Globalization and India as third world country: in Historical context

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Abstract:

Globalization is the free movement of people, goods, and services across boundaries. It can be seen as a scheme to open the global economy as well as the associated growth in trade. At present world is imagined as a small globalised village market where all are free to come. There are no limitations on control of their products or the prices. This is a globalised trade. Anyone, in general context referring to any country, that can participate to set up, acquire, merge industries, invest in equity and shares, sell their products and services. Considering a precise definition, countries that abide by the rules and regulations set by World Trade Organization are part of globalization.

In case of understanding the history of globalisation one should focus from the time of Second World War where two international organizations i.e. International Monetary Fund and World Bank were set up in 1944 for the purpose of abolishment the discrepancies in case of exchanging monetary transaction among the countries.

The economy of postcolonial India was to-sum-extent of socialist. This type of Indian economy was washed away by the tide of globalization. India was entrapped in the debt of World Economy in 1980s. There was no alternative way to India except appreciation of the globalisation. A host of projects were set up in Indian statutory affair in 1990-91 i.e. Privatisation; Export and import; Random entrance of multinational corporations in India; Life insurance and bank service; Entrance of foreign companies and organizations. According to Government through the reformation of economical stature if we cannot lead our country on the way of progress, it will not be possible to provide of social projects.

Key Words: Globalisation; Economy; Trade; Equity; Investment, Privatisation, Progress.

Introduction

The world is changing rapidly; the world today has transformed into a global village. A country's economic activities can no longer be confined within the confines of national policies, it has become the face of the international market. But not only the economy, but also politics, religion, culture, knowledge and science, the impact of globalization is being observed. Hence the term 'globalization' is widely used in different meanings and contexts. Therefore, if we do not float in the current of globalization and become citizens of the global village, the fear has become strong today that we will be wiped out by the path of history.

Since the beginning of history people have dreamed of global human unity, equality and prosperity, today's globalization is not so kind globalization. Modern globalization is only an evolved and mature form of capitalist imperialism. And it is an expression of the modern attempt to get rid of the inevitable collapse of capitalism through economic imperialism. After the fall of the Soviet Union, capitalist imperialism has re-emerged in unopposed international markets in a unipolar world in a new and well-planned and well-coordinated campaign. The modern form of this post-Soviet capitalist imperialism is globalization. And the main victims of this globalization are the developing countries of the third world, whose raw materials, labour force, technology and product markets are the main goal of the masters of imperialist globalization. Nature of globalization in the Present Socio-Political Context of India and Its Impact and Consequences on India as a Third World Country now a much debated topic.

Beginning of Modern Globalization Process: -

To understand the recent history of globalization, one must look back to the immediate period of World War II. Before the end of World War II, two international organizations were formed in 1944, the International Monetary Fund (IMF) and the World Bank for Reconstruction and Development. The main objective of the International Monetary Fund is to prevent the instability of the exchange rates of various countries and the main objective of the work of the World Bank is to rebuild the productive capacity and infrastructure of various countries destroyed by world war and to develop the underdeveloped countries. But they were practically controlled by a few countries, the United States of America and its allied powers - Britain, France, the Netherlands, Belgium, Italy, etc. and later West Germany and Japan. Since the 1960s and 1970s it was saw the International Monetary Fund on favourable terms and lending heavily to the world's richest countries. Since the late 1970s, however, the customers of this fund's loans have mainly been the underdeveloped countries of Latin America, Africa and Asia. In this decade of 1990s the former Soviet countries have signed up as customers of this repository.

After the Second World War, America emerged as the world's leading power, its manufacturing capacity and it was several times more than all other countries. But since the mid-1960s, this situation has changed drastically. On the one hand, France, Germany, and Japan overcome the war losses and increased their production and foreign trade capacity with the help of domestic investment. On the other hand, the productive power of labour and tools of the United States could not keep up with the productive power of its competitors. Since the 1960s, the United States has been embroiled in the Vietnam War, and war-related costs have led to trade deficits with other countries, and those deficits have continued to grow. At the same time, billions of dollars have gone into the hands of foreigners as a result of this deficit. Therefore, the European-centric Euro-Dollar market flourished. By 1969, foreign investors' confidence in the dollar and US monetary policy began to weaken. Actually the dollar depreciation took place and the price of the dollar was allowed to fluctuate with supply and demand.

