



GLOBALISATION'S EFFECT ON A SUSTAINABLE INDIAN ECONOMY

Under the supervision of-
Dr. Aparna Srivastava

Submitted by-
Sheena Bhandari

ABSTRACT

Globalization has had a significant impact on the sustainable development of the Indian economy. This abstract provides an overview of the effects of globalization on India's economy in terms of sustainability.

Globalization, characterized by increased interconnectedness and interdependence among nations, has opened up new avenues for economic growth and development in India. It has facilitated the flow of goods, services, capital, and technology across borders, leading to various opportunities and challenges for sustainable economic development.

Furthermore, globalization has raised concerns regarding environmental sustainability. The rapid industrialization and increased consumption patterns associated with globalization have put pressure on India's natural resources and ecosystems. Issues such as pollution, deforestation, and climate change have emerged as significant challenges to sustainable development. Addressing these challenges requires a balance between economic growth and environmental conservation, through the adoption of sustainable practices and policies.

It is crucial to acknowledge that the shift to a green economy is already happening. It started mostly as a reaction to the Rio Earth Summit in 1992, which raised public awareness of sustainable development and enhanced political will. The primary goal of the report is to research and evaluate India's perspective on globalisation as a whole.

TABLE ON CONTENT

S.no	Topic	Page no.
1.	CHAPTER-1 1.Introduction 1.1 Positive Effects 1.2 Negative Effects	8-9
2.	CHAPTER-2 2.Literature Review	10-11
3.	CHAPTER-3 3. Methodology 3.1 Objectives of the Study 3.2 Research Gap 3.3 Significance of the Study 3.4 Sources of Data 3.5 Hypothesis	12-14
4.	CHAPTER-4 4.Analysis 4.1 Effect on Indian manufacturing 4.2 Effect on Income Inequalities and Wages 4.3 Environmental Impact 4.4 The Effects on Indian Culture 4.5 Employment and the agricultural industry	15-20

5.	CHAPTER-5 5.Findings and Conclusion 5.1 Suggestions 5.2 References	21-23
-----------	---	--------------

CHAPTER-1

1.Introduction

Regarding sustainability, globalisation has had a tremendous impact on the Indian economy, both positively and negatively. Positively, globalisation has expanded trade and international investment, which has boosted India's economy and created more job opportunities. Furthermore, higher creativity and productivity have been made possible by easier access to technology and knowledge, which can support sustainable development.

However, India's efforts at sustainable development have also been hampered by globalisation. Globalization-related increases in consumption and production have strained India's ecology and natural resources, possibly contributing to environmental deterioration and climate change. Due to the fact that some industries and regions have benefited more than others from globalisation, income inequality has also increased.

India has established a number of laws and programmes that support sustainable development to address these issues, including the Swachh Bharat Abhiyan and the National Action Plan on Climate Change. India has also worked to promote renewable energy and moral labour standards as well as more environmentally and socially conscious economic practises.

Globalisation has an overall mixed impact on India's efforts at sustainable development. While technology has promoted innovation and economic progress, it has also presented problems for social equality and environmental sustainability. To make sure that globalisation supports sustainable development and enhances the quality of life for its population, India will need to keep putting in place appropriate policies and practises.

The Indian economy and its sustainability have experienced both positive and bad repercussions from globalisation. The Indian economy has been impacted by globalisation in the following significant ways:

1.1 Positive Effects

Trade has expanded as a result of the opening of new markets to Indian goods and services as a result of globalisation, which has also boosted the country's economy. Now that they have access to worldwide markets, Indian businesses can compete with those of other countries.

Foreign Direct Investment (FDI): Globalisation has also increased FDI to India, which has boosted the country's economy. New technologies, better infrastructure, and job possibilities have all been brought about by FDI.

Transfer of knowledge and technology from industrialised to developing countries has been made easier by globalisation, allowing India to create new sectors and update those it already has.

1.2 Negative Effects

Increased reliance on international markets can make the Indian economy more susceptible to global economic shocks. For instance, a slowdown in the economies of the US or China might have a big effect on exports from India.

Displacement of workers: The collapse of several conventional industries as a result of globalisation has resulted in job losses and worker displacement. The nation now has more social and economic inequality as a result of this.

