

Consequences of Economic Globalization

Globalization is a process of rapid integration of countries and happenings through greater foreign trade and foreign investment. Economic Globalization is international integration arising from the interchange of products and other economic components. Globalization is an age old phenomenon which has been taking place for centuries. The penetration of technology and new economic structures are leading to an increased interaction between people. As with other things there have been both positive and negative impacts on India due to it.

The Economic Impact of Globalization in general and on Indian Economy in particular can be described as below :

1. Greater Number of Jobs: The advent of foreign companies and growth in economy has led to job creation. Foreign investors invested in India to establish their businesses due to cheap resources. However, these jobs are concentrated more in the services sector. This has led to rapid growth of service sector creating problems for individuals with low level of education. The last decade came to be known for its jobless growth as job creation was not proportionate to the level of economic growth.

2. More choice to consumers: Globalization has led to a boom in consumer products market. We have a range of choice in selecting goods unlike the times where there were just a couple of manufacturers.

3. Higher Disposable Incomes: People in cities working in high paying jobs have greater income to spend on lifestyle goods.

4. New market : Globalization has opened new markets for Indian companies to sell their services and products.

5. Higher output : It will increase output, employment opportunities and economic development of the country.

6. Living standard : Living standard of people in India has been developed due to increase in the wages of skilled and unskilled labor. The poverty ratio of urban and rural areas has been decreased to a greater level.

7. Greater efficiency : Companies are producing quality products at competitive prices due to globalization. This tough competition forces local and international companies to utilize their resources efficiently and effectively to compete at global level.

8. Modernization : Developing countries have become modernized due to Globalization. They adopt latest technologies and strategies quickly to compete with other companies.

9. Danger of local entrepreneurs : The entrance of overseas giants can however cause closure of the local firms because they can invest more resources as compare to the local or small businesses.

10.Vulnerability of Indian farmers : This has increased the vulnerability of Indian farmers. Farmers are also increasingly dependent on seeds and fertilizers sold by the MNCs. Globalization does not have any positive impact on agriculture. On the contrary, it has few detrimental effects as government is always willing to import food grains, sugar etc. whenever there is a price increase of these commodities.

11.Growth of cities: It has been estimated that by 2050 more than 50% of India's population will live in cities. The boom of services sector and citycentric job creation has led to increasing rural to urban migration.

12.Consumerism: Consumerism has permeated and changed the fabric of contemporary Indian society. Western fashions are coming to India.

To summarize, the process of globalization has changed the industrial pattern and Indian trade system. Globalization is motivating factor in current business environment. There are few challenges for companies due to globalization such as Migration, relocation, labour shortages, competition, and changes in skills and technology. With the development of the information technology, new ways of communication have made the world a very small place. With this process, there is a big market place. Globalization has resulted in increase in the production of a range of goods. MNCs have established manufacturing plants all over the world. It has positive effects and India will overcome many obstacles and adopt global policies to expand business at international scale. India is gaining international recognition and strengthening in economic and political areas.

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P.S. This note is compiled from the articles mentioned above and there is nothing original in it.