New Dimensions of Globalization-

A new dimension was added at the end of 1973 to the initial turmoil in the world of international monetary capital and trade. This year, in the immediate aftermath of the Arab-Israeli war, OPEC countries simultaneously tripled the price of petrol. As a result, huge amount of money accumulated in the hands of petroleum exporting countries like Saudi Arabia, Iraq, Iran, Kuwait etc. They could not create the social or financial conditions or infrastructure to invest that money in their own country. That money then kept piling up in the coffers of big European and North American banks like Citibank, Bank of America, Midland Bank, Deutsche Bank etc. and through them invested in various industries, other businesses, loans to many dictatorial regimes in the third world and just speculation. Hall This is how the Petrodollar was created. For various reasons, when the recession started in the advanced capitalist countries, the petrodollar-inflated multinational banks were reluctant to invest their money in the so-called developing countries. This is where the external loan problem of most of the third world countries actually originated. This loan problems poisonous results came in the 1980s. At the same time, the process of globalization and the policy of globalization in the third world gained overwhelming power.

Technology in Globalization:

Another aspect of globalization opened up in 1971 with the invention of the microchip. And when the Intel company of the United States was able to print the detailed instructions of the computer on a disk according to the order of a Japanese company. Since then began the world conquest of electronic technology. As a result, many barriers imposed by the state apparatus are overcome and other people's words reached to many people. In this, however, the power of powerful states, media and multinational companies to spread misinformation has increased manifold. The greater the power of control over money and electronic media, the greater his worldly power.

Governments led by Margaret Thatcher in Britain and Ronald Reagan in the United States were advocates and strong supporters of unfettered private property. As a result, during this regime, the taxes of the rich class were reduced with the aim of increasing savings and investment in the country. But that did not happen, rather the deficit in the foreign trade sector and the budget deficit of the countries increased one after the other. To deal with this, the US government raised interest rates on government debt, and gave banks and stockbroking companies permission to enter into all kinds of lending and deposit-taking businesses. This free movement of money and share debentures in the market is called Financial Liberalization. As high goth of interest rates in the US, money began to grow at a faster rate, paying real interest on the huge growth of loan the Third World had already accumulated. As a result, starting from 1982, the indebted countries of Latin America and Africa belonging to the third world became unable to pay their debts. It was then that the World Bank, the International Monetary Fund, and the United States and Western Europe began to grapple with how to deal with the situation, which would otherwise have led to the collapse of several multinational banks. The simple way to deal with the situation was to write off most of the loans and reduce interest rates. But the world economic leaders did not go down that road. In its place, the conditions imposed forced the governments of the debtor countries to reduce spending on their public welfare and investment sectors and on the other hand to remove all controls on imports from abroad. Most countries have deregulated the operations of multinational corporations and the transfer of financial capital. Most poor countries have become more indebted and poorer as they meet debt repayment conditions, and are particularly vulnerable to the effects of free trade and the liberalization of moneylender capital could not enjoy but foreign capital and multinational corporations got free entry and exit licenses in these countries. At the same time, restrictions on the entry of Third World people into developed countries became more stringent. So it can be said that the benefit of this globalization is one sided.

Globalization and Present India: -

Foreign investment in poor third world countries is considered a positive aspect of globalization. Because it is said that investing in it increases the productive power of the country. This type of investment is commonly called foreign direct investment. These direct investment flows still mainly flow from one rich country to another. In 1994, foreign direct investment inflows to other countries were about $22,569 million. Of this, $13,498 million is the inward investment flow of rich countries. Foreign direct investment in poor countries this year was $8,444 billion, less than two-thirds of similar inflows among rich countries. Between 1983 and 1988, the world average annual foreign direct investment inflows to poor countries was $9155 billion. The rich country's share in its wine was 7,178 million dollars. And the share of developing countries was 1,976 billion dollars, i.e. a little more than one-fourth of the rich countries. Moreover, it can be seen that the majority of foreign direct investment in East and Southeast Asia comes from the countries of that region, especially from Japan, Taiwan, Singapore, Hong Kong, South Korea and China. That is to say, those countries which led themselves towards self-reliance through social revolution, universal education and a sense of patriotism, have seen the benefits of globalization. As backward countries like Bangladesh, Pakistan, India it is to say that the basis for hope of development is not so strong.

