

GLOBALISATION IN INDIAN ECONOMY

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Abstract

Globalization is an under way continues process of interaction as well as integration among the people, companies, and governments of different nations, a process driven by international trade and investment and aided by information technology. India has a strong history of exporting goods to various destinations across the world. The process of globalisation is not new in India but it cannot be denied that globalisation is an initiator of improved marketing and managerial techniques. After the globalisation Indian companies became more concern about the global market.

This study basically focuses on the effect of globalisation and the level of growth in Indianeconomy since its introduction in 1990s by Dr.manmohansingh. The data is represented in current market price.

The Economy of India is the tenth-largest in the world by nominal GDP and the third- largest by purchasing power parity (PPP). The country is one of the G-20 major economies, a member of BRICS and a developing economy among the top 20 global traders according to the WTO.

Introduction

The Indian economy experienced growth after globalisation. Globalisation made us aware about the changing environment and requirements of new society.Globalisation is a part of almost all aspects of our lives. The process of globalisation has effects on the environment, on culture, on political systems, and on economic development in Indian societies. The study encompasses the a decades data and represents it in a tabular form. The world around us is facing a dynamic change.

According to UNCTAD's **World Investment Report 2017**, India continues to remain as a favorite destination for FDI even though tax related concerns remain as a deterrent for the foreign investors.

Key words: Economy, inflation, foreign trade

Economy: A combined chain of producers, distributors, and consumers of goods and services in a particular environment.

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Inflation: Inflation is an increase in the price level of goods and services in a country.

Foreign trade: foreign trade means a trade which takes place between countries.

Objectives

- To know the effect of globalisation in Indian economy.
- To know the level of growth rate in Indian economy from 1990 to 2018.

Methodology

The present study makes use of secondary data collection method. Data is collected from the publications made by government of India, Asian development outlook and certain books. The reference period of study is related from 1990 to 2018, journals and periodicals.

Effect of globalization in Indian economy

The general effect of globalization can be seen from positive and negative both perspectives. In any developing country like India the emergence of globalisation played a very vital role not only for economic growth perspective but also for empowering the youth.

1. **Brand development:** Globalisation introduced India to branded products. After globalisation India started importing durable as well as non-durable products. In 90 centuries the use of branded products was confined to upper class people but now it can be seen to middle classes as well. Brand development can lead to consumerism.
2. **Exploitation of labour class:** the higher level of work load is loaded on labour class. Specially the unskilled labour class who are paid low wages.
3. **Employment growth:** after globalisation the availability of job in India increased. Special Economic Zones (SEZs), Export Processing Zones (EPZs), etc. are created across the country for the same thousands of people are employed. Western countries like USA and UK outsource their work to Indian companies.
4. **Compensation expansion:** Since globalisation, the levels of compensation have been higher than what domestic firms would have provided at similar level of professional experience and qualification. According to Knowledge at Wharton (2011), mergers & acquisitions rise due to globalisation. This leads to a change in management structure.

Workers are pacified with salary hikes to keep them motivated during management restructuring.

5. **Enhancement of living standards and increased purchasing power:** globalisation brought a dramatic change in Indian economy which indirectly affected the purchasing power resulting in enhancement of living standards. A huge amount of wealth generation in these cities have been going on which is leading to the development of businesses and cities are also developing with higher purchasing power for those who are working with foreign organizations. Even the domestic organizations are encouraged to pay higher compensation to their employees who enhance people to live better quality lives indirectly (Held, 1999). Thus these cities are witnessing better living standards and also development in business besides economic growth in the city.

6. **Empowerment of Indian youth:**

Pride of working in global organizations has been on the increase among the young professionals and that has done wonders in increasing their outstanding confidence levels even in their early 20s not seen in any other age group (Lara, 2008). This is a wide positive fact in these destination cities and this is also trickling to the young professionals in other canter of growth.

7. **Adverse Effects on Social Security and Social Welfare:**

Because of privatisation, governments in many developing countries are withdrawing from the sector of social welfare, and private companies have entered educations, health and other such fields related to development. As a result of this, poor people are facing a lot of difficulties. They have no access to expensive educational institutions and hospitals. They cannot go for health insurance due to poverty. Social welfare has been in disarray because of globalization.

Growth rate in Indian economy

India being an developing country faces a number of policy changes not only in internal environment but also some external international environmental factors which effects the growth rate. India experienced a roller coasterride in economy.

The growth rate is represented in form of Gross Domestic Product, Goss Value Added, Gross National Income and Net National Income from 2005 to 2019.

According to British economist angus maddison, “India’s share of world economy reduced from 24.4% in 1700 to 4.2% in 1950”. During 19th century the introduction of industrial revolution made major changes in the history of globalisation and made a road for modern Indian economy after the introduction of new model of economic reforms commonly known as the LPG IN 1990s.

Table 1: Analysis at current market price (crore INR)

FINANCIAL YEAR	GDP	GVA	GNI	NNI
2005-2006	13.99	14.55	13.97	13.99
2006-2007	17.14	17.37	17.07	17.27
2007-2008	15.14	14.99	15.56	15.49
2008-2009	12.56	15.20	12.36	11.87
2009-2010	15.46	15.51	15.46	15.35
2010-2011	19.92	18.56	19.35	19.84
2011-2012	14.43	14.45	14.65	14.59
2012-2013	13.82	13.52	13.49	13.23
2013-2014	12.97	12.61	12.89	12.91
2014-2015	10.99	11.01	11.06	10.92
2015-2016	10.40	9.23	10.42	10.71
2016-2017	10.82	10.15	10.83	11.01
2017-2018	9.96	9.69	10.01	10.05
2018-2019	12.33	11.72	12.40	12.48

Source: central statistics office/ ministry of statistics & programme implementation, government of India

Conclusion

After the globalisation in 1991, India experienced growth in GDP, GNA, GNI AND NNI. when GDP grows it affects the average inflation rate. There are various scenarios which are responsible for inflation. India’s long-term record in managing inflation has been very impressive when compared with most developing countries. The relatively high double-digit inflation experienced between 2010 to 2013 was an aberration, which had a political consequence.

According to IMF World Economic Outlook (October-2018), GDP growth rate of India in 2018 is projected at 7.3% and India is 5th fastest growing nation of the world just behind Bangladesh. In 2017, country grew by 6.68 percent below 23 economies. Average growth rate from 2013-17 is estimated at 7.149%, that is 9th highest.

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