



International Journal of Recent Development in Engineering and Technology
Website: www.ijrdet.com (ISSN 2347-6435(Online) Volume 14, Issue 11, November 2025)

Globalization in India: An Economic Perspective

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Abstract-- This paper analyses the process of globalization in India since 1991. Globalization concept brought several changes in Indian economy and also effects on various sectors of the economy. Due to the implementation of globalization India is marching towards the development path. This paper highlights the impact of globalization on Indian economy. Trade, Financial sector and the socio-cultural changes that have been witnessed to post globalization in the Indian society. Modernization that we see around us in our daily life is a contribution of Globalization. The promoters of globalization claim that it has the potential to enrich everyone in the world, particularly those who are developing and the sufferings occurred during the transformation from closed economy to open economies is a necessary part of the pain, which has to be undergone to become a successful market economy. Throughout this paper it focused both positive and negative impact of globalization on Indian economy.

Keywords-- Globalization, Economic Integration, foreign trade, Education and health

I. INTRODUCTION

Globalization implies integrating the economy of a country with the economies of other countries under conditions of free flow of trade, capital and movement of persons across the borders.

It may be defined as a process associated with increasing openness, growing economic interdependence and deepening economic integration in the world economy. Economy reforms assume that Indian economy should be integrated with world market. Capital and technology will flow from the developed countries of the world towards India.

II. REVIEW OF LITERATURE

Review of literature provides background to analyze the various aspects to research work. We incorporate some significant related studies have been taken up for the purpose of literature review that are most relevant for our analysis.

Singh (2007) in his study “Globalization, Industrial Revolutions in India and China and Labor Markets in Advanced Countries: Implications for National and International Economic Policy” examines the impact on labor markets in advanced countries of the integration of the fast - growing countries, China and India. The paper concludes that current globalization has help to creation of huge employment opportunities by Industrial revolution.

Goyal (2006) in his paper “Impact of Globalization on developing Countries (with special reference to India)” explores the contours of the on-going process of globalization Liberalization and privatization. Various studies have been made to analyze different aspects of Indian foreign trade, but little has been done to study the impact of globalization on Indian foreign trade.

Sharma (2009) in his book analyzed “China and India in the Age of globalization” explored how the interplay of socio, historical, political and economic forces has transformed, India and China, once poor agrarian societies into economic powerhouse. In his book he examined the challenges that both countries faced reaping opportunities and mitigating risks.

III. RESEARCH METHODOLOGY

The present study carried out based on secondary data. Data and information obtained from different Publications of Government of India, World Bank reports, periodicals, journals, official sources like RBI Annual reports, Center for Monitoring Indian Economy (CMIE) and Official Internet websites.

IV. OBJECTIVES

1. To analyze the effect of globalization on Indian Economy
2. To study the various sectors reforms in India
3. To find out the positive and negative impact of globalization on Indian Economy



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V. GLOBALIZATION IN INDIA

Indian Economic Scenario has been gradually restructured since July 1991, so that it can embrace a new dharma, the Global-Dharma with the help of New Economic Policies brought by P V Narasimha Rao government.

The major areas of economic reforms are

- 1) Industrial Sector Reforms
- 2) Foreign Investment Policy Reforms
- 3) Fiscal Policy Reforms
- 4) Monetary Policy Reforms
- 5) Trade Policy Reforms

Indian economy had experienced with a major policy change in the early 1990s. The new economic reform popularly known as New Economic Policy. There are three major cannons like Liberalization, Privatization and Globalization (LPG), aimed at making the Indian economy as fastest growing economy and globally competitive. The number of series of reforms undertaken with respect to industrial sector, trade as well as financial sector aimed at making the economy more efficient. With the onset of reforms to liberalize the Indian economy since 1991, a new era has drawned for India and her billion plus population. This period of economic transition has not only had tremendous changes in the economic development, but also on the mindset of Indian people who could get rid from traditional, superstition, and illiteracy.

Impact of globalization on education in India - General

There are immense effects observed in educational sector due to globalization such as literacy rate becoming high and Foreign Universities are collaborating with different Indian Universities. The Indian educational system faces challenges of globalization through Information technology and it offers opportunities to evolve new paradigms shifts in developmental education. The distinction between formal and informal education could vanish when move from industrial society to information society takes place. Globalization promotes new tools and techniques such as E-learning, Flexible learning, Distance Education Programmes and Overseas training.

