

# Globalization in India and its Challenges

## Abstract

The process of globalization is unstoppable and irreversible. All international institutions, organization and bank, have pro globalization policies and programmes. There will be further integration of markets of commodities services and financial assets even the regional groupings may become building block towards building a new global architectures. Making globalization work will require a legal regime which provides cross- border protection for firms, but also imposes on them responsibilities, e.g. concerning the environment and worker rights.

**Keywords:** Technology, Investment, Globalization, Market Forces, International Institutions.

## Introduction

Globalization is the process by which events, decisions and activities are part of the world have significant consequences for other parts of the glob. It represent closer integration of the world economy resulting form increase in trade, investment, finance and multi-country production network of MNC's. It extends beyond economic interdependence to include dilution of time and space dimensions as a result at spread at information technology.

Globalization is thus a supra national phenomenon which transcends of national frontiers , It has shrunk the world through the enhancing bonds at new technology in the context of global neighbourhood, 'global village' or the world without borders. It involves fast growth in international financial transactions, very fast growth in foreign direct investment , deeper from internationalization resulting from production network of multinationals emergence of global markets, rapid diffusion at knowledge and technology globalised communication and transport network and changes in thinking and modes of operation of international institution.

The process of globalization is unstoppable and irreversible, All international institutions, organization and bank, have pro globalization policies and programmes. There will be further integration at market of commodities services and financial assets even the regional groupings may become building blocks towards buildings a new global architectures.

Earlier there was depending on dollar as an international currency now euro has emerged. In fact, there may be need for more such groupings and if there would not have been continuous hostilities between India and Pakistan there could have been another zone here, the challenges of economic development have to be visited and revisited because there are many central issues, unsettled question and unfinished tasks. One solved problem may open new issues (Meier, 2000) aspirations, environment, goal, policies and instruments go on changing.

## Aim of the study

In the present scenario it is the challenge of any country to play important role and also to save ones own interest in the changing political and economical conditions due to globalization. In globalization world, rules and policies are necessary for the interest of each country. International institutions have to frame rules and policies to regulate the market. India which has the biggest market of the world, has to face challenges due to policies of developed countries, market forces and governing institutions.

The aim at this study is to identify this nature of challenges and the measures to be taken while facing those challenges successfully.

## Reiew of Related Literature

ILO Report (2004) stated in India there had been winners and looses. The lives of the educated and the rich had been enriched by globalization but the benefits had not yet reached the majority. Agrawal (2014) stated that globalization has also effected Indian international trade postively but even than India's share in international trade is very low. Sohi, Kaushik & Sharma (2017) stated that India should pay immediate



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attention to ensure rapid development in education, health water and sanitation, labour and employment so that under time bound programmes the targets are completed without delay. Raghunath (2017) reported that policies of China and Russia who have utilized the foreign direct investment to elevate masses above the poverty line. Such policies and attitude should be adopted by India towards globalization. Only pro-poor policies and work force ready for jobs will be beneficial for government.

### **Challenges**

The emphasis of development theory shifted from GDP to real per capita GDP to human development index to reduction of poverty, unemployment and inequalities to economic freedom to sustainable development and now to interdependent development.

Policy emphasis shifted from price mechanism and market forces with no safety nets for those who are put to disadvantage by these forces, to government intervention of planned rapid development protecting to so those who marginalized and removing poverty, unemployment, inequalities.

Now when knowledge has become the most powerful engine of economic development, it has realized that people are not poor because they are poor, but because of poor policies (Meier 2000), markets prices and incentives have been the central issues of the policies but now emphasis has shifted to get institutions rights. There is need for establishing institutions and organization for successful development not only at the national level but at the international level as well. The traditional approach to economic development emphasized that growth was constrained by lack of investment which was constrained by lack of finance. If finance were made available investment would follow. But recent approach emphasis the role of infrastructure in investment and growth. If infrastructure is provided investment would follow (Reinikka and Svensson, 1999) opening at the financial markets by the developing countries involves serious dangers and there is need of financial regulations. There is also strong causal relation between good governance and better development outcomes (Kaufman et. al. 1999) Through political stability, effectiveness, rule of law and reduction of corruption etc. Good governance contributes a lot. In fact, corruption may even threaten the entire reform process and economic reform are to be designed and implemented a way that incentives for illegal behavior and corruption are minimized (Broadman and Recanatini, 2000).

The process of globalization has continued and intensity further. At Micro level there is more and more pressure on business enterprises, from both competitions and consumers to continuously innovated and improve quality of products. As the product life cycle has reduced there is need for more expenditure and searching of new markets for increasing the core competencies, there is need for combining it with those at other through mergers and acquisitions. As the consumers reorient their choices to superior products and services, the producers also have the capacity for continuous product and process

innovation through technology and organizational improvements, especially through computer aided manufacturing and the link between the producers and consumers is quickly established through electronic media, Internet and E-commerce, At macro level more and more countries are following policies at liberalization privatization, deregulation of markets, removing of structural distortions .

There is long history of strong hostility towards international trade and investment. The backwash effects, unequal exchange, secular deterioration at terms of trade and neo protectionism are the well known arguments put forward against free trade since long. The protested against globalization have become louder and louder, High volatility is a part of globalizations which is the result of wide spreading if forward forex markets sharp increase in short term funds and increased use of private funds to finance external debt. Financial globalizations create possibility of speculation bubbles and economics become more and more prone to exogenous financial and other disturbances. It is no longer that if only United States sneezes, The whole world catches a cold. Economic shocks in any one of the top five or six economics an electronically and instantaneously transmitted across the globe and there may be devastating effects (Dunning, 1997). All countries are facing structural unemployment brought by competitive pressure, new technologies and market oriented policies. The blind race of competition has created concerns regarding ozone depletion. Global warming and lack of biodiversity, which may have disastrous consequences for the world, emerging poverty and increasing unemployment and irregularities have created doubts whether the process has been instrumental in globalizing poverty. Small scale industries are facing closure, thereby intensifying the problem of employment. There is fear at more and more rounds of crisis of the situations continue.

When crisis arises the guarantees of success prove illusory, safety nets do not open up or fall short of requirements. The patient is given the same medicine of liberalization is given even after the crisis (JETRO, 1999) economic efficiency is hardly a desirable end in itself , It has relevance only in relation to the ultimate social ends, which must encompass elements of economic justice (Tisdell, 1999) .

As the process of globalizations is accelerating, society is feeling more insecure and crisis of confidence is building up. Therefore, credibility of the policies and of economic reforms has become the keyword for the success of globalization. Therefore regulatory actions, environmental management anti corruption measures must go hand in hand with liberalization in order to manage financial risks ensure predictability and sustain results (Thomas, 2000).

### **Conclusion**

Thus the need for good governance, institutions, regulatory policies and management of resources for reducing the transition period and the globalization costs and cannot be over stated.

If a society where expectations have been sharpened by literacy and awareness, population growth is testing on growth, employment equality and environment sustainability poor are less victims of environmental degradations but more a cause of it (Basu, 2000).

Therefore control of population growth will be a major step for ensuring benefits of globalization. It will help in reducing unemployment, poverty and inequalities and increased female participation is labour force. International institutions will have to join hands with developing countries to eliminate the root cause of the economic, social and environmental ills.

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