Degradation of the environment: Environmental degradation has gotten worse in India as a result of globalisation. Increased pollution and resource depletion have been brought on by the rapid rate of industrialization and urbanisation.

A balance between economic growth and social and environmental sustainability is crucial for the sustainability of the Indian economy in the context of globalisation. This can be done through implementing policies that support innovation, sustainable development, and spending on infrastructure and education.

CHAPTER-2

2. Literature Review

Globalization has had a significant impact on the Indian economy in recent years. While there have been several positive effects such as increased trade, investment, and employment opportunities, there have also been negative impacts such as environmental degradation, inequality, and cultural erosion. This literature review aims to explore the effects of globalization on a sustainable Indian economy.

One positive effect of globalization on the Indian economy has been the increase in foreign direct investment (FDI) inflows. This has led to the creation of new job opportunities and the growth of various sectors, including manufacturing, services, and technology. Additionally, globalization has allowed Indian firms to expand their operations globally, contributing to economic growth and development.

However, the negative effects of globalization on the Indian economy cannot be ignored. One of the most significant negative impacts is environmental degradation. The increased demand for resources and the rise in industrial activity has resulted in air and water pollution, deforestation, and soil degradation. This has led to a decline in the quality of life for many people, particularly those living in urban areas. Additionally, globalization has resulted in the depletion of natural resources and the destruction of ecosystems, which has contributed to climate change.

We live in a world where development, science, and technology all play significant roles in altering the course of human history. The globe is currently undergoing a process of globalisation due to a significant rise in international interdependence. The term "globalisation" has gained a lot of traction and is now often used (Powell, 2015). Geographic boundaries are connected to the definition of globalisation by Norris (2012).

The author makes a distinction between national, offshore, and global. On the other hand, globalisation is defined by Amavilah et al. (2014) as the growing interconnectedness between the markets for goods, services, and capital. According to Redding's definition from 2000, globalisation also refers to the dissolution of geographic boundaries. According to Amavilah et al. (2014), proponents of the globalisation wave see it as a chance for economic progress while detractors see it as a threat to cultural integrity, political sovereignty, and economic prosperity.

The danger to political sovereignty and the potential loss of economic control are the main issues for developing nations (Glatzer, 2012). An economy that strives for sustainable development without endangering the environment is referred to as a "green economy" since it tries to lower environmental risks and ecological scarcities.

In order to spur more rapid global progress towards sustainable development, the background paper for the United Nations Conference which was regarding the Trade and Development (2011)¹ sought to promote the green economy idea. But it's crucial to acknowledge that the shift to a green economy is already under progress. It started mostly as a reaction to the Rio Earth Summit in 1992, which raised public awareness of sustainable development and enhanced political will.

Building momentum for the beginning stages of the transition to a green economy, which is currently taking place, is the task for Rio+20. Market trends show that the shift to a green economy is progressing. Over 200,000 businesses now have ISO 14001 environmental management certification, up from less than 40,000 in 2000. More than 40% of these businesses are registered in developing nations.

CHAPTER-3

3. Methodology

Globalisation has had varying effects on nation states over time and space, improving opportunities and hegemonies on the other. The environment in nature has been negatively impacted. Today's globalisation has brought forth several problems. The environment has been impacted by both the positive and negative aspects of globalisation. Due to the overuse of resources worldwide, sustainable development has become absolutely necessary. The current body of research focuses on the issue of globalisation and how it affects sustainable development and the green economy.

3.1 Objectives of the Study

The following are the primary goals of the current study:

1. To assess how the globalisation trend has affected the Indian economy.
2. Research the benefits and drawbacks of globalisation.

3.2 Research Gap

Since the 1990s, globalisation has had a substantial impact on the Indian economy. While there has been an increase in international investment and commerce, concerns have been voiced about how this would affect sustainable development. Regarding how globalisation affects the viability of the Indian economy, there are a number of study gaps.

The effects of globalisation on the environment are one area where study is lacking. The effects of globalisation on India's ecology and natural resources must be studied. Increased pollution, deforestation, and resource depletion are results of increased industrial activity and global trade. To comprehend the environmental effects of globalisation on the viability of the Indian economy, a thorough study is needed.

