

Poverty and globalization (In Indian perspective)

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Abstract

In Indian context, globalizations means opening the portable of Indian human market for multi-national companies to invest capital in the areas of their interest (In the various economic activities of India) by facilitating the MNC's business by removing impediments, also provides for Indian companies to collaborate to establish or collaborate business or economic activities abroad. The emergence of global integration, in terms of globalised economic activities, has many gains such as high rates of growth, flow of technology and funds for globally comparative growth. The poignant idea of globalization of economic activities is to make provision for equal opportunities for global economic and common people without hindrances towards mobility of factors of production such as labor and capital etc. This paper confines to the issues concerning the existing debate on the globalization and the state of Indian context.

Keywords: Globalization, poverty, capitalism, labor, technology and opportunities.

Introduction

Globalization as a concept has become popular since the last phase of past century and beginning of the new millennium, opening doors of communication crushed the national boundaries rendering the world as global village. Expediting cross border movement of capital, labor & technology. It has boasted the use of more efficient technologies and replaced domestic natural resources by sophisticated renewed sources of energy. Globalization is the key word in present world, and also the contemporary world is different from as it was ten years back, even it is different from yesterday to today. Today the development of state takes in overnight. Among present states, the state which focuses on ancient decades is India. India is known for its divers with deep rooted tradition, culture and religion and that lives beside one of the fastest growing economies in the world. India is an ancient state with a modern civilization. What I find interesting is the fact that this ancient state has "survived" during the process of globalization. Especially India's diverse and deeply rooted culture which has always been and still is influenced by a lot of different religions, languages and traditions. Additionally, in connection with globalization, the western values seem to have gained acceptance in India.

Globalization means

The term globalization refers to the integration of economies of the world through uninhibited trade and financial flows, as also through mutual exchange of technology and knowledge. Ideally, it also contains free inter-country movement of labor. In context to India, this implies opening up the economy to foreign direct investment by providing facilities to foreign companies to invest in different fields of economic activity in India, removing constraints and obstacles to the entry of MNCs in India, allowing Indian companies to enter in to foreign collaborations and also encouraging them to set up joint ventures abroad; carrying out massive import liberalization programs by switching over from quantitative restrictions to tariffs and import duties, therefore globalization has been

identified with the policy reforms of 1991 in India. People around the globe are more connected to each other today than ever before in the history of mankind. Information and money flow more quickly than ever good. Goods and services produced in part of the world are increasingly available in all parts of the world. International travel is more frequent. International communication is common place.

Need of the Globalization

There has been an ongoing debate about the effect of globalization on the state of Indian poverty. At the threshold, we should note that globalization in India came along with liberalization and privatization. A systematic policy from public sector to private sector with unprecedented competitive sphere for private sectors which means the state yielded place to free market economic activities. In theoretical sense it implied, it put faith on capabilities of freer market forces, inducted private profit motivation and competition, in order to usher in growth. Today, shrinking space, shrinking time and disappearing borders are linking people's lives more intensely, more immediately than ever before. That is, people everywhere are becoming connected – affected by events in far corners of the world. Here, we have new markets (Foreign Exchange and Capital Markets linked globally, operating 24 hours a day, with dealings at a distance in real time); new tools (Internet links, Cellular phones, Media networks); and new actors as mentioned above (the world trade organization with authority over national governments, the multinational corporations with more economic power than many states, the global networks of non-governmental organizations and other groups that transcend national boundaries); and new rules (multilateral agreements on trade, services and intellectual property, backed by strong enforcement mechanisms and more binding for national governments, reducing the scope for national policy). The challenge of globalization in the new century is not to stop the expansion of global markets but to find the rules and institutions for stronger governance—local, national, regional and global—to preserve the advantages of global markets and competitions;

and also to provide enough space for human, community and environmental resources to ensure that globalization works for people. Their rule-making may create a secure environment for open markets, but there are no countervailing rules to protect human rights and promote human development. More so, ad-hoc and self-selected policy groups have emerged in the past decade to make de facto global economic policy, outside the United Nations or any other format. They have been effective advocates for human development, maintaining pressure on national governments, international agencies and corporations to live up to commitments. A theme that deserves further attention is the need to strike a proper balance between global, regional and national institutions responses to challenges posed by globalization.

