

Poverty Alleviation Approaches In Globalized India

Dr. Seema Singh

Associate Professor
Department of Political Science
Agra College, Agra
Agra, Uttar Pradesh, India

Abstract

Globalization refers to integration of economies of the world through uninhibited trade and financial flows leading to mutual exchange of technology and knowledge along with free intercountry movement of labor. Indian government has removed constraints and various obstacles encountered in entry of MNCs in India as well as allowing Indian companies to enter into foreign collaborations and encouraging them to set up joint ventures abroad. Even after more than 70 years of Independence, India still has the world's largest number of poor people. Globalization gives rise to creation, production, distribution and consumption of goods and services on an unprecedented scale, i.e., increase economic activity for people, enterprises and countries through free international trade, direct foreign investment, and capital market flows. Globalization has a lot to offer especially for the developing

countries in terms of more job opportunities and international exposure. Countries, which take part in the global economy are experiencing more economic growth and poverty reduction than those countries which are remaining yet in isolation.

Key Words: Globalization, Liberalization, Poverty Alleviation.

Introduction

Today the entire globe has plummeted into a village without well drawn-out boundaries. What is happening in one part of the world is not only becoming known to all other parts, but is also influencing the ways of life and living of people throughout the world, which is only possible via rapid advancement in the science and technology and as well as globalization. Poverty has always been a great social and political problem for the world. Government has launched several programmes for socio-economic and cultural upliftment of people to eradicate poverty at world level. For emancipation of poverty usually three streams of thought have been in practice since last century among the three polar worlds, i.e., Capitalism (USA), Communism (USSR) and Mixed economy (developing and underdeveloped countries). After second world war, the conflict between America and USSR converted into the cold war. Actually, it was a cold war between capitalism and communism, in which capitalism won the war and communism was defeated, i.e., communism was dethroned and bipolar world was converted into unipolar world.

With the collapse of USSR (1990-91) and rise of

uncontested and unregulated capitalism, unprecedented socio-political changes in the world scenarios have been marked through new technology and information revolution. America launched new economic and political processes, which was popularly known as liberalization, i.e., free economy and open market, thereby globalization came into practice. Capitalist countries began to advocate that poverty alleviation could be resolved through globalization and it must be accepted among all nations in public interest.

Globalization, which was started in the name of improving the world economy and to alleviate poverty, but in fact, capitalist countries want to expand their market and their economy. Thus, globalization is a political as well as economic and social process and all developing and under-developing nations have to accept this process. Today, globalization is affecting every aspect of human life and we can say that it is a double-edged sword, which has exciting possibilities for poverty alleviation as well as usher in unusual sufferings also, i.e., it has both positive as well as negative potentials.

Defining Globalization

Globalization is a complex process by which the world is becoming highly interconnected through economic, social, political and cultural contacts. It refers to the intensification of global interconnectedness suggesting a world full of movement and mixture contact and linkages, persistent cultural interaction and exchange.

Globalization is the term used to describe the changes in societies and the world economy that result from dramatically increased international trade and cultural exchange. It describes the increase in trade and investing due to the falling of barriers and the interdependence of countries. In specifically economic contexts, the term refers almost exclusively to the effects of trade, particularly trade liberalization or free trade. More broadly, the term refers to the overall integration resulting in interdependence, among global actors (be they political, economic, social, or otherwise).

Globalization may also be defined as the integration of markets, finance and technologies in a way that is shrinking the world from a size medium to a size small and enabling each of us to reach around the world farther, faster and cheaper than ever before, i.e., inclusion of the integration of the world market, different economic, political and social institutions, multimedia, technology and culture and exclusion of the sovereignty of the nation, state and indigenous, etc.

The IMF define globalization as the growing economic interdependence of countries worldwide through increasing volume and variety of cross-border transactions in goods and services, free international capital flows and more rapid and widespread diffusion of technology. The World Bank define globalization as the freedom and ability of individuals and firms to initiate voluntary economic transactions with residents of other countries.

Impact of Globalization on Economic Growth and Employment Generation

Globalization has many meanings depending on the context, i.e., in international arena, it refers to the integration of economies of the world through uninhibited trade and financial flows leading to mutual exchange of technology and knowledge along with free intercountry movement of labour. In the Indian context, this implies opening up the economy to foreign direct investment by providing facilities to foreign companies to invest in India. It also involves massive import liberalization programs by switching over from quantitative restrictions tariffs and import duties.

