICAL EFFECTS OF GLOBALIZATION IN INDIA

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Introduction

Different countries of world were doing trade with each other thousands of years. India was also doing trader with different countries from a long back but with certain barriers, It was only in when the Indian government adopted globalization. As at that time Indian economy was in very bad shape and its foreign exchange reserve was reduced to only 3 weeks outflow. Along with global the Indian government also adopted privatization and liberalization boost the Indian economy. By adopting globalization, government reduced artificial barriers for trade and as a result the process got tremendous boost in last two decades due to high handed policies international monetary fund, World Bank and world trade organi who have been working on the agenda of developed countries USA. They practically forced underdeveloped countries to adopt throttle globalization by opening their market to world trade.

Globalization was initially adopted only for trade relationship as a process there were several issues which came along as a product like it was going to affect-.

- integrated national & regional Economies
- Societies & cultures through global network of trade
- Communication & migration

Economic Effects of Globalization

The crises in oil in 1970's and various other factors created financial emergency like situation in india around 1990 when Indian foreign exchange reserves were reduced to only 3 weeks outflow. Some of the other important factors that led India to accept the Globalization were

- Stagnant economy
- Overcoming the fiscal deficits and current account deficits : fiscal deficit as a percentage of GDP had been over 7% during previous

decade and it had touched 8.4% of GDP during 1990-91 as well as current account deficit was about 3.3% GDP

- High rate of inflation: In India inflation was as high as 10% and that poverty was increasing day by day.

Such situation demanded major structural changes in Indian economic policies. At this point, Indian government had no option but to join the stream of globalization so as to be able to avail loan/grant from World Bank. Indian government agreed to reduce quantitative restriction imposed through licensing system & it also agreed to reduce custom in phases to levels acceptable to WTO.

The government realized that Globalization itself may not help to boost the Indian economy hence the government of India decide to go for privatization of its economy and adopt liberalized economic policies like:

- Reduction in public sector units and its privatisation.
- Partial disinvestment in public sector enterprises
- Abolition of government control over capital issues & creation of SEBI to encourage equity culture in India.
- Free access to foreign technology
- Put a curb on licensing raj and foundation of single window system.

These reforms had a dramatic effect on Indian Economy which responded swiftly and positively to these measures. GDP started increasing at an annual rate of 6%, fiscal deficit came down. Many new companies were formed due to liberalised economic policies. Large number of jobs at good wages were available at this resulting in the growth of middle income group which in turn increased domestic consumption. Liberalised policies on foreign direct investment & Foreign institutional investment helped in faster development in telecommunication, roads, ports, airports, insurance and major other sectors.

In addition to above healthy development & due to government policies there were also some not so happy developments like:

- Globalization increased the dependance of Indian economy on world economy.
- Globalization had completely eroded the spirit of 'Swadeshi movement' run by father of the Nation, Mahatma Gandhi.
- Steep & fast reduction in custom duties have snatched large part of