Globalization and Capitalism

Globalization the pulp of may be credited for it has provided the incentives for innovations and advancements in science and technology. Eighteenth and Nineteenth centuries evidenced heydays of capitalistic system leading to economic growth and progress. But 1930s and the post II world war raised, genuine questions on market growth and economic systems. Marx's foreshadow of collapse of capitalism was as Damocles' sword on humanity. Market forces had failed to bring back the economy of progress and stability. The Great Depression of 1930 saw widespread unemployment and palliation in Germany had pulled the monetary system pell-mell state.

When capitalism tumbled, the Keynesian economic solution emerged. Keynes in order to sustain capitalism introduced several measures by integrating different ideologies as a panacea for failing capitalism system. Keynesian solutions, later come to be known as "controlled-capitalism" However, 1980's and IT revolutions sparked the re-emergence of capitalism, and the failure of socialist bloc in its objectives breathed a fresh air into the strengthening of the roots of capitalism based on market-regulation economic system.

Developed nations extended the boundaries of market, persuading poor nations to open up trade and entry to their markets. The above lines makes easier for us to understand the dynamics of globalization process. Recent globalization tantamount to extension of capitalism, while the phase of globalization in 14th, 15th centuries was synonymous to Colonization.

This emergence of global integration brought many obvious gains, in terms of high rates of growth, transfer of technology, funds and induction of competition. In theoretical sense globalization leads to economic empowerment of pied Socio-economic groups through induction of employment generation mechanisms and also to equal opportunities without tendentious attitudes. The unrestrained flow of prices, capital, labor and resources would lead to strenghtnineng of Socio-economic conditions of people under globalization process.

However, it could not be realized for capital was restrained, restrictions were placed on movement of labor. Even U.S. has adopted policies to discourage outsourcing of business and other economic services. Free markets and globalization has been revered as a panacea for growth, chiefly in the interest of the developed nations, who need more markets for their products and more avenues for investing their funds in a profitable manner. Evidently globalization has become a major factor for the blooming economic growth in the country. The favorable economic conditions have positive impact on the

overall standard of living of the country. However, some scholars who argue that globalization, as such, do not have any potentiality in improving the poverty situation in India. But the idea whether globalization has really made on impact on removal of poverty in India.

Globalization of certain factors

"Globalization gives rise to production, distribution and consumption of goods and services to a greater extend. This process increases economic activity for people and enterprises through free international trade, direct foreign investment, and capital market flows" capital deficient nation con an up new avenues of investment and utilization of untapped natural resources and latent energies. Theoretically there are reasons for gains by financial flows and global integration in form of opportunities, complimentary factors and encouragement to savings, investments and innovations. South East Asian Tigers harvested the benefits in 1980's and later India too achieved economic growth despite limited capital account liberalization. Export business and foreign investment have reduced poverty-Poverty has been reduced in regions where exports or foreign investment is swelled. In modern context, opening up to foreign investment has been linked with a decline in poverty. A study by Dollar. D. revealed that the combination of increases in growth and a systematic change in the globalization has considerably propped up to reduce poverty. "In Malaysia for example, the average income of the poorest fifth of the population grew at a robust 5.4 percent annually. Even in China, where inequality did increase sharply and the income growth rate of the poorest fifth lagged behind average income growth, incomes of the poorest fifth still grew at 3.8 percent annually. The fraction of the population of these countries living below the \$1 a day poverty threshold fell sharply between the 1980s and the 1990s: from 43 percent to 36 percent in Bangladesh, from 20 percent to 15 percent in China, and from 13 percent to 10 percent in Costa Rica, to name a few".

