

# *Impact of Globalization in Different Sectors of Commerce in India*

## **AUTHOR**

**Dr. Raj Kumar Verma**  
Commerce Teacher,  
C.A.B., Inter, College,  
Meerut.

## **Abstract**

Globalization is a widely defined word today used in every sphere of life be it economy, commerce management education. Today the world has shrunk and become a small global village. People are eager to know what is happening and changing the world, and are effected by it. Technology is the main driving force in the globalization, the new advance information technology has made a lot of impact on the economies of the world and changed them drastically in past two decades. Due to globalization we have open economies world wide, countries like China have also opened their gates for trade to the world and they are flourishing. Globalization has helped in promoting international cooperation and peace cases like India and Pakistan. Even the farmer have benefited from globalization-now they have increased yield and are getting better price for their product, in many parts of country like India the cultivators of potato, tomato have collaborated with ketchup, and chips makers. Now Indian farmers have international market for their mangoes, spices flowers, vegetables, fruits tobacco and pappads. This paper tells us how globalization has reduced cost of transport, decreased or abolished the control over capital market, formed free zones for caring out trade due to reducing payment of tariff or no tariff payment in some cases so goods and people can now travel easily to other countries, which has opened and helped in flourishing tourism it has become one of the booming industry. Possibilities of wars have decreased between the countries, communication has developed between the individuals and the corporation. But even after all this happening due to globalization it is a deeply controversial, many argue that globalization is exploiting the poor nations and its people even their markets, it has helped in exploiting the labourers from poor country, deadliest of disease like cancer and HIV is spreading, depleting ozone layer polluting the earth, killing already existence species, uses of drugs etc.

## **1. INTRODUCTION**

The term 'globalization' means integration of economies and societies through cross country flows of information, ideas, technologies, goods, services, capital, finance and people. Cross border integration can have several dimensions – cultural, social, political and economic. Globalization is a multi-dimensional open process. It is a process of integration of various societies, cultures, economics, norms, value system, beliefs, traditions, incentive structure etc. It is neither new nor a western phenomenon. It is the process of Globalization Worldwide due to which T.V. computer, mass media communication, satellite television, the information technology (IT) revolution etc. have also had enormous impact on India.

The new economic reform, popularly known as Liberalization, Privatization and Globalization (LPG model) aimed at making the Indian economy

as fastest growing economy and globally competitive. The era of reforms after globalization has also ushered in a remarkable change in the Indian mindset, as it deviates from the traditional values held since Independence in 1947, such as self reliance and socialistic policies of economic development, which mainly due to the inward looking restrictive form of governance, resulted in the isolation, overall backwardness and inefficiency of the economy, amongst a host of other problems. Globalization is one of the most distinctive features of the contemporary World. It has been defined as, 'time space compression' (Harvey - 1989), 'Action at distance' (Giddens - 1990), 'accelerating interdependence' (Ohmal-1990), and 'Networking' (Castells-1998) etc. We can define it as a set of related process which interconnect individuals, groups, communities, states, markets, corporations, International governmental and Non governmental organizations in the complex webs of social relations.

Globalization is good for the world community as long it is used for the upliftment of mankind but as said a coin has two sides - so with the positive we have negative we should try to do our bit and make the world a better place for us and our children and their future.

## **2. IMPACT OF GLOBALIZATION ON BANKING SECTOR IN INDIA**

There are three distinct spells of development of banking industry in post independent India, the pre-nationalisation era from 1947 to 1969, the post-nationalisation cum pre-liberalization era from 1969 to 1991 and the neo-liberalization era from 1991 onwards. The first phase was mostly city-centric private Banking marked by frequent failures and liquidation of Banks and consequent pauperisation of numerous poor and middle class depositors and loss of jobs for the employees. The post-nationalisation era saw a sea-change in the Banking scenario : financial stability of Public Sector Banks (PSBs) controlling more than 84% of Banking business of the country, PSBs commanding trust and confidence of the Banking-public, expansion of Branch net-work of Banks- particularly in hitherto unbanked rural and semi-urban centres, opening up the banking services accessible to the rural poor,

expansion of credit to agriculture, small scale industries and small entrepreneurs, artisans - even to the marginal farmers, small shop-owners, vegetable vendors etc.