The social effects of globalisation are a subject area where study is still lacking. While economic growth and job opportunities have increased as a result of globalisation, these benefits have also been accompanied with increased income disparity and labour exploitation. It is necessary to do research to determine how globalisation has impacted the social structure of Indian society and the viability of the Indian economy.

The effect of globalisation on the Indian agriculture sector is the subject of a third research hole. For a sizable section of the population in India, agriculture is their main source of income. The increased competition from

overseas markets brought about by globalisation has had an impact on Indian farmers' prices and financial success. The effects of globalisation on the Indian agriculture sector and its sustainability must be researched.

3.3 Significance of the Study

The significance of studying the effect of globalization on a sustainable Indian economy is multi-fold. Here are a few reasons why this topic is important:

1. **Economic growth:** Globalization has played a significant role in India's economic growth, particularly since the 1990s when the country opened up its markets to the world. However, it is important to examine whether this growth is sustainable in the long run and what measures need to be taken to ensure that it is.
2. **Environmental impact:** Globalization has had both positive and negative effects on the environment. While it has led to technological advancements and increased efficiency, it has also contributed to environmental degradation. It is important to assess the impact of globalization on India's environment and identify ways to promote sustainable development.
3. **Social implications:** Globalization has also had social implications, particularly on employment and income distribution. While it has created job opportunities, it has also led to increased income inequality. It is important to analyze these social implications and develop policies to address any negative effects.
4. **Policy implications:** The study of globalization's effect on a sustainable Indian economy can also inform policy-making. It can help policymakers understand the challenges and opportunities of globalization and develop policies that promote sustainable development.

3.4 Sources of Data

The research is based on a qualitative theoretical examination, and it will show the empirical data that was gathered through a qualitative survey. According to Parasuraman et al. (2005), secondary data are those that have already been acquired and are readily available from other sources. Other pieces of paper make up the secondary data. It's essential to use secondary data to get a bigger picture. A researcher must be aware of the efforts and conclusions made by other researchers working in the same area (Arbnor & Bjerke, 1999).³ To better understand the research topic area, I first gathered secondary data.

The main advantage of starting the data gathering process with secondary data was the ability to create a thorough understanding of the challenges surrounding the evaluation of investments in the automobile sector. The benefit of using secondary data was that it was fairly user-friendly and allowed us to piecemeal analyse the problem.

Several studies that have been published in this topic so far will be reviewed in the paper, and it will try to make inferences from them.

CHAPTER- 4

Analysis and Discussion

4. Analysis

Depending on the situation and the speaker, globalisation can signify several things. The process of globalisation, according to Brainbant, includes increased mobility of people, goods, capital, data, and ideas on a more general level as well as infections, diseases, and pollution. This is despite the fact that the precise definition of globalisation is still unknown. Globalisation is the process of integrating national economies through unrestricted financial and trade movements, as well as through knowledge and technological exchange. It would also enable unrestricted global worker migration in an ideal society. This refers to removing entry barriers for MNCs, allowing Indian companies to collaborate internationally and encouraging them to establish joint ventures abroad, as well as implementing extensive import liberalisation programmes by doing away with quantitative restrictions. It also refers to opening up the Indian economy to foreign direct investment.

The Indian economy witnessed significant policy reforms in the early 1990s. The Liberalisation, Privatisation and Globalisation (LPG) model, a revolutionary economic reform, sought to make India's economy the most dynamic and competitive in the world. A variety of reforms were put in place in the commerce, industrial, and financial sectors to improve the economy's efficiency.

The adoption of measures to liberalise the Indian economy in July 1991 marked the start of a new era for India and its billion+ population.

This period of economic upheaval has had a considerable impact on almost all major economic sectors, and its effects during the previous 10 years are difficult to ignore. The start of India's economy's genuine integration with the global economy is also signalled by this.

It strays from the traditional principles upheld since India's independence in 1947, such as independence and socialistic economic development plans, which were largely the product of the nation's inward-looking, repressive form of government and resulted in isolation, general backwardness, and economic inefficiency, among other

problems. The reform era has also resulted in a notable transformation in Indian mentality. Despite this, India has always had the potential to be on the fast track to affluence.