Globalization in India had a desirable way on the overall growth rate of the economy. This is major improvement given that India's growth rate in the 1970's was very low at 3% and GDP growth in countries like Brazil, Indonesia, Korea and Mexico was more than twice that of India.

Though India's average annual growth rate almost doubled in the eighties to 5.9%, it was still lower than the growth rate in China, Korea and Indonesia. The GDP growth has improved India's global position. Subsequently India's position in the global economy has improved from the 8th position in 1991 to 4th place in 2001. During 1991-92 the beginning of reform program. The Indian economy grew by 0.9% and the Gross Domestic Product (GDP) growths distend to 5.3% in 1992-93, and 6.2% 1993-94. A growth rate of above 8% was an achievement of on Indian economy during the year 2003-04.

Globalization has also impacted the overall health care situation in the country. With more medical innovations during this phase improved the health situation in India. The infant mortality rate and the malnutrition rate had significant slump since the last decade. It has also put a favorable effect on the employment scenario of the country. Globalization turned into a vibrant consumer market and economic got big boost for widespread volcanic demand and supply, and both the ends met as a result of kneejerk advancement of globalization. As such, more and more job opportunities were being blossomed in

different sectors, like ITes, tourism, banking and areas in service sector where skilled & trained manpower is engaged. The service sector, some of the export industries and beneficiaries of government's schemes, such as MNREGA, the Sixth Pay commission, the farm loan waiver and recipients of higher incomes as a result of fiscal stimulus provided by the government had the privilege of garnering more fortune purchasing power in their pockets. That is why in spite of 13.7% inflation recorded in June, 2010 for CPI-IW, and food inflation of order of 10.3% in July 2010, annual growth in sales (in percent) for two wheelers went up by 26% in 2009-10 and 28.3% in 2010-11, passenger vehicles 25.6% and 33.8% respectively, LCD TVs 15% and 30%, mobile subscribers now in millions 177 and 109.

The Gini Coefficient- Gini Coefficient is a calculating device which measure inequality. A zero value means paragon of perfect equality and higher values indicate slantness. Gini Coefficient for real per-capita gross state domestic product (GSDP) for all states has reached 0.209 in 1980-81, to 0.292 in 2000-01. (Shetty 2003, cited by Arvind Panagariya in "India-the Emerging Giant," published by Oxford University Press 2008, Page 162) As per Economic Survey 2009-10, the Gini Coefficient had gone up to 0.368 (Economic Survey 2009-10 Page 275).

In the words of Prof. Rajesh Shukla, Director, NCAERCMCR, "We are becoming a middle income society, not a middle class society, proportion of poor in population has gone down but income inequality has grown. Globalization has touched the upper income/middle Income strata and has not penetrated deep down to the grass root level. That is why when the UN special Reporter Jean Ziegler visited India in August, 2005 and gave his report to U.N. He wrote, "Levels of malnutrition and poverty remain very high and food insecurity has increased since 1990's.

Conclusion

Globalization in its present form, raise GDP figures, but not the welfare of the actual has such masses. Poverty may have been reduced to some extent but poverty will increase due to disparities of income distribution and job opportunities. In WEF Schmooze fest at Davos (Switzerland) being held recently (Jan. 2012) Klaus Schwab (the founder President of the meet) said resolutely that a global transformation is urgently needed and it must start with reinstating a global sense of social responsibility. The statement is based on the recent global risks report which has exposed rising inequality as the biggest threat. (www.economic times.com) dated 24th Jan. 2012. Marx's relevancy will be felt in the face of developed countries stretching the strip of international class conflicts become the developed and developing countries siphoning the globalization benefits to the vested interests and in all, the globalization stride and market demagogues are breeding the poverty in more than one fashion without considerable through for prospective consequence, if not given proper care, the globe will face horrendous catastrophe. Therefore, institutional arrangements for good governance and international unbiased imperial institutional framework must be given proper emphasis.

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