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"India's Socio-Economic and Cultural Challenges in the Wake of Globalization"

Manisha A. Mehrotra

Department of Economics, B.H.U
E-mail: bebugupta@gmail.com

Abstract—*India has been the land of multiple cultural identities since time immemorial and has passed this legacy to its forthcoming generations with all due respect to other castes, creeds , colour and nationalities. However, the modern India is witnessing new type of socio- economic and cultural challenges with the inception of new doctrines of Globalization better known as New Economic Reforms in the early 1990s.The concept of globalization for Her is not new as we have seen in the pages of history that India had trading relations with Middle East, Africa and Europe since the first urban civilization Indus Valley in Circa 2500 -2300 BCE. This tradition was followed by all other major dynasties of ancient Indian societies like Mauryas, Guptas, Harshavardhan to name a few. There were harmonious relationship between people, cultures and their religious beliefs, nevertheless, each maintained their uniqueness in their practices without imposing themselves on the other Liberalization and Globalization are both part of the economic reforms undertaken by number of countries in the last two decades to give new shape and direction to their economies. The entire world now seems to be gripped by the obsession of these two words. They represent the new economic order of Neo-liberal also known as Washington Consensus that points towards free markets and minimum state interventions. These are clear cut demarcation from the theory of Centralized Planning and Socialism which were once ruling the economies of many powerful nations of Asia, Africa, & Latin America in the post –war periods.*

The main aim of this paper is to raise contemporary issues in respect of the ongoing process of globalization which has widened the conflict at every strata of the society by accumulation of wealth, opportunities & resources for some and caused unrest for the masses and to analyze its repercussion on Indian economy.

1. INTRODUCTION

A programme of globalization has two dimensions-internal and external. Internal Liberalization refers to the response of domestic economy to the market forces. While the external liberalization better known as globalization consists of relaxation of state control in the sphere of foreign trade, foreign investments, free flow of finance. These processes have intimately connected the world today giving rise to many serious conflicts and consequences.

Globalization has made countries to realize that nations can no longer be cocooned in their own cultural or economic nests but invariably be part of the larger picture which takes into account the competencies, interests and the dependencies of economies world -wide. The zeal of globalization has even forced Governments to be tuned to the merits of a Global economy.

In Economics we have views on pro-globalization by Jagdish Bhagwati etc. who build on the economic notion that free trade helps everybody and lift the poor out of poverty, while we have the anti-globalization views by the likes of Vandana Shiva, Arundhati Roy, etc.,who see globalization as a way for multinational corporations and multilateral institutions (World Bank, IMF) to change the rules all over the world to ensure better markets for the rich countries.[1]

Major measures initiated as a part of the liberalization and globalization strategy in the early nineties included scrapping of the industrial licensing regime, reduction in the number of areas reserved for the public sector, amendment of the Monopolies and the Restrictive Trade Practices Act, start of the privatization programme, reduction in tariff rates and change over to market determined exchange rates.

The Economic Impact

1. Globalization has given nations greater access to global markets, technology, financial resources and quality services and skilled human resources.
2. Improvement in and greater access to quality goods and services and an exponential increase in the volume of trade.
3. Access to global capital resources via the stock market and international debt depending on the economic potential of nations and their markets.
4. Access to technologies depending on the nations responsiveness to respect to protection of IPR and the responsible usage of technologies.

5. Access to the world markets to the skilled human resources from nations with inherent intellectual and technical capabilities (the outsourcing of IT, Pharma, BPO and KPO work).
6. Increase in exports of goods and services in which nations have their respective competencies.
7. Increased access to better and qualitative education.
8. Increased the purchasing capability of the nation through the creation of a sizeable middle class which is hungry for quality goods and services while there coexists a large poor class whose time is yet to come. One would expect that the fruits of liberalization and globalization would have a trickledown effect through the collection of taxes and revenues by Government due to increased trade and commerce.

2. THE SOCIAL IMPACT

1. The free flow of Information both general and commercial.
2. Globalization has through greater exposure liberalized our attitudes, reduced our biases and predispositions about people, situations and communities worldwide.
3. The advent of Information, Communication Technologies (ICT), nations have built greater awareness of themselves and the other countries and cultures of the world.
4. One can see in India that inhibitions have been diluted because of the advent of media and the entertainment. This has also naturally had some affect on the old cultural values with the focus now being on consumerism and success.
5. The experience in India is of relevance because of the greater cultural and literacy diversity between states and the economic divide between the urban and rural areas of India.
6. There has been a tremendous increase in consumerism, for goods and services and a distinct change in life-styles with rapid adaptation to worldwide trend is visible.

