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## IMPACT OF GLOBALISATION ON INDUSTRIAL SECTOR OF INDIAN ECONOMY

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### ABSTRACT

*An impact of Globalisation on Indian Industry started when the government opened the country's markets to foreign investments in the early 1990s. Globalisation of the Indian Industry took place in its various sectors such as steel, pharmaceutical, petroleum, chemical, textile, cement, retail, and BPO. Globalisation has increased across the world in recent years due to the fast progress that has been made in the field of technology especially in communications and transport. The government of India made changes in its economic policy in 1991 by which it allowed direct foreign investments in the country. As a result of this, globalisation of the Indian Industry took place on a major scale. The important objective of the study is to study the impact of Globalisation on Industrial Sector, to know the Trend and shares of Agricultural production in India and to know the performance Globalisation and Industrial Growth in India. Globalisation and industrial growth during 1990-91 it was 7 per cent, but it was increased 11.5 per cent in 1991-92. In 2009-2010 the industrial growth was very poor i.e., 4 per cent. In 2011-12 it was highest position in 11.9 per cent. In 2014-15 the industrial growth rate is 9.1 per cent. The effects of globalisation on Indian Industry have proved to be positive as well as negative. The government of India must try to make such economic policies with regard to Indian Industry's Globalisation that are beneficial and not harmful.*

**KEYWORDS:** *Globalisation, Liberalisation and Industrial growth.*

### INTRODUCTION

Globalisation describes a process by which regional economies, societies and cultures have become integrated through a global network of communication, transportation and trade. The term is sometimes used to refer specifically to economic globalisation. Globalisation had its impact on various sectors including Agricultural, Industrial, Financial, Health sector, and many others. It was only after the LPG policy, i.e., Liberalisation, Privatisation and Globalisation launched by the then Finance Minister Dr. Man Mohan Singh that India saw its development in various sectors. Impact of Globalisation on Indian Industry started when the government opened the country's markets to foreign investments in the early 1990s. Globalisation of the Indian Industry took place in its various sectors such as steel, pharmaceutical, petroleum, chemical, textile, cement, retail, and BPO.

Globalisation means the dismantling of trade barriers between nations and the integration of the nations economies through financial flow, trade in goods and services, and corporate investments between nations. Globalisation has increased across the world in recent years due to the fast progress that has been made in the field of technology especially in communications and transport. The government of India made changes in its economic policy in 1991 by which it allowed direct foreign investments in the country. As a result of this, globalisation of the Indian Industry took place on a major scale.

### OBJECTIVES OF THE STUDY

Following are the main important objectives of the study. They are as follows:

1. To study the impact of Globalisation on Industrial Sector
2. To know the Trend and shares of Agricultural production in India

- To know the performance Globalisation and Industrial Growth in India

### METHODOLOGY OF THE STUDY

The study on Impact of Globalisation on Industrial sector of Indian economy is exclusively based on the secondary data only. The secondary data collected from the Economic Survey Reports and Hand Book of Statistics on Indian Economy, referred journals like Southern Economist, Kisan World, Economic and Political Weekly, Yojana, etc. The period of study is from the year 1991-2015. The

statistical tools used in the present study are the collected data in the form of tables and percentage changes.

### IMPACT OF GLOBALISATION ON INDIAN INDUSTRY

The first objective of the study is to find out the impact of globalisation on industrial sector

**Table No: 1 Industrial growth of India during nineties**

Year	Industrial growth rate (%)
1990 - 1991	9.3
1991 - 1992	2.8
1992 - 1993	6.7
1993 - 1994	8.6
1994 - 1995	8.7
1995 - 1996	9.1
1996 - 1997	7.3
1997 - 1998	8.7
1998 - 1999	8.6
1999 - 2000	8.2
2000 - 2001	7.8
2001 - 2002	6.9
2002 - 2003	5.2
2003 - 2004	6.6
2004 - 2005	7.4
2005 - 2006	7.6
2006 - 2007	9.8
2007 - 2008	10.0
2008 - 2009	5.3
2009 - 2010	6.8
2010 - 2011	7.8
2011 - 2012	9.0
2012 - 2013	7.1
2013 - 2014	7.3
2014 - 2015	7.5

Source: Datt, Ruddar and Sundharam, K.P.M. (2014) 'Indian Economy'

The above table shows that the growth of industrial sector in nineties was fluctuated a lot. In 1990-91 the industrial growth rate was 9.3 per cent which became 2.8 per cent in next year; it was lowest industrial growth rate. In 1992-93 it was increased at 6.7 per cent. In 1993-94 the industrial growth rate was 8.6 per cent. But, 1995-96 it was highly position at 9.1 per cent. It was declined in next year at 7.3 per cent. In 1997-98 the industrial growth rate is 8.7 per cent. During 2006-07

the industrial growth rate was 9.8 per cent. In 2007-08 the industrial growth rate was highly increased at 10.0 per cent. It was slowly decreased and increased situation. In 2014-15 the industrial growth rate was decreased in 7.5 per cent.

