ABSTRACT OF THE THESIS

Contemporary world’s advances in the direction of the integration, has received tremendous momentum through the phenomena of globalisation. Present paper tries to evaluate the arrival of the global era in India. Focus of the present research work is to grasp the reality of globalisation and track its course and the resultant consequences in social perspectives in other words attempt is made to analyse the changes that cyclone of globalisation has catalysed in Indian socio-economic system.

For convenience the research paper undertakes the analysis of process of globalisation and tries to picture its currents and undercurrents. Globalisation has channels through which it influences a particular socio-economic system and the first chapter tries to chisel out these channels and the broader relationships between the social system and economic system along with describing the variables through which economic system influences a social system and vice versa.

Globalisation is a complex phenomenon like development, palpable but in real terms immeasurable. Globalisation is a concept which includes set of empirical indicators which are at best mere pointers or sings and through these sings and pointers attempt is made to arrive at hypothesis about the impact of the globalisation on Indian socio-economic system. Secondly Indian economic system itself is a concept which doesn’t easily fits into any existing moulds hence introductory work is made to picture Indian economic system and emphasis is on historical perspectives and evolutionary approach.

For the practical purpose of analysis and elucidation depth of the concept of globalisation is considered but without mitigating its scope and hence broadest possible view of globalisation is taken into account. Globalisation is viewed as integrated interaction of economies through
• Trade
• Capital
• Finance
• Movement of People

The analysis tries to track the changes, which has followed the process of the globalisation under the above mentioned four categories. The changes are looked at from socio-economic perspectives. Empirical indicators of the economic changes and the resultant social adjustments are outlined and analysed individually under various categories like employment wages and poverty alleviation.

The concept of globalisation and its depth and breadth ‘the scope’ to be covered in totality demands deep deliberations about the methodology adopted for the purpose of elucidation. To arrive at the widely held hypotheses extensive search of the existing literature was undertaken. Globalisation was studied not from the perspectives of ‘the globalisers and the globalised’ but from the perspectives of the ‘more globalised and less globalised’. Views of the contemporary economists were considered along with the ideas of the authorities who had actually steered the course of the globalisation and seen the spread of globalisation in India. Few names need to be mentioned along with Prof. J N Bhagwati, the likes of the Mr. C Rangarajan and Mr. Bimal Jalan both former Governor of Reserve bank of India and Mr. Montek Singh Ahluwalia deputy chairman of the planning commission of India.

Social dynamics the swirls flowing around in the society and the adjustments made by the society in response to certain stimuli were considered from popular as well as academic perspectives. Social dynamics in economic perspectives is the humane part of the economics but that fails to bring around the real picture especially in case of the India where economy at the advent of the globalisation was marginally industrial and largely traditional. As industrialisation is considered in academic circles so an attempt is made to consider globalisation from different socio-economic
perspectives including the changes which result from globalisation in society like migration and informal displacement and diversification of production methods.

The study is undertaken in a manner approved by the games theory. Games theory has restricted utility in economic perspectives and simply because of the creative and emotional susceptibilities and is least employed in projective studies. But value of games theory along with historical approach is indispensable when undertaking retrospective analysis. Economics as isolated activity is an idea which lacks existential dimension because it stands on rationality which itself is a cultural variable. Hence and especially when dealing with merged economies where economic rationalism is coined by various realities like culture and political system game theory as approach becomes indispensable. While analysing the course of the globalisation the dormant and active phase of globalisation the track is kept of the contemporary environment and compulsions and during the active phase due share is given to the anxieties.

**Second chapter** is focused on data collection & interpretation. Broadest possible trends are shown through the medium of tables and charts. The data is collected from various economic and statistical bodies with proven credibility. The most important question that arises while analysing trends is the period of the time. Part of the problem is solved by the temporal scope of the research which is from 1991 to 2006. Regarding Data comparison to notice the diversion the comparison has been made between the period prior to 1975 and the data after 1991. The reason is not difficult to understand and reason is the dormant phase of the globalisation and liberalisation which in proper terms started with first oil crisis faced by India at the start of seventies.

