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THE DARK SIDE OF GLOBALIZATION - IN CONTEXT OF INDIA

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ABSTRACT
Globalization is the new buzzword that has come to dominate the world since the nineties of the last century with the end of the cold war and the break-up of the former Soviet Union and the global trend towards the rolling ball. The frontiers of the state with increased reliance on the market economy and renewed faith in the private capital and resources, a process of structural adjustment spurred by the studies and influences of the World Bank and other International organisations have started in many of the developing countries. Also Globalization has brought in new opportunities to developing countries. Greater access to developed country markets and technology transfer hold out promise improved productivity and higher living standard. But globalization has also thrown up new challenges like growing inequality across and within nations, volatility in financial market and environmental deteriorations. Another negative aspect of globalization is that a great majority of developing countries remain removed from the process. Till the nineties the process of globalization of the Indian economy was constrained by the barriers to trade and investment liberalization of trade, investment and financial flows initiated in the nineties has progressively lowered the barriers to competition and hastened the pace of globalization. This paper has tried to explore the negative impact of globalization on India.

Keywords – Demoting Agriculture, Liberalization, Privatization, Trade Agreement, Development

INTRODUCTION
India opened up the economy in the early nineties following a major crisis that led by a foreign exchange crunch that dragged the economy close to defaulting on loans. The response was a slew of Domestic and external sector policy measures partly prompted by the immediate needs and partly by the demand of the multilateral organisations. The new policy regime radically pushed forward in favour of a more open and market oriented economy. Major measures initiated as a part of the liberalisation and globalisation 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. Over the years there has been a steady liberalisation of the current account transactions, more and more sectors opened up for foreign direct investments and portfolio investments facilitating entry of foreign investors in telecom, roads, ports, airports, insurance and other major sectors.

THE DARK SIDE
On the other side of the medal, there is a long list of the worst of the times, the foremost casualty being the agriculture sector. Agriculture has been and still remains the backbone of the Indian economy. It plays a vital role not only in providing food and nutrition to the people, but also in the supply of raw material to industries and to export trade. In 1951, agriculture provided employment to 72 per cent of the population and contributed 59 per cent of the gross domestic product. However, by 2001 the population depending upon agriculture came to 58 per cent whereas the share of agriculture in the GDP went down drastically to 24 per cent and further to 22 per cent in 2006-07. This has resulted in a lowering the per capita income of the farmers and increasing the rural indebtedness.

The agricultural growth of 3.2 per cent observed from 1980 to 1997 decelerated to two per cent subsequently. The Approach to the Eleventh Five Year Plan released in December 2006 stated that the growth rate of agricultural GDP including forestry and fishing is likely to be below two per cent in the Tenth Plan period. The number of rural landless families increased from 35 per cent in 1987 to 45 per cent in 1999, further to 55 per cent in 2005. The farmers are destined to die of starvation or suicide. Replying to the Short Duration Discussion on Import of Wheat and Agrarian Distress on May 18, 2006, Agriculture Minister Sharad Pawar informed the Rajya Sabha that roughly 1,00,000 farmers committed suicide during the period 1993-2003 mainly due to indebtedness.

In his interview to The Indian Express on November 15, 2005, Sharad Pawar said: The farming community has been ignored in this country and especially so over the last eight to ten years. The total investment in the agriculture sector is going down. In the last few years, the average budgetary provision from the Indian Government for irrigation is less than 0.35 percent.

During the post-reform period, India has been shining brilliantly with a growing number of billionaires. Nobody has taken note of the sufferings of the family members of those unfortunate hundred thousand farmers. Further, the proportion of people depending in India on agriculture is about 60 % whereas the same for the UK is 2 %, USA 2

%and Japan 3 %. The developed countries, having a low proportion of population in agriculture, have readily adopted globalization which favors more the growth of the manufacturing and service sectors.

About the plight of agriculture in developing countries, Nobel Prize-winning economist Joseph Stiglitz said: Trade agreements now forbid most subsidies excepted for agricultural goods. This depresses incomes of those farmers in the developing countries who do not get subsidies. And since 70 per cent of those in the developing countries depend directly or indirectly on agriculture, this means that the incomes of the developing countries are depressed. But by whatever standard one uses, today's international trading regime is unfair to developing countries**.** He also pointed out the average European cow gets a subsidy of $ 2 a day (the World Bank measure of poverty); more than half the people in the developing world live on less than that. It appears that it is better to be a cow in Europe than to be a poor person in a developing country.