Now that India is restructuring its economy in an effort to improve upon its current dismal standing in the world, it is even more important to hasten the country's economic development. Following the successful role that Foreign Direct Investment (FDI) has played in the rapid economic growth of most of Southeast Asia's countries, most notably China, India has launched an ambitious plan to emulate the successes of her neighbours to the east and is attempting to position herself as a safe and lucrative destination for FDI (Tanveer Malik).

In their article, Dr. Dhaval P. Dave and Ms. Rina C. Dave (2013)⁴ provide a detailed explanation of the effects of globalisation on the Indian economy. Globalisation is a modern phenomena that has engulfed the entire planet. The globe has become more integrated and interdependent. It has served as a sign of profound transformation. Each of the Fortune 100 corporations has a presence on the global market and generates sizable profits. Global trade barriers have been lowered, resulting in increased cross-border trade, foreign direct investment, technological interchange, and human mobility.

As markets opened up to foreign businesses and investors, more and more privatisation started to happen, and India's economy began to rely more on capital. Indian business now has new opportunities thanks to the liberalisation, privatisation, and globalisation policies of 1991 (source: Indian business in the current Indian business climate).

4.1 Effect on Indian manufacturing

The changes include the abolition of the Licence Raja, the reduction of excessive industrial tariffs, the privatisation of the exchange, and the deregulation of the businesses that produce aluminium, cars, communications, and information technology. Mergers, acquisitions, global alliances, joint ventures, and collaborations happen almost daily.

Shirish Sankhe, a partner at Mckinsey in India, asserts that "India's telecom sector is exploding and all the big handset makers are talking about setting up manufacturing facilities here so that they can cater to this strong domestic demand." This illustrates that even in a market where imports were less expensive due to the lack of levies, "Made in India" is still favoured. Growing manufacturing capacities show that the country is becoming a source for other countries. Globalisation has led to an increase in the GDP proportion. India's GDP has been increasing.

4.2 Effect on Income Inequalities and Wages

Research shows that FDI tends to increase pay levels and decrease poverty in both developed countries. It narrows income differences for developing countries but increases them over time as more capital is invested. In

industrialised countries, FDI tends to lessen wealth inequality. The income gap between the wealthiest and poorest nations seems to be narrowing.

According to liberals, globalisation is a potent tool for ending poverty and giving the poor a thorough grip of the global economy. For instance, the number of individuals making less than \$1 per day declined from 1.5 billion in the 1980s to 1.1 billion in 2001, according to World Bank estimates. In addition, population growth is occurring globally. Therefore, it is clear that, as mentioned in *Globalisation: Its Impact on the Indian Welfare State*, the proportion of those persons declined from 40% to 20% in developing countries. Additionally, it is claimed that globalisation enables capital to be transferred to the country with the most promising investment opportunities, hence promoting economic growth.

The effect of attending universities abroad on education is the best example of it. In the ten years since the government decided to privatise education, India has become a leader in information technology outsourcing. The "foreign Hand" of the twenty-first century's most noticeable impact has been the opening of the higher education sector to foreign institutions. The Ministry of Human Resource Development (HRD) is claimed to have recently eliminated the requirement for prior approval before Indian institutions sign MOUs with foreign institutions. This is unquestionably a sensible action that supports the freedom of academic institutions.

4.3 Environmental Impact

It is impossible to avoid the fact that more production is shifting to emerging countries, which increases pollution. Dande concluded through an empirical study that the rise in CO₂ emissions brought on by globalisation is the primary driver of climate change. A more upbeat perspective of globalisation would be that it has the ability to raise living standards and productivity globally because it improves the system for the division of labour and provides an environment in which big businesses may benefit from economies of scale. Furthermore, it was claimed that capital might be moved to whichever country offered the most attractive investment prospects, leading to economic growth. The concept of corporate social responsibility must be widely accepted in order for business to finally benefit from it, along with the globalisation of markets.