Approach to study the process of globalisation is further modelled on lines of approaches applied to study the socio-economic perspectives of industrialisation. If observed carefully industrialisation is seen to pass through several phases and so does the globalisation and more so in case of Indian experience starting with what has been termed as dirty phase of globalisation.
Directly there exists not any particular link between the phenomenon of globalisation and industrialisation but ultimately globalisation leads to industrialisation and the changes which crop up on socio-economic front are not much different either. Indian economy the labour based economy underwent character change and not just cosmetic change on arrival of globalisation as availability of market and capital diverted it towards industrialised economy and catalysed the process of industrialisation and changed the economy from labour surplus to capital surplus economy.

Third chapter explain globalisation in India, globalisation is a master concept with currents and undercurrents and some of them juxtaposing each other. Because of these undercurrents various hypothesis are proposed regarding the effects of globalisation and its motives. Those who support globalisation offer the hypothesis that increased global trade would ultimately lead to faster economic growth through accumulation of capital and principle of comparative advantage. Opponents argue that globalisation would lead to the same situation that was achieved through political interventions during the era of imperialism. They argue the comparative advantages would slowly vane away and multinational companies with immense capital and financial resources would acquire resources with developing countries leaving them even pauper in distant future. Secondly it is argued that globalisation harms developed economies as it dilutes boarders which mean DC’s have access to markets of developed economies but in reality only low value products and on the other hand developed economies get access to high value product markets of the developing countries. Hence it is argued the difference between the developed and developing would be further widened through the process of globalisation.

These are fears and anxieties which need to be addressed and can’t be answered out rightly. To study globalisation better approach would be compare the overall economic situation of any developed economy in contrast to some period of the time when globalisation wasn’t really present. This is the approach that has been followed and an attempt is made to see if an effect is made and what really is the direction of the change. It considers
which period was better for the developing country the period when
globalisation was not present or the period when globalisation was present
and effective.

**Fourth Chapter** tries to point out the consequences of globalisation on
macroeconomic level on the social scenario in India especially in relation to
labour, employment, wages and poverty alleviation. There exist the strong
current which shows the movement of Indian economy during this period
towards a better position. It can been seen that employment and wages rose
and poverty decreased but to conclusively point out the concrete changes
perhaps some more time should be given to globalisation in India; and
globalisation should be allowed to stay around for some more time and in
greater measure.

Employment it is reasoned by HO model would rise along with
globalisation and to explain as to why demands not much of theoretical work
as it means along with increased trade inflow of the capital and access to
market would ultimately lead to increased productivity which would mean
increased employment. We need to see the effect of globalisation on
employment rates in India during the period 1991 to 2006. Problem arises
because data are not available in the sense as they are available in
developed countries like USA. Moreover before effecting employment
underemployment would be effected and India is an economy hugely
underemployed and what makes it even complex to picture employment
scenario in India is the unorganised data about which no data are available.
More than unemployment Indian economy is marred by underemployment.
To avoid being drawn into controversy about data availability and reliability
and approach we try to track the employment in formal sector of Indian
economy and the way this variable has evolved over the different eras. It will
provide a hint and a solid hint about the dynamics reconfiguring Indian
economy.

Employment alone is not sufficient to conclude anything about effect of
globalisation on economic situation in India. The reason along with
underemployment is the phenomenon of transitional unemployment that is reasoned to be effect of technological advances and automation which necessarily come riding globalisation and influences the employment scenario as well.

**Socio-Economic** picture can’t be painted along the dimension of the employment alone in a developing country and it becomes necessary to consider wages variable along with employment. Data show wages have risen sharply since the era of globalisation and risen as they had never before. Even though rise in wages is contributed to rise in skill premium such that wages of skilled workforce has risen sharply and of unskilled labour it has remained nearly the same.