Globalization has become a major factor behind high economic growth of the country. The favorable economic conditions of the government have put a positive impact on the overall standard of living of the country, but still certain scholars argue that globalization, as such, does not have any such significance in improving the alarming poverty situation in India.

Characteristics of globalization

Globalization includes international movement of commodities, money, information and people, development of technology, organizations, legal systems, infrastructures, etc. Various characteristics of globalization are –

1. Globalization allows free trade between countries without government interference.

2. Freedom of business firms or corporates or industrialists or companies, to incept / establish a business firm or performs business activities anywhere in his country or different country abroad, i.e., liberalizing peoples to start their business in different geographies.
3. People throughout the world are connected, which provides a platform for free exchange of ideas, technology, cultural knowledge, information, etc. Thus, connectivity affects the society directly in raising their standard of living as well as changes their lifestyle.
4. Economic globalization, i.e., aims at reducing trade barriers and economic reforms leading to exchange of services, goods, technology, capital, raw-materials, etc.
5. It provides an opportunity for every individual to prosper by sharing technological advancement, knowledge, experience, etc.
6. It opens doors for abundant knowledge and experience among different countries.
7. It ensures production advantage for companies, i.e., companies can set-up their manufacturing plant where labour and land availability is relatively economical which brings production cost down and company may have a competitive advantage, which is the primary goal of any business.

8. Increased role of international organizations such as WTO, WIPO, IMF, etc. that deal with international transactions.
9. Greater international cultural exchange, spreading of multiculturalism and better individual access to cultural diversity. Individuals may have greater international travel and tourism, which may leads to greater immigration including illegal immigration.
10. Development of a global telecommunications infrastructure and greater transporter data flow, using such technologies as the internet, communication satellites and telephones.
11. Increase in the number of standards applied globally; e.g., copyright laws and patents.

Impact of Globalization on Poverty Alleviation

Poverty is the lack of basic human needs, such as clean and fresh water, nutrition, health care, education, clothing and shelter, etc., because of the inability of an individual to afford them. Poverty is additionally seen as a state of mind and a lifestyle- more than just a lack of materials. It is a state of deprivation and insecurity. There are two types of poverty viz., absolute and relative poverty. Absolute poverty quantifies the number of people in a certain population below a fixed real poverty threshold, i.e., it is a level of poverty as defined in terms of the minimal requirement an individual needs to afford food, clothing, health care and shelter. Relative poverty is the condition of

having fewer resources or less income than others within a society or country, or compared to worldwide averages. Poverty is not limited to low incomes, inability to acquire the basic goods and services, hunger and malnutrition; ill health; limited or lack of access to education and other basic services inadequate housing; unsafe environments and social discrimination and exclusion, which is necessary for survival with dignity in the society.

Economic liberalization policy was initiated by the then Finance Minister Dr Manmohan Singh in 1990's, to encourage globalization, which led India to become one of the fastest growing economies and 4th largest economy in the world in terms of its Purchasing Power Parity (PPP). High economic growth brings about rapid progress in the standard of living of the peoples, which reduces the rate of poverty in the country. Such policies have made India a consumer-oriented market due to which more and more job opportunities are being created leading to increase in per capita income and thereby a positive impact on the overall poverty situation of the country. Due to high demand more and more industries are being introduced in the market to fulfil the consumers' needs and desires.

For upliftment of poor, the Indian government has launched several poverty alleviation programmes for systematic economic growth, vis-à-vis changes in land and tenancy reforms, participatory and empowerment based approaches and providing of basic minimum services. Such

efforts reveals that the incidence of poverty was declined during 1973 - 2000. In terms of GDP, globalization had made a favorable impact on the overall growth rate of the economy, since there is major improvement in India's growth rate from 3 percent to 5.9 percent during 1970 to 1980's, but it was still lower than the growth rate in China. This pickup in GDP growth has improved India's global position from the 8th position in 1991 to 4th place in 2001, when GDP is calculated on purchasing power parity basis. However, 1991-92 was the first year of reform program, when India's economy grew by 0.9 percent only, but achieved a growth rate of 8.0 percent during the year 2003-04.

Due to globalization and liberalization policies export growth and foreign direct investment have reduced the poverty situation in the country. Globalization has also positively affected the overall health care situation in the country. More and more medical innovations are improving the health situation in India, due to which the infant mortality rate and malnutrition rate have significantly come down during the last decade. But India remains conservative in respect of banking, fiscal, monetary and international trade policies and its negotiations with WTO on subsidies will continue before opening the all sectors of economy to global competition. India remains vigilant in negotiations on intellectual property rights issues. Various sectors of Indian economy such as insurance, reform in labour policy, banking and foreign investments, etc. have yet to be initiated as per international

standards. The rate of foreign investment in India was also slower initially, but its rate of economic growth has remained almost stable and is now rising. India thus has been able to avoid the social cost of structural adjustment in its economy, which almost invariably worsens the conditions of the poor and weak in society.