4.4 The Effects on Indian Culture

Every country's culture, which transcends the geography and language of the area, is built on the thinking and mentality of the residing citizens. The history and wealth of Indian culture are incredibly rich, but its people's warmth makes it even more so. India is like a bouquet of flowers, combining various cultures, faiths, dialects, foods, traditions, customs, music, art, and architecture into a single, unified, and patriotic entity. All these contrasts are brought together by the Indian worldview, which welcomes, greets, and celebrates in tandem with tremendous affection and camaraderie. It is because of India's cultural diversity that so many tourists want to stay and experience the country's enduring appeal.

We may see many instances of westernisation and the mixing of various traits and civilizations into our delicately woven blanket when we analyse our rich culture from the perspective of globalisation. Let's look closely at how globalisation has impacted Indian culture:

Family Organisation

Let's start with what makes India's culture of the nuclear family so appealing. Many Indians, particularly those who live in large centres, are astonished by the proliferation of nuclear families, which are appearing like mushrooms after a rainstorm in India's little flat society. We no longer have the patience to bring up the kids in a blended household with their grandparents taking care of them and teaching them the values of their parents. youngsters today see grandparents as guests or visitors, and because of this upbringing, the number of nursing homes for the elderly has significantly increased. This is because these youngsters see their own parents as burdens in their adult lives.

Marriage Values

The increasing number of divorce cases and the infrequent reports of extramarital affairs are quite obvious signs. Nowadays, marriage resembles a business partnership or a purported commitment to live together without jeopardising each partner's self-interest. In the past, people believed that marriage was a spiritual link that would last after death. The ego is another impact of globalisation on Indian young.

Infidelity

Both genders were separated and subjected to many restrictions for generations in our culture. Young people are more likely to interact with one another now because of globalisation and western culture. Appreciation should be given for the sociable nature and approachable demeanour. Indian cognition has been skewed by the total erasure of boundaries, which overstates the significance of the physical relationship. As a result, new relationship types like live-in partnerships have appeared in India. The rise in rape and sexual abuse cases is due to the twisted mind, which is once again a result of imported ideas that are utterly alien to our mother culture.

Social Values

We have incorporated the principles of welcoming guests as though they were God, showing respect for elders, and cheerfully commemorating each occasion. Today, one seldom ever witnesses such a sizable crowd in its full colour and illumination. People's social interaction has substantially decreased. Interactions in the current day are quite diplomatic due to the wealth and luxury. Our social values and the gratifying blessing of community are no longer there. The younger generation likes to celebrate Valentine's Day over Holi and Diwali.

Diet, attire, and dialect

Depending on the state, different foods, outfits, and languages are used in India. Although food has a wide range of flavours, each one has a distinctive nutritional value, and each place is distinct and abundant in its own medicinal preparations and natural remedies. Even the clothing differs in different states, which is crucial for maintaining a woman's dignity. Even while different cuisines from across the world each contribute their own flavours to food, junk food products have become increasingly popular, which has increased the number of health issues in the country. Again, the clothing is not appropriate for the climate in India, particularly the suits worn by males. Once more, the women's clothing is there to divert sick minds.

Even Indians are not overwhelmingly in favour of promoting either their native tongue or our national language. However, among young people, speaking Hindi as a first language is frowned upon. The fact that foreign languages like French, German, and Spanish are starting to become more widespread in India starting at the school level shows that we place a higher value on Indian languages than foreign languages.

4.5 Employment and the agricultural industry

In the past, India was predominantly an agricultural country. Due to increased globalisation and the rise of MNCs, agriculture has lost some of its significance in India. Agricultural science is the subject that receives the least attention from young people who consider farming to be a humiliating profession. The bulk of foreigners who work as customer service agents for MNCs do so because of the attractive career prospects they offer. We are gradually moving towards an era of economic servitude as a result of these MNCs, losing our health and social standing. Due to their rise, Indians have profited from globalisation in this way.



CHAPTER-5

5. Findings and Conclusion

It will be difficult to create sustainable globalisation. Those who stand to gain from the status quo will fight change. But when it comes to emerging countries, they need to be able to use the resources at their disposal wisely and take advantage of the new opportunities. The effectiveness of public and private institutions, which is tied to how decisions are made and who is served by them, is a topic commonly referred to as governance, plays a crucial part in determining how well a country will do. Although barriers are being steadily lifted, not everyone is equally able to take advantage of the new opportunities. The opening of markets in emerging nations has created opportunities that can be quickly and easily seized by those in advanced industrial nations. The topics of globalisation and sustainable development will remain contentious for a while.