**Socio-Economic** scenario can’t be comprehended as long as the argument and fear that globalisation promotes equality is taken head on and poverty alleviation is considered in totality. It widely believed in many economic circles that globalisation adds pace to the growth of the rich but does little towards the poor who need to be addressed first for the benefit of overall socio-economic condition. It can’t be denied that globalisation for that matter all economic changes affect the rich and slowly spill over. **Trickle Down** effect of wealth is like gravity for the flow of water and is the only option for development and sustainable development. What needs to be done is tapping of resources and augmenting the pace of trickle down while keeping the virtue of patience intact.

**Poverty alleviation** is a controversial topic and more so regarding India, because it is reasoned any reduction in level of poverty is simply the result of statistical options and not reflection of the ground realities. Economic circles had been buzzing with controversy regarding the universal criteria about definition of poverty. Whatever might be the reality but truth is poverty has declined and it is shown by data and decline had been faster than it had ever been since independence since the advent of globalisation.
Chapter five tries to picture out the relationship between culture and economic development is extremely complex. Notice however, that this assumes to start with; collective agreement upon the meanings of the terms (culture and development) is possible. Or indeed, that when agreement is achieved, the terms are not so general that they become tautological or lose all applicability. Working definitions will be provided below but the fact is that the concepts of culture and development are both opaque, making them impervious to meaningful discourse. Eagleton (2000) reminds us that “culture” has been used differently in various historical and structural circumstances. The term stood for civility in rural labour, “civilisation” in the 18th century, and as a substitute variable for criticising industrial capitalism in the 19th century. Today, the trouble with usage of the term is that it has come to mean, on the one hand, something disabling local and overspecialised, basically nothing more than the affirmation of a specific identity--and, on the other, everything from a habit of mind, the arts, political institutions, to a whole way of life.

Incorporating “modernisation” and “globalisation” into the analysis compounds the definitional quandary. Modernity was a project of global conquest originating in Europe. There are two ways to understand this. There is an obvious Eurocentric position, which holds that because of the exceptional characteristics of European culture and rationality, the people were able to transcend their limitations and extend their influence across the world. The second is a less crude, but indirectly similar position, which conceives of Europe, while not the normative centre of modernity, having priority as the historical point of reference in any process of change from the 15th century onwards (Jameson and Miyoshi, 1998). The intellectual portrayal of modernisation was as a political and economic proposition coming to the fore following World War II that equated the intellectual, cultural and technological advance of victorious nations as something that needed to be emulated by the “poorer, less civilised” peoples of the world. This is connected to the process of “modernity” which began about five centuries earlier.
Indian economic system from humane perspectives at time of arrival of globalisation stood in the category of mostly traditional where production meant labour and production was managed through labour and not through capital which was the scarcest commodity. Secondly, skill development in Indian society required for the production and essential for economic activity was looked after by the informal social structures like castes. Change in level of skills and character of skills stirred the social structures of traditional Indian society triggering mass scale dynamics which resulted in so many interesting trends and realities.

**Farming or Agriculture Sector** the back bone of the traditional Indian economy too had to face the reality of globalisation and perhaps was the first to be influenced through better production know how and improved seed technology that was introduced by Rockefeller Seed Foundation. It changed the character of agriculture in India and there by influenced lives of nearly 60% of Indian population benefiting some and harming others.

Uncertainty is likely to prevail on the impact of economic globalisation on Indian agriculture and the debate may continue. On the eve of India’s plan to further open up its agricultural economy, it is perhaps advisable to devise a long-term strategy to harness the opportunities in agricultural trade which might have been created by the countries like U.S. facing severe economic globalisation. Therefore, implementation of the agricultural development agenda requires a renewed commitment and a new vision to implement policies that simultaneously aim at increasing agricultural productivity, creating fair market regime, conserving natural resources, investing in creating better agricultural infrastructure and stimulating agricultural R&D. the policy options and measures must include ways to improve access to the markets of developed countries accompanied by development, acquisition, transfer and diffusion of new technologies in order to increase productivity and competitiveness. A careful look at the expenditure priorities in agriculture is required. The spending on agricultural R&D, rural infrastructure, rural institutions and information monitoring and sharing are among the most effective investments for promoting agricultural growth and reducing poverty.
There is wide scope for increasing competitiveness of Indian agriculture. The policies to improve availability of infrastructure, reducing transaction cost of private investment through better governance, and reducing the restrictions on trade and investment will go a long way in making Indian agriculture vibrant and more competitive in the future.