Effects of Education in India Spread over as following:

(1) Effects of Globalization on Students and Education Sectors:

Due to globalization, the availability of study books and information on the internet or the World Wide Web (www) have increased tremendously.

However, the exorbitant cost factors have made higher and specialized education beyond the reach of poor and middle-class students.

Hundreds of foreign universities have started collaborating with Indian universities and study institutions. This has affected on the course fees. For Engineering, Medical and Management studies, the course fees are hovering around Rs.20 to Rs.50 lakhs. Intelligent students from middle and poor class may have to settle for daily wages earning in future as they cannot afford.

(2) Effects on Health Sectors:

It is unbelievable that in India, poor people have to spend a minimum of Rs.200 for a mere seasonal cold or minor stomach ailments, thanks to the multinationals pharmaceutical companies engaged in sky rocketing cost of common medicines under their brand names.

The private sector hospitals like Apollo, Medicare will be only too happy to prepare a bill of Rs.5 lakh to Rs.10 lakh for heart or Kidney operation. The monitoring of health electronically through the internet will worsen the situation further in the years to come. Death will be the easiest option for poor following the effect of globalization in health sector.

(3) Effects on Agricultural sector:

The globalization of trade in the agricultural sector is perhaps proving to be a big blunder. The farmers have to pay heavy price, for purchase of better variety of imported seeds having resistance to diseases, because of the patent rights imposed by WTO. The Indian farmer cannot export their products to rich countries because poor technology and less quality do not like by foreign consumers. The large-scale suicide of Indian farmers in Punjab, Haryana and Karnataka under the burden of heavy loans is directly attributed to this.



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The Indian agriculture is almost on its deathbed. The minimum cost of eatable rice is Rs.12 per kg and apples from Australia at Rs. 100 to Rs.150 per kg cannot be afforded by poor.

(4) Effects on Employment sector:

The employment scenario in India is probably the worst in recent years due to globalization. The restrictions of use of child labor and fair pay to workers have a badly affected the traditional industries like cottage, handloom, artisans and carving, carpet, jewellery, ceramic, and glassware etc., where the specialized skills inherited for generations were passed on to the next generation from the early age of 6 to 7 years. The globalization and trade restrictions under the influence of WTO have virtually killed business in these sectors.

Benefits of Globalization in India

Rise in Employment: With the opening up of Special Economic Zones (SEZ), the availability of new jobs has been quite effective. Furthermore, Export Processing Zones (EPZ) are also established employing thousands of people. Another factor is cheap labor in India. This has motivated big firms in the west to outsource work to companies present in this region. All these factors are causing more employment.

Surge in Compensation: After the outburst of globalization, the compensation levels have stayed higher. These figures are impressive as compared to what domestic companies might have presented. The level of knowledge and skill brought by foreign companies is obviously advanced. This has ultimately resulted in modification of the management structure.

Improved Standard of Living and Better Purchasing Power: Wealth generation across Indian cities has enhanced since globalization has fully hit the nation. There is an improvement in the purchasing power for individuals, especially those working under foreign organizations. Further, domestic organizations are motivated to present higher rewards to their employees. Therefore, a number of cities are experiencing better standards of living together with business development.

Disadvantages of Globalization in India

The negation of globalization also assumes significance the informal sector is purposely not listed in the labor legislation. For example, informal workers aren't the subject considering the 1948 Factories Act. This scheme covers vital factors such as common working conditions, safety, and health, the ban on child labor, working hours etc.

Also, globalization has caused poor health, disgraceful working conditions, as well as bondage, happening in different parts of the country.

VI. CONCLUSION

On the contrary, the critics argue that globalization is a strategy of the developed countries to expand their markets in other countries. It has compromised the welfare and identify of poor people belonging to poor countries, the market driven globalization has widened the economic disparities among nations and people. Globalization has given an opportunity to choose variety of goods at cheaper prices. Globalization creates an environment to attract FDI, it helps to analyze the impact and progress of Indian economy.

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