With the onset of World Bank-IMF dictate reforms, euphemistically called liberalisation, successive Governments at the centre have consistently been trying to undo all the good work of the PSBs as also to dismantle and privatise the PSBs altogether. Still, all is not yet lost altogether, at least, so far our country, India, is concerned. Bank employees in India have been fighting relentlessly against the machinations of the successive Governments to the reform the Banking Sector at the dictates of the World Bank-IMF combine. It is most encouraging that all the nine unions having all India presence in the Banking Industry - five Workmen's Unions and four Officers' Unions - representing almost 100% of the workforce in the Industry - have joined hands to form a United Forum of Bank Unions (UFBU). The present dispensation at the centre of our country has not learnt any lesson from the prevailing convulsion in the world economy and is still hell bent on going full steam with its reforms agenda.

## **3. IMPACT OF GLOBALIZATION ON RURAL AGRICULTURAL MARKETING**

Marketing is the pivot of economic development in rural areas. It is an essential component in income and employment generation in farm and non-farm sectors. Since marketing is one of the pre-requisites for income generation. Broadly rural marketing incorporates the marketing of agricultural products, rural industries products and services of many kinds. The trade channels for different types of commodities available in rural areas private, cooperatives, processors, regulated markets and state agencies. In no sense, a social cluster or village economy as at whole can be developed without effective and efficient rural marketing. Very little attention has been paid in the planning era towards the development of rural marketing. In fact marketing is a dynamic state of affairs and is part and parcel of the whole economy. Thus production and marketing are the two facets of a coin. Rural

marketing constitutes the nerve centre of rural development activities.

#### **4. GLOBALIZATION IN MNC'S**

The concept of globalization just coming in and sweeping the world up like that, there has not even been the time to ponder on the issue, "Is Impact of globalization on BPO industry". It has been running more on the terms of - It came, It saw, It conquered... And no one really had the time to stop and think what was happening. A company which has gone global is called multinational corporation (MNC). A global company has some characteristics like it is located different parts of the globe. Globalization can be viewed as a four-dimensional construct based on the premise that an enterprise can be more or less globe along each of four major characteristics like it is located different parts of the globe. Globalization can be viewed as a four-dimensional construct based on the premise that an enterprise can be more or less globe along each of four major characteristics : Internationalization of market presence, globalization of supply chain, globalization of capital base and globalization of corporate mindset. MNCs confer several benefits to host countries as well as home country. But a major fall-out of the MNCs is that the host country is likely to lose its economic sovereignty. An international business will be successful if only it creates and sustains the image of a good corporate citizenship- the hall marks of which are honesty and social responsiveness.

#### **5. IMPACT OF GLOBALIZATION ON INDIAN TELECOM SECTOR WITH SPECIAL REFERENCE TO CELLULAR MOBILE INDUSTRY**

The telecom sector is one of the fastest growing sectors. It offers three categories of services, viz., fixed line service, wireless service and cellular service. The cellular service is called as mobile service because of its nature of usage. There are two types of mobile service networks - Global System for Mobile (GSM) and Code Division Multiple Access (CDMA). The exponential growth of the cellular mobile industry can be attributed to the introduction of digital cellular technology and

decrease in tariffs due to severe competition. The article concludes that the cellular mobile industry is bullish in outlook. Experts acknowledge that the convergence of the mobile phone and the Internet is a potential growth driver in the industry.

#### **6. GLOBALIZATION AND EDUCATION**

Education is an important means of social transformation. It provides an essential qualification to fulfil certain economic, political and cultural functions to improve socio-economic states of a nation. The Indian Education system is one of the largest systems in the world.

The principal objective of education has been the development of the whole individual. The minimum level of education that was necessary to achieve this goal in the agrarian society was basic or primary and in the industrial age, secondary. In the present borderless information society, education needs to be able to respond to additional demands of a rapidly globalizing world by raising awareness of environment, peace, cultural and social diversity, increased competitiveness, and the concept of a global village. Such education is to a knowledge or information society what secondary education was to an industrial economy. Education prepares the individual to connect - and live in harmony - with the environment around him. Globalization has changed the size, nature and quality of that environment. The challenge for higher education, therefore, is to reform, create and develop systems that prepare the individual to work in a borderless economy and live in a global society. In other words, our educational institutions need to produce global citizens.

#### **7. IMPACT OF GLOBALIZATION ON MANAGEMENT AND LEADERSHIP**

The increased role of globalization has affected management and leadership in several ways. Globalization has affected management and leadership through market and customer base, international employee transfer rates, competition, and an increase in opportunities.