Globalisation along with exchange of so many things means interaction of cultures and it means globalisation of aspirations too. Different cultures which might not have even known about each other stand facing each other as result of the globalisation. Interaction of cultures result in positive constructive gain for both cultures but at the same time negative destructive consequences cannot be ruled out. **Samuel Huntington** in his book ‘Conflict of Civilisation’ brings to fore this reality. No doubt globalisation has taught mankind to respect different contemporary cultures and nurture the required virtue of mutual respect and tolerance to live peacefully. But it is not all and destructive streaks like globalised terrorism can’t be ruled out.

In India globalisation has further complicated matters especially regarding terrorism as in place of localised terrorism there is global terrorism and on other hand aspirations has fuelled rich poor divide and to an extent promoted naxalism and opposition to globalisation.

Traditional sector is the one which provides the labour inputs and change in the traditional sector strictly governs and influences the changes in formal sector. Migration, forced as well voluntary both are controlled by the prevailing agriculture conditions and as agriculture was influenced by the globalisation so was migration intra and international both. This perspective is dealt with in **sixth chapter** Migration in and out bound and globalisation in India. Secondly industrialisation promotes modern living symbolised by phenomena of Urbanisation and this perspective is also discussed. From theoretical perspectives it is generally believed that migration and urbanisation in society in other words motility of human resource and economic development are related and development promotes societal motility. On other hand it is believed that stagnant economy promotes
migration as people are forced to adapt diversification as survival strategy. It cannot be denied and is indeed so but this type of migration and urbanisation the mushrooming of slums and labour camps can’t be considered as migration and are termed as forced migration. Thirdly globalisation promotes mobility of capital and goods there by mitigating the scope and need of mobility of people. Globalisation takes resources and capital to people in place of forcing the people to move towards regions with economic development and promotes comparative advantage. But truth is need for labour in agriculture and farming and the need for high skilled labour in developed regions drives migration at national and international level. Migration and Urbanisation taking into account the above mentioned drives of social mobility appears a multidimensional phenomenon and globalisation promotes some dimensions responsible for social mobility and dulls others. Analysis and data’s show that net result in context of migration and urbanisation shows that in over all perspectives globalisation seems to favour migration but at the same time disfavours the forced migration. The particular example like the phenomenon of **Brain Drain and Brain Gain** argues loudly that globalisation influences migration quantitatively and qualitatively such that the migration resulting from globalisation of aspirations increases and at the same time forced migration decreases.

Increased interaction of the economies, result in greater exchange of goods, services, capital, and finances as effect of globalisation in other words the greater integration of economies. Interaction of people results in different kind of integration. It results in leisure globalisation through medium of tourism and in case of India the effect has been spectacular. Tourism as industry and human service sector often termed as marketed spiritualism like Yoga different health styles like Chinese and Ayurveda and Medical tourism all these sectors some unknown to India before globalisation are discussed in the same chapter along with migration and urbanisation. Reason is simply both tourism and migration means movement of people and face the same boarders and other factors. Migration is social activity influenced by economic activity where as tourism is strictly speaking an economic activity but is amply influenced by social and cultural factors.
Seventh chapter tries to detail study about Indian middle class. Over the next two decades, the Indian middle class will grow from about 5 percent of the population to more than 40 percent and create the world’s fifth-largest consumer market. Private consumption has already played a much larger role in India’s growth than it has in that of other developing countries. In 2005 private spending reached about 17 trillion Indian rupees ($372 billion), accounting for more than 60 percent of India’s GDP, so in this respect the country is closer to developed economies such.