Green economy has several facets, the environment being just one. It's clear that we need to take action to cohabit peacefully with natural systems so that our economy can run smoothly alongside ecological processes. To do this, however, enormous human inventiveness, a wealth of information, and widespread engagement are needed. Whether under capitalism or socialism, people cannot longer be utilised as mere cogs in the machine of accumulation. To promote ecological growth, human progress must be released and democracy must be strengthened. Both social and environmental change are interrelated.

5.1 Suggestions

Globalization has had a significant impact on the Indian economy, both positive and negative. Here are some suggestions for creating a sustainable Indian economy in the context of globalization:

1. Encourage the development of domestic industries: India should focus on developing domestic industries, particularly in the manufacturing and service sectors. This will help reduce the country's dependence on imports and create more jobs for the Indian people.
2. Promote sustainable agriculture: The agricultural sector is the backbone of the Indian economy, and it is important to ensure that it is sustainable. This can be achieved by promoting organic farming, investing in irrigation, and providing farmers with better access to markets.
3. Invest in renewable energy: India should concentrate on financing the development of wind and solar energy. This will assist in lowering carbon emissions and the nation's dependency on fossil fuels.
4. Encourage innovation and technology: India should encourage innovation and technology in all sectors of the economy. This will help increase productivity, reduce costs, and create new jobs.

5. Assist small and medium-sized businesses (SMEs): SMEs are the foundation of the Indian economy. The government ought to offer incentives and assistance to SMEs, including financial and technological resources.
6. Prioritize education and skill development: Education and skill development are crucial for the development of any economy. India should focus on providing quality education and skill development to its citizens, particularly in emerging sectors such as technology and renewable energy.
7. Encourage foreign investment: Foreign investment can bring much-needed capital and technology to India. However, it is important to ensure that foreign investment is aligned with the country's development goals and does not lead to the exploitation of its people or resources.
8. Strengthen regulatory frameworks: India should strengthen its regulatory frameworks to ensure that businesses operate in a sustainable and responsible manner. This includes enforcing environmental and labor standards and ensuring that companies pay their fair share of taxes.

By implementing these suggestions, India can create a sustainable and resilient economy that can withstand the challenges of globalization while benefiting its people and protecting its environment.

5.2 REFERENCES

1. "THE GREEN ECONOMY: TRADE AND SUSTAINABLE DEVELOPMENT IMPLICATIONS", United Nations Conference on Trade and Development (2011), Geneva, Switzerland.
2. Africa Makasi, Krishna Govinder (2015), Mediterranean Journal of Social Sciences, Vol 6 No 4S3, pp. 341-349.
3. Archana K (2013) in her paper titled as "A Conceptual Study of Sustainable Development in the Era of Globalization", International Journal of Scientific and Research Publications, Vol 3, No 5, pp1-3.
4. Baylis, J., Smith, S., & Owens, P. (Eds.). (2013). The globalization of world politics: an introduction to international relations. Oxford University Press.
5. Dr Dhaval P Dave and Ms. Rina C. Dave (2013), "GLOBALISATION AND ITS IMPACT ON INDIAN ECONOMY", International Journal of Current Research, Vol 5 No 7, pp. 1628-1630
6. Duvenage, I., Langston, C., Stringer, L. C., & Dunstan, K. (2013). Grappling with biofuels in Zimbabwe: depriving or sustaining societal and environmental integrity. Journal of Cleaner Production, Vol 42, pp. 132-140.
7. Eddy Lee, Marco Vivarelli (2006), "The Social Impact of Globalization in the Developing Countries", Discussion Paper No. 1925.
8. <http://www.careerride.com/view/globalization-and-its-impact-on-indian-culture-15301.aspx> , accessed in July 2016.
9. Parasuraman, Dhruv Grewal, R. Krishnan (2005), "Marketing Research", Chapter 2, pp.43, Biztantra, New Delhi
10. World Investment Report 2021: https://unctad.org/system/files/official-document/wir2021_en.pdf
11. Oxfam India report: https://www.oxfamindia.org/sites/default/files/India_Rising_inequality_report_2020.pdf