The winds of globalization have been speeded up in this era of increasing usage of Information and Communication Technologies (ICT). Greater awareness of markets and knowledge of Capital resources have opened up the floodgates of International competition and trade. The world today is a global village due to these scientific and technological advancements which is indirectly fostering globalization. But again for those citizens who do not have adequate literacy levels, the digital divide is proving to be further detrimental to their progress.

In the villages, farmers are not much aware of global economic system. Most of the food crops are converted into cash crops. Sugar cane farmers are getting advance loan from banks and Micro-finance companies. They used to supply hybrid seedlings, fertilizers and highly advanced equipments. This equipment utility reduced the human labour force. Hence the rural people are shifting from place to place for want of labour for their livelihood. Natural manure is replaced by synthetic fertilizers. As there is a shift from food crops to export crops, the prices of food items went on high, and the poor people couldn't buy from their meager income. Similar trend continued for clothing, housing, transportation, health etc. So people were forced to consume less of even basic necessities and this has somehow adversed the poverty reduction mechanism to a larger extent.

Deaton (2003) opines that more than one fourth of the World's poor live in India. India's economic liberalization in the early 1990s resulted in high rates of growth, whether it reduced the numbers of poor or benefit only increasingly wealthy urban elite is a question. Because of growing inequality, consumption by the poor couldn't rise as fast as average consumption and poverty reduction was only about two-thirds of what it would have been had the distribution and consumption remained unchanged (Deaton, 2003). The gap between rural and urban areas widened because of the vast differences in the levels of literacy, availability of living facilities such as water, drainage, housing, power, lighting, food and transport etc.

The developed countries may have believed that globalization would open up markets for goods and services and lead to job-creation. In fact, contrary to expectations, globalization began to bring greater benefits to the developing countries from the late 1990s. The erstwhile CIS countries, which underwent a painful decade of adjustment and decline in incomes, began to register positive rates of growth in the late nineties. Latin America and much of Africa, which had witnessed a lost decade of growth in the eighties, also started to recover in the late nineties. However, the East Asian countries experienced a major financial crisis in 1997, but the growth rates for most of the decade was high. But the most spectacular success has been witnessed by China and India in the last ten years, after a sustained period of growth of nearly two decades.

Between 2007 and 2011, the developing countries accounted for 77 per cent of the incremental global GDP (in PPP terms), compared to 23 per cent accounted for by the advanced countries. China's share in the incremental GDP was 32 per cent and India's 11 per cent, which was higher than the contribution of large economies like the USA (8 per cent) and the European Union (7.8 per cent. Chinese and Indian companies, many of them state-owned, have grown in size and are counted amongst the large global players. Both the countries have now a significant number of persons figuring in a list of world's billionaires. A robust indicator of the growing importance of the 'south' is the increase in south—south trade and the emergence of groupings like the BRIC(S) [2].

In contrast, the developed countries have fallen into a deep and prolonged economic mess. The growth rates of most are minimal, unemployment rates are high (estimated 40 per cent for the youth in Greece), external indebtedness is high, the size of government debt is at crisis levels and the stability of the financial systems are under threat.

The developing countries success story is not based on weak foundations. Both China and India have sustained one of the highest rates of domestic saving and investment over the previous decade. External indebtedness is low and well within manageable levels. Investment in infrastructure and education are rising, though not adequate in India, which shall allow the large working force in these countries to remain competitive. Wage rates are also low by international standards. Finally, the budgetary position is far more comfortable than in most advanced countries.

Today's global world portrays commonalities by preaching global village theories but each have a distinct competitiveness over the other and this results in diverse conflicts –in classes, castes regions, urban lifestyles and needless to say religious groups. Half of the globe today is sadly waging wars for either establishing their religious identities or to usurp the economic power.

The fastest growing consumer sectors namely FMCGs, retailing and Mall culture, the unprecedented growth of "white collared jobs" have aggravated the class conflicts to a greater heights. The society is largely segregated between the haves and have –not's and this social groupings is causing new types of socio-economic and cultural challenges. The global statistics tells us that 5 % of the world population is enjoying 95 % of the world's resources and 95 % of the world population is somehow managing in the meager 5 % of the world resources. The identity establishment in itself has become an issue as everyone is threatened by the multifaceted social identities. As quoted by A. Sen that this "ruthless growth" is causing tremendous pressure on the less developed and developing class to end in class conflicts which seems to become the order of the day as more and more we are developing we are segregating the masses from ourselves. It may appear paradoxical that the problem of the developed countries and the success of the developing ones may both be due to the value system dominating policy in the west, which sees progress as increased consumption by individuals, without regard to social goals like equality. In fact, the central theme of the current phase of globalization has been higher consumption in an era of higher inequalities.