The story of globalisation in India has a face which superimposes up on the face of the Indian middle class. It often leads almost everyone to conclude that Indian middle class means the same as middle class in developed countries where it is a category in terms of purchasing power. Indian middle class means the group of the people who were poor but not really poor in terms of the skills. Truth is choked modern sector of Indian economy as it stood in 80’s was simply unable to absorb the talent that Indian society produced in form of the skilled or semi-skilled labour but surveys did not count them as unemployed because there were included as employed in unorganised sector where as actually they were underemployed nearly unemployed. It was one of the reasons for migration of the semi skilled labour from India and this labour force had one more advantage it was its associate with English language which can be in globalised world termed as a skill.

The Indian middle class was responsible for the trade service and production through small scale industries majority of which did not qualify to be part of organised sector. Globalisation took the upper route the tertiary route to reach Indian system through capital and finance but at the same time it did reach Indian economy through its middle class. Globalisation interacted with middle class through two gates:

- The tread route
- The development of knowledge based service sector
1. The trade route likes the license Raj and the resultant corruption which was like heavy tax, Limited market and the business culture.

2. The development of knowledge based service sector tries to capture the unique course of development that Indian economy has taken since the opening up of the boarders and liberalisation. Hypothetically India should have followed the model predicted for most of the DC’s that globalisation would help DC’s to utilise the surplus labour to their advantage and encourage increased production and resultant increased trade. East-Asian tigers took this road of development but India took slightly different course of development as globalisation promoted service sector far more aggressively then the industrial and production sectors. Higher Education, software, telecom, business processing services, retail reality and real estate the BPO industry, deserve a special mention. What really were the reasons of India seeing unprecedented growth in soft knowledge based sectors as result of the globalisation is the question that this chapter seeks to answer.

**Final chapter** aims at addressing the concerns raised by different economies of the world including India and the need for greater co-operation at international level for creating Integration of Global World. Of late, developed countries which had promoted globalisation as virtue have started to cast apprehensions about the effects of globalisation and at the same time developing countries haven’t shed apart their apprehensions.

Developed and developing world have started viewing globalisation in different perspectives. Developed world feels globalisation through trade is nullifying their advances leaving them facing problems ranging from finance to unemployment. Developing world still feels insecure about competition of free trade and ecological dimensions of the economic especially industrialisation. Truth remains as Prof J N Bhagwati has pointed like everything else globalisation comes at cost but the effects of globalisation makes cost insignificant. Full potential of globalisation can’t be realised until
some concerns are taken care off at international levels and global integration is brought around.

**Efforts need to address**

- Ecological and environmental issues to be tackled in a manner that developing world is not left facing deceleration of industrialisation. Industrialisation passes through dirty phase were economic sustainable utilisation of resources is not the goal but is simply governed by near sighted exploitation of resources- Developing countries –Lake of capital, Lake of skills & Environmental culture reseal is industrialisation leads to degradation obsolete technology has arduous take along.

- **Street norms – Regulation:** - Globalised efforts so that developing world ends not paying for environmental sustainability – competition has to consider environment.

- Financial and capital (Fiscal) flows cannot destabilise local economies. Less globalised developing countries many are so small that overflow of FDI can simply draw them. In countries large like India unregulated flows can play have with domensive sentiment – closely watched. On other hand institution global have be created which can minimize the checks of fiscal flows.

- Movement of people and labour is regulated to benefit of both the developed and developing world. Confrontations – Protectionist postures. US, UK – checks on migration. Globally recognised international establishment which can regulate migrations can check illegal migrations.

- Subsidies to farm sector by developed world harm not the agriculture in developing countries.
• Anxieties of developing world are well addressed - Transitional unemployment - The globalisation results in at nark frighten away many developing countries fan adopting globalisation. On other hand poverty depths prevailing in developing countries – Poor cannot wait till trickledown effect reaches them. Political globalisation – God governance. HRD Development - Globalisation should provide for poverty alleviation in that terms as in long then globalisation will itself reduce poverty

• Efforts are made to minimise the negative consequences of globalisation at global level.