Before the recent increase in globalization companies usually considered their customer base and market to be their country of origin. Due to globalization management can now consider the

entire world their market and available customer base. Globalization has caused management to expand to cross the globe, and this allows production to increase. Globalization has also impacted management because it has led to many employees transfers to international locations. This causes the need for more management and forms of communication. This also requires management to consider the needs of employees in other countries, and to offer compensation for relocation. Good leadership in one country will not automatically be good leadership in another country for several reasons. A good leader may be deemed so by certain characteristics that are favoured in particular country, and these characteristics or habits may not be appreciated or held so highly in another country. Countries have their own culture and social standards, and this is important when considering leadership. A leader that has knowledge of a country's ethics, beliefs, and customs and basic leadership skills can provide beneficial leadership to a business in another country.

#### **8. IMPACT OF GLOBALIZATION ON INDIAN AND WORLD ECONOMY**

Globalization of the world economy is achieved by globalizing the national economies. India's economic integration with the rest of world was very limited because of restrictive policies followed by the Indian Government until 1991. In 1991, the Government adopted new economic policies and opened the Indian economy and allowed the Indian firms to enter into International market freely. Globalization has affected the Indian economy quite enough. After reforms no negative growth rate of GDP was seen. The inflation rate also slowed down as earlier in 1991 it was 13.6% while after implementation of economic reforms in India, it stood at average level of 7%. The data of fiscal imbalances also showed positively. The revenue deficit, gross fiscal deficit and primary deficit are declining continuously. Liberalization and globalization has also affected the poverty alleviation programmes positively because the production and distribution activities are concentrating in private sector and the government is concentrating upon social sector. The gross capital formation as

percentage of GDP is also increasing. The industrial growth rate also accelerated. However liberalization and globalization could not be able to check income inequality which is a universal problem of market oriented economies.

#### **9. SOCIAL EFFECTS OF GLOBALIZATION**

Globalization is "the process whereby the population of the world is increasingly bonded into a single society" (Albrow, 1993). Rapidly changing this world, we can see effect of globalization in social and cultural life, some points are given below :

- a) Access to television grew from 10% the urban population (1991) to 85% past two decades and now most of the households have more than one color TV sets.
- b) Cable television and foreign movies became widely available for the first time and have acted as a catalyst in bulldozing the cultural boundaries.
- c) Society has become more open compared to its earlier conservative look due to exposure to other cultures.
- d) People are less worried for Govt. jobs as MNC's and private or public sector are offering more lucrative jobs.
- e) Extension of internet facilities even to rural areas and 42 million internet users in India.
- f) In place of old cinema halls multiplex theatres are coming up.
- g) Old restaurants are now replaced and one classic culture aspect is food someone in America can be eating Japanese noodles for lunch while someone in Sydney Australia is eating classical Italian meatballs.
- h) Greater international travel and tourism WHO estimates that upto 500000 people.
- i) Worldwide sporting events such as FIFA World Cup and the Olympic Games.
- j) Globalization has influenced the use of language across the world.

The analysis reveals that globalization process is not something you can construct as it depends upon each country with different social, economical and political patterns. Globalization changes the inner quality of the social and political life itself. Transformation of the structure of society

unbound the politics. This has contributed in providing more abilities to participate in the ruling of state.

#### **10. GLOBALIZATION AND ITS CONSEQUENCES ON SOCIO-ECONOMIC ENVIRONMENT OF DEVELOPING COUNTRIES**

Globalization is the term that means flow of economic, social and all other life related means at the level of globe. In India the consequences of globalization under new economic reforms has directly affected to the small farmers and petty producers as liberalisation form, where as disinvestment process is closely linked with employment of youth due to privatization concept, this disinvestment process leads retrenchment

process forcible for retirement and cuts several basic amenities of the workers. Undoubtedly it is true that enhanced trade and capital flow have produced favourable effect for India.

Globalization has increased the living status of the people. It has generated large amount of employment in the countries. In a nutshell it can be observed that under positive consequences of globalization we have obtained new knowledge, democratic thoughts and culture, advanced technology and cheaper goods etc. but in negative consequences of globalization it has given several problem to society such as cut throat competition and cultural degradation as well as unemployment, poverty, crime and corruption pollution and social injustice and so on.

#### **REFERENCES**

1. *Dr. C. Murthy, Impact of Globalization on Rural Development in India, 2006.*
2. *Dr. Jag Mohan Singh Verma, Globalization and Economic Reformation in India.*
3. *Journal of Commerce & Trade, Vol., 5 No. 1, April 2010.*
4. *Globalization and Challenges for Education, NIEPA, Shipra Publications, Delhi.*
5. *The Indian Journal of Political Science, Meerut, July-Sept. 2008 Issue.*
6. *Government of India, Planning Commission, 1992, Eighth Five Year Plan, 1992-97, New Delhi and Tenth Five Year Plan 2002-07.*
7. *English Newspapers - Economics Times & Times of India.*