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The Globalisation of Indian Economy

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Abstract – Globalization (or globalization) describes a process by which regional economies, societies, and cultures have become integrated through a global network of communication, transportation, and trade. The term is sometimes used to refer specifically to economic globalization: the integration of national economies into the international economy through trade, foreign direct investment, capital flows, migration, and the spread of technology. Globalization as a spatial integration in the sphere of social relations when he said "Globalization can be defined as the intensification of worldwide social relations which link distant locations in such a way that local happenings are shaped by events occurring many miles away and vice – versa." Globalization generally means integrating economy of our nation with the world economy. 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. Globalization had its impact on various sectors including Agricultural, Industrial, Financial, Health sector and many others. It was only after the LPG policy i.e. Liberalization, Privatization and Globalization launched by the then Finance Minister Man Mohan Singh that India saw its development in various sectors.

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The concept of globalization was first introduced by Adam Smith, the father of modern economics in the year 1776 through the book titled, "The wealth of the nations", and since then the globalization has been liked yo-yo. In the days of yore, British, Chinese used to sell silk to the world and buy dynamites. The British used to come to India to buy condiments and in return India used to buy ammunities. So, the point is that globalization is not a new concept. In the good old days, globalization was even more prevalent because Indian spices, silk handicrafts, gold and silver jewellery etc., were ubiquitous everywhere in Europe. In the past, globalization meant quid pro quo i.e., one thing for another. But in the early 20th century, everything changed when France introduced the system of protectionism and every nation began to create boundries. Protectionism destroyed globalization in toto. But again in late 20th century the winds of globalization began to blow. Dr.Allen Green Span as well as Dr. Paul Walker began to egg the nation in favour of globalization and it was July 1, 1991, when India became the part and parcel of globalization and today every nation, which happens to be a pursuer of globalization derives plenty of basketful of fruits. The word "globalization" , which connotes where all the nations join their hands and create a kind of synergy to do business or any commercial , cultural or educational activities, in which every participant nation should be a beneficiary. Globalization in a nutshell is "one for all and all for none". The purpose behind globalization has been to open the portals for each and every nation in different fields. A nation can buy from other nationand sell to other nation.

There is an international market for companies and for consumers there is a wider range of products to choose from. Increase in flow of investments from developed countries, which can be used for economic reconstruction. Greater and faster flow of information between countries and greater cultural interaction has helped to overcome cultural barriers. Technological development has resulted in reverse brain drain in developing countries.

The outsourcing of jobs to developing countries has resulted in loss of jobs in developed countries. There is greater threat of spread of communicable diseases. For smaller developing nations at the receiving end, it could indirectly lead to a subtle from of colonization.

Consider global trade- India's share of world merchandise exports increased from .05% to .07% over the past 20 years. Over the same period China's share has tripled to almost 4%. India's share of global trade is similar to that of the Philippines an economy 6 times smaller according to IMF estimates.

India gained highly from the LPG model as its GDP increased to 9.7% in 2007-2008. In respect of market capitalization, India ranks fourth in the world. But after globalization, condition of agriculture has not improved. The share of agriculture in the GDP is only 17%. The number of landless families has increased and framers are still committing suicide. But seeing the positive effects of globalization, it can be said that very soon India will overcome these hurdles too and march strongly on its path of development. Economics experts and various studies conducted across the globe envisage India and China to rule the world in the 21st century. India, which is now the 4th largest economy in terms of purchasing power parity, may overtake japan and become 3rd economic power within 10 years. To conclude we can say that the modernization that we see around us in our daily life is a contribution of globalization.Globalization has both positive and negative impacts on various sectors of Indian Economy. So globalization has taken us a long way from 1991 which has resultant in the advancement of our country.

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