Inequalities increased in USA to reach levels equal to levels prevailing just prior to the great depression. Between 1940 and 1970, the USA registered steady and inclusive growth with the median income doubling in the three decades. Since then, the income of the bottom 90 per cent increased by a mere 5 per cent. On the other hand, the income of the top 1 per cent of the population is reported to have increased by 281 per cent between 1999 and 2007. It is therefore not surprising that the rallying call of the 'Occupy Wall Street' movement has been 'we are the 99 per cent!'

One of the effects of rising inequalities, in conjunction with other causes like longevity and rising health costs, has been the political pressure on the state to spend more on social sectors. Social sector spending as proportion of GDP increased, between 1980 and 2007, from 10 to 21 per cent in Greece, from 18 to 25 per cent in Italy and from 13 to 16 per cent in USA. These increases in social sector spending, and other increases in expenditures, were not accompanied by commensurate increases in tax revenues. In fact, if press reports are to be believed, the two wars fought by America, in Iraq and Afghanistan, were not accompanied by increased taxes. As mentioned earlier, neo-liberalism seeks to put a limit to the size of the state, which practically has meant that raising taxes is against the current orthodoxy. Also the nature of politics in most countries has made it extremely difficult to tax the rich who wield enormous power over the formulation of public policy. The result has been that most developed countries have been forced to run large fiscal deficits. The USA, for example, has an outstanding public debt of over $ 14 trillion. With government spending at 24 per cent of GDP and taxes at only 15 per cent, the problem is likely to exacerbate. In many cases, the public debt is not only internal both also is significantly financed by capital inflows from abroad. Thus countries like Greece, Italy and Spain face severe external pressures due to their external indebtedness arising principally out of public indebtedness. A large part of the US public debt is financed by China and other East Asian economies.

Another socio-economic challenge emerged at the global level is of few countries dictating the norms to the entire humanity in the name of developed nations .This has given them the economic power to usurp the entire natural , capital & human resources for their own benefits. The growth of heavy mechanized industries in the developed nations has led to the need for natural resources exploitation at unprecedented scale which in turn had caused serious social economic environmental hazards. Every single day we are losing plants animals species so to say they are being wiped out from the face of planet earth due to heavy pollutants in air water soil and whole biosphere. The social cost –benefit analysis of such growth will not only prove detrimental for the industrial development but for whole mankind.

Another challenge is competition for gated markets have emerged as a recent development , not natural resources. The competition between states in the geo-economic era will increasingly be driven by a quest for markets rather than national resources. This is a major development. During colonial times, competition revolved around direct control over land and sea, both for extracting resources and for promoting long-distance trade with colonies on preferential terms. As colonies became independent, an ideological rather than economic contest took its place. Once the Cold War ended, oil emerged as the big driver of competition, creating strange new alliances and drawing the United States into the security of the Middle East. Today, as the world economy suffers from the after-effects of the financial crisis and many previously stable economies are reeling under the pressure of slow or no growth, the nature of strategic competition is changing again – due to two major factors. First, resources are becoming cheaper, due to the shale gas and oil revolution, and other technological advancements that are reducing dependence on traditional suppliers . Second, the economic and demographic growth – as well as human capital development – in emerging markets makes them an important source of global aggregate demand and of relatively cheap qualified labour. The interests of modern multinational corporations underpin the shift from the strategic competition for access to resources to the competition for inroads into new markets. Due to the breakthroughs in information and communication technologies – as well as more efficient transportation and logistics – these corporations have become truly global, able to invest and allocate the production of goods, services and even individual production tasks across continents. This has shifted the strategic space of the natural resources competition to a competition for markets. The United States' outreach in recent years to India, the evolving relationship between the US and China, China's infrastructure investments in Africa, and Russia's attempts to penetrate oil-rich Venezuela are all signs of the same phenomenon.