Strategies for Poverty Alleviation

Globalization as such does not hinder, but may help in reduction of poverty. Since globalization is not a single process nor is it a phenomenon, but it is a collective process of evolving its own strategies to interface globalization through pursuit of a coordinated and conscious policy of globalization that may not only help in reduction of poverty but also in empowerment of the poor in all facets of life. Hence, the most effective manner in which globalization helps in poverty alleviation can be summarised as here under

1. Creating employment opportunities for the rural poor, thereby increasing their productivity and raising their standard of living.
2. Infusion of capital investment in rural areas leading to surplus creation of jobs, which can be attained through good governance.
3. New innovations and technological revolutions to bring about social, economic and political transformation of human societies.
4. The state institutions, civil societies and corporate bodies must establish synergies to convert the

challenge of globalization into a new historical opportunity.

5. Equal distribution of the basic factors of production especially land, labour and capital.
6. Improving the effectiveness of anti-poverty programmes especially the health and nutrition programs.
7. Revamping agricultural growth especially in the lagging regions through technological intervention, institutional and market support, increasing agricultural wages, promoting employment, etc.

Conclusion

Globalization is like influenza influencing everything it touches. It has been spreading fast like a virus but unlike any virus, its impact is not totally bad in most areas particularly economic and technological globalization is going to prove worldwide beneficial. WTO is expected to have far-reaching implications on Indian agriculture. The development of rural infrastructure is also crucial for globalization of India's economic growth and income generation is expected to be more pronounced in coming years. Poverty alleviation continues to receive greater thrust in the Indian economy and we may achieve success in poverty reduction via government policies with proper institutional support.

In the Indian scenario, the growth of the economy very much depends upon rural participation as 72 percent of population still lives in rural areas whose livelihood mainly

depends on agriculture and allied activities. Globalization process has opened markets and reached the rural consumers since branded products, durable consumer goods, preserved food items have been offered in convenient small packs in rural India. Further they have been targeted as mobile consumers and attractive packages have been made available at their doorsteps. But until and unless the rural man-power is involved in the production process, as service providers, workmen, producers of intermediate goods, inputs for the production chain of multinational companies, etc., their poverty can only rise and may not decline, because we have simply to increase their earnings vis-à-vis along with their consumption demand. Otherwise, globalization will raise only GDP figures, but not affect the welfare of the masses.

On the whole, globalisation has a lot to offer especially for the developing countries in terms of more job opportunities and international exposure. Countries, which take part in the global economy are experiencing more economic growth and poverty reduction than those countries which are remaining yet in isolation.

References

1. *Borrell. J.R. (2006). Globalization: A curse or a blessing on the road to the Millennium Development Goals. www.cidob.org/ca/ retrieved on 05.01.2012*
2. *Chandrasekaran Balakrishnan (2004). Impact of Globalisation on Developing Countries and India.*
3. *Dollar, D. and A. Kraay (2001): Trade, growth and*

- poverty Finance & Development, September.*
www.cidob.org/ ca/ retrieved on 05.01.2012
4. *Effect of Globalization on Indian Poverty*
www.masfondia.com retrieved on 05.01.2012.
 5. *https://business.mapsofindia.com/globalization/indian-poverty-level.html*
 6. *https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fsun.iwu.edu%2F~golson%2FACC340%2FArticles%2FAdvantagesandDisadvantagesofGlobalization.doc&wdOrigin=BROWSELINK (Prabhakar Pillai)*
 7. *https://www.gktoday.in/topic/poverty-and-globalization*
 8. *https://www.ukessays.com/essays/economics/globalization-impact-on-poverty-in-less-developed-countries-economics-essay.php*
 9. *Krishna A Goyal (2006) Impact of Globalization on Developing Countries (With Special Reference to India) : International Research Journal of Finance and Economics-Issue 5 (2006) : Page 167.*
 10. *Krishna A Goyal, Impact of Globalization on Developing Countries (With Special Reference to India) (2006): International Research Journal of Finance and Economics-Issue 5 (2006) : Page 169.*
 11. *Poverty in India www.Azadindia.org. retrieved on 05.01.2012*
 12. *World Bank Policy Research Report (2001). Globalization, Growth &Poverty : Building an Inclusive World Economy.*