DEMOTING AGRICULTURE

The Economic Survey reports released till 1991 contained the Chapters in the following order:

(1) Introduction,

(2) Agricultural Production,

(3) Industrial Performance and Policies,

(4) Infrastructure,

(5) Human Resources,

(6) Prices, Price Policy and Public Distribution System,

(7) Fiscal Policy and Government Budget,

(8) Monetary and Credit Developments,

(9) The External Sector and

(10) Problems and Prospects.

In the Economic Survey 1991-92, Finance Minister Manmohan Singh recast the Chapters in the following order:

(1) Introduction,

(2) Public Finance,

(3) Money and Credit,

(4) Prices and Distribution,

(5) Balance of Payments,

(6) Industry,

(7) Agriculture,

(8) Infrastructure and

(9) Social Sectors.

It is not known as to why the Finance Minister demoted the importance of agriculture that has about 90 per cent population from the second place to the seventh in the annual Economic Survey of the country. In a way does it symbolize the low importance deliberately given to the growth of the agriculture sector in the scheme of globalization?

About the impact of globalization, in particular on the development of India, the ILO Report (2004) stated: " In India, there had been winners and losers. The lives of the educated and the rich had been enriched by globalization. The information technology (IT) sector was a particular beneficiary. But the benefits had not yet reached the majority, and new risks had cropped up for the losersthe socially deprived and the rural poor. Significant numbers of non-perennial poor, who had worked hard to escape poverty, were finding their gains reversed. Power was shifting from elected local institutions to unaccountable trans-national bodies. Western perceptions, which dominated the globe media, were not aligned with local perspectives; they encouraged consumerism in the midst of extreme poverty and posed a threat to cultural and linguistic diversity."

The FDI inflows have in no way assisted in improving the health and environment conditions of the people**.** On the other hand, the financial capital of India and the political capital of India are set to become the topmost slum cities of the world. The less said about the achievements in health the better. The Approach to the Eleventh Plan concedes that progress implementing the objectives of health have been slow. The Report gave the particulars of the rates of infant mortality (per 1000 live births) for India as 60 against Sri Lanka (13), China (30) and Vietnam (19). The rate of maternal mortality (per 1, 00,000 deliveries) of India is 407 against Sri Lanka (92), China (56) and Vietnam (130).

In his 2007-08 Budget Speech, Finance Minister Chidambaram put forth a proposal to promote Mumbai as a world class financial centre and to make financial services the next growth engine of India. Of its 13 million population, Mumbai city has 54 per cent in slums. The cumulative FDI inflow (until September 2006) to the New Delhi region was of Rs. 27,369 crores and to Mumbai Rs. 24,545 crores. The two spots of New Delhi and Mumbai received 46 per cent of the total FDI inflows into India.

WHERE INDIA LAGS

India clearly lags in globalization. Numbers of countries have a clear lead among them China, large part of east and far east Asia and eastern Europe. Lets look at a few indicators how much we lag.

- Over the past decade FDI flows into India have averaged around 0.5% of GDP against 5% for China 5.5% for Brazil. Whereas FDI inflows into China now exceeds US $ 50 billion annually. It is only US $ 4billion in the case of India.
- Consider global trade - India's share of world merchandise exports increased from .05% to .07% over the pat 20 years. Over the same period China's share has tripled to almost 4%.

- India's share of global trade is similar to that of the Philippines an economy 6 times smaller according to IMF estimates. India under trades by 70-80% given its size, proximity to markets and labour cost advantages.

Some of the disadvantages of globalization for India

- Increased flow of skilled and non-skilled jobs from developed to developing nations as corporations seek out the cheapest labor
- Increased likelihood of economic disruptions in one nation effecting all nations
- Corporate influence of nation-states far exceeds that of civil society organizations and average individuals
- Threat that control of world media by a handful of corporations will limit cultural expression
- Greater chance of reactions for globalization being violent in an attempt to preserve cultural heritage
- Greater risk of diseases being transported unintentionally between nations
- Spread of a materialistic lifestyle and attitude that sees consumption as the path to prosperity
- International bodies like the World Trade Organization infringe on national and individual sovereignty
- Increase in the chances of civil war within developing countries and open war between developing countries as they vie for resources
- Decreases in environmental integrity as polluting corporations take advantage of weak regulatory rules in developing countries

CONCLUSION

Is globalization delivering all the desired results to the masses? Or only a few can feel the benefits of globalization ?Figures have out rightly proved that the global average per capita income showed a strong surge throughout the 20th century but the income gap between rich and poor countries have not been bridged for many decades now. The ultimate inference being that globalization hasn't shown positive results. The lesson is that a country must carefully choose a combination of policies that best enables it to take the opportunity while avoiding the pitfalls and utilizing globalization to the fullest extent possible.

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