Globalization is not a new phenomenon in Indian history. But the globalization of markets in India in the modern sense started in favour of British colonial interests, so this kind of free trade has been called 'one side free trade'. The economy of independent India was somewhat socialist as well as mixed economy and welfare oriented in character. But the Indian economy could not retain that character in the tide of globalization. In the 1980s, India became entangled in the world economy's tangled web of debt and the loan amount was increasing day by day. As a result, India was forced to welcome globalization. Supporters of globalization began to say that there is no alternative but to embrace globalization to make the Indian economy a friendly to the global financial system.

The massive process of opening up the Indian economy to the global market began in the financial year 1990-91. At this time, a series of economic reforms were introduced in the central state management in India: privatization, decentralization, free movement of multinational capital, unhindered entry of multinational corporations, relaxation of state authority in the economic sphere, intrusion of foreign companies and organizations into insurance banking services and taking large amounts of foreign debt. Today it is impossible to get out of this hopeless situation of globalization and liberalization. Therefore, the country's financial structure has to be reformed as directed by I.M.F and World Bank only, then a lot of foreign loans are available. Hence the Indian government has taken another step forward in the policy of liberalization and decentralization. The government feels there is no alternatives from the path of financial reforms. According to the government, it is not possible to finance social projects if the country cannot be put on the path of growth through financial reforms. So on 14th September 2012, the Manmohan Sing guided Cabinet approved a set of financial reform proposals. Important among these is the 51 percent FDI clearance in multi-brand retail. Along with this, the conditions of foreign direct investment in air services, broadcasting sector, power trading exchange have also been relaxed for foreign investment. The four state-owned for-profit organizations are proposed to allowed in the privatization. Apart from exemption on foreign direct investment in pension sector, cap on foreign investment in insurance sector government has approved the decision to increase 49 percent. And besides that, the government has also decided to reduce the subsidy on LPG gas, petrol, diesel to reduce the government subsidy burden.

Conclusion: -

All the Third World countries that gained independence after World War II were poor and economically backward. Their common problems: unemployment, illiteracy, poverty, neglected health services, housing and drinking water problems etc. In the decades of eighties in the last century, the countries of the third world joined the program of globalization, that was announced by the developed countries of the world for the purpose of the development of the masses of the backward sections and submitted themselves to the principles of financial liberalization and a decentralized economy. Along with this, almost all the conditions of globalization have been accepted by the concerned countries. But the crisis, problem-weakness of these countries has not reduced. Socio-economic inequality has increased across countries. Globalization has widened the income gap between poor and poor countries. And the poverty line of people in third world countries has increased. They have not been completely freed from the scourge of poverty, illiteracy, malnutrition, unemployment. The countries of the fourth world have fallen into precarious economies linked to global economic conditions. Third world countries are also in crisis due to the economic crisis of big countries. In the current situation, the disastrous economic system of the United States is affecting countries like India, it is not possible to stay away from that crisis. The economy falling into the world wavering state, has lost its own identity.

The impact of globalization has proved detrimental to Indian society and culture as well as to the economy. Western Globalization has re-emerged in this country with its consumer goods market and has given rise to a consumerist culture. The traditional culture and way of life of India is being disrupted. With this, the foundation of values and ethics has been broken. A globalized and commoditized consumer culture has become all-powerful.

In order to eliminate all these ominous effects of globalization, India has to take initiative in its own social work. Apart from that, we have to find a way how the people of the country can get the opportunity of knowledge and culture without depending on the foreigners.

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