The winners of this new strategic competition are primarily the countries with growing per capita incomes and large and growing populations – mainly China, India and several large countries in Sub-Saharan Africa. The highly skilled citizens of the developed world are to gain as well as they become more productive in managing larger corporations and creating new technologies for larger markets. Countries and corporations that are adept at building inroads into new markets through their control over social, economic and communication networks will stand to benefit from these growing markets. At the same time, the producers of natural resources are likely to see their power eclipsing, so oil rich countries such as Saudi Arabia, Russia and Iran stand to lose. And so are the medium-skilled workers in the Organization for Economic Co-operation and Development (OECD) countries who now face competition from the cheaper-qualified labour in emerging markets. Countries that are unable to provide security and stability for economic enterprise and foreign investments will also be marginalized from this new wave of globalization. All China could do during the 2011 conflict in Libya was to evacuate its thousands of workers from the country. The low-skilled workers in developed countries are still protected from this competition, as their jobs are not yet outsource able. However, technical progress may threaten them through automation.

In the absence of effective global leadership, global norms and standards are eroding − with an ensuing shift towards a multipolar world where great powers compete with each other through economic means and regional powers play a larger neighborhood role. Increasingly, multilateral institutions are seen as instruments of power projection and there is less interest in tackling shared problems from Ebola to climate change. Because the great powers are looking at issues through a more zerosum lens, they only work together when their interests are very closely aligned. This is exacerbated by a widespread turn inwards as populism and nationalism rise, and governments try to establish measures to give them more control over their affairs.

Globalization has created a new system of competition that has the potential to deplete the welfare state There is much debate on the social impact of globalization and its impact on inequality. However, measuring inequality is problematic and how much is to be attributed to globalization's creation of an open economy is contested. The relationship between growth, poverty and inequality is complex. However, economic growth's ability to reduce poverty has a lot to do with the initial inequalities present in a country. Therefore in unequal societies reduction in poverty is less when growth increases than in societies that are more equal. It can be said that high and low levels of inequality hinder growth, whereas middle ranged inequality allows a good environment for growth. In India we are witnessing this large inequality as only few states are developing at a very fast growth rate rest all are still gripped under low rate of growth in every sectors.

The nuclear family is less reliable in terms of helping individual members absorb risk. Family structures are therefore significantly changing. Countries with corporatist structures and welfare states need major reforms in light of their dependence on the 'male breadwinner'. Moreover, social protection needs also require change as the change in the nuclear family means households are incomplete, and individuals are more and more likely to have several marriages in on lifetime and cohabitation is more common. These unpredictable changes in lifestyle and norms in society also reflect change in fertility rates by taking decisions not to have children, or by having the first child at later in life. The social protection systems need to be reexamined in order to make them more flexible so that they can be able to positively react to the social changes taking place in society (Begg, Draxler and Mortensen 2008)[3]. Developed and developing countries are faced with decreasing birth rates. As wealth increases in these countries individuals' lifespan is increasing and they are opting to have less children. These countries go through social transformations and see an increased availability of birth control further reducing birth rate. This has been the case in central and Eastern Europe which is now struggling with the problem of ageing population.

On the other hand, there is a correlation between net migration and population growth. International migration places costs and benefits on all of the countries involved in the process. By raising the supply of labor or changing the skill composition of the workforce it can help to increase economic growth. However, it also has the potential to increase the rate of unemployment in host countries if the skills the migrants bring with them are the same as those of local workers. However, integration of migrants is still an issue. Moreover, immigrants in many of the countries do not participate much in civil society while other social problems arise with respect to women and more dependent migrants (Begg, Draxler and Mortensen 2008)[4].

Therefore it can be said that Globalization poses four major challenges that will have to be addressed by governments, civil society, and other policy actors.

- One is to ensure that the benefits of globalization extend to all countries. That will certainly not happen automatically.
- The second is to deal with the fear that globalization leads to instability, which is particularly marked in the developing world.
- The third challenge is to address the very real fear in the industrial world that increased global competition will lead inexorably to a race to the bottom in wages, labor rights, employment practices, and the environment.
- Finally, the social dimension of globalization refers to the impact of globalization on the life and work of people, on their families, and their societies. Concerns and issues are often raised about the impact of globalization on employment, working conditions, income and social protection. Beyond the world of work, the social dimension encompasses security, culture and identity, inclusion or exclusion and the cohesiveness of families and communities.

3. CONCLUSION

Globalization brings new potentials for development and wealth creation. But there are divergent views and perceptions among people as concerns its economic and social impact, and indeed widely varying impacts on the interests and opportunities of different sectors and economic and social actors. Some argue that the present model of globalization has exacerbated problems of unemployment, inequality and poverty, while others contend that globalization helps to reduce them. Of course, these problems predated globalization, but it is clear that for globalization to be politically and economically sustainable, it must contribute to their reduction. Hence the goal of a globalization is which meets the needs of all people.

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