The second objective of the study is to find out the trend and shares of agricultural products in export from India.

**Table No: 2 Annual average growth rate of Industrial production**

Sector	1990-91 to 2000-01	2000-01 to 2014-15
a) Basic	7.0	5.4
b) Capital goods	11.5	6.6
c) Intermediate goods	5.9	7.2
d) Consumer goods	6.7	7.2
i) Durables	13.9	10.1
ii) Non - durables	5.5	6.5
General Index	7.8	5.8

Source: Datt, Ruddar and Sundharam, K.P.M. (2014) 'Indian Economy'

The above table shows that the industrial productions of annual average growth rate in 1990-91 to 2000-01 it was slowly increased and decreased situation. The capital goods increased 11.5 per cent in 1990-91 to 2000-01. But it was decreased in 2000-01 to 2014-15 at 6.6 per cent. The intermediate goods in 1990-91 to 2000-01 it was 5.9 per cent but it was increased in

2000-01 the consumer goods 6.7 per cent but it was increased 7.2 per cent in 2000-01 to 2014-15. The durable goods increased and non-durables were decreased in 1990-91 to 2000-01.

The third objective of the study is to know the performance Globalisation and Industrial Growth in India.

**Table No: 3 Globalisation and Industrial growth**

Year	Industrial growth in %
1990 - 1991	7.0
1991 - 1992	11.5
1992 - 1993	5.9
1993 - 1994	6.7
1994 - 1995	10.9
1995 - 1996	5.5
1996 - 1997	7.8
1997 - 1998	5.4
1998 - 1999	6.2
1999 - 2000	7.2
2000 - 2001	7.2
2001 - 2002	10.1
2002 - 2003	6.5
2003 - 2004	5.8
2004 - 2005	9.2
2005 - 2006	8.9
2006 - 2007	12.9
2007 - 2008	5.6
2008 - 2009	5.2
2009 - 2010	4.0
2010 - 2011	8.0
2011 - 2012	11.9
2012 - 2013	8.1
2013 - 2014	8.4
2014 - 2015	9.1

Source: Central Statistics Office (CSO)

The above table shows that the industrial growth in 1990-91 at 7.0 per cent. It was increased 11.5 per cent in 1991-92. But it was declined at 5.9 per cent in 1992-93. In 1994-95 it was slowly increased at 10.9 per cent but, next year the industrial growth rate was declined. In 2001-2002, the industrial growth rate was 10.1 per cent but it was declined next years. In 2006-07 the growth rate was increased situation at 12.9 per cent. But it was declined next three years. In 2010-2011 the

industrial growth rate was slowly increased at 8.0 per cent. In 2011-12 the industrial growth is 11.9 per cent. It was highly in this year. In 2014-15 the industrial growth rate was at 9.1 per cent. This can be explained with the help of the following diagram.

### **REASONS FOR LOW INDUSTRIAL GROWTH**

Industrialisation has a major role to play in the economic development of the

underdeveloped countries. In fact, in modern times, industrialisation has come to be regarded as synonymous with economic development. The essential criteria to distinguish a developed economy from an underdeveloped one relates to the level of per capita income, share of industry in gross domestic product and proportion of working population engaged in the industry. Normally speaking, in developed countries per capita income is at a higher level, share of industrial sector in gross domestic product is quite high and high proportion of its labour force is found to be engaged in industry sector compare to the underdeveloped countries.

At the time of independence, Indian industry was utterly lacking behind. This lacking of industrial sector in India may be well judged from the fact that the industrial out-put in 1948-49 was 6.6 per cent of the total national income. The total labour force engaged in this sector was hardly 24 million over the same period. But it has been our good luck that the country has made tremendous development in the field of industry since the introduction of five years plans.

Right now almost 25 per cent of total population is engaged on industrial sector and the share of industrial sector in national income is almost 25 per cent. From the index of growth rates of industrial production, it becomes evident that the performance of the industrial production during 1993-94 to 2002-03, which is generally identified as a period of wide ranging reforms in the industrial sector, was not up to the mark. It failed even to equal the performance observed in the eighties, not to speak of improving the performance as a consequence of the reform process in the nineties. No doubt, today industrial growth is very high, it is almost 9 per cent to 10 per cent but till today industrial sector is facing some problems and due to this problem industrial growth rate is not up-to the mark.

### FINDINGS OF THE STUDY

During nineties the industrial growth fluctuated a lot. In 1990-91 the growth rate was 9.3 per cent. In 2007-08 industrial growth rate reached to 10 per cent. It was declined in 2014-15 at 7.5 per cent. Industrial production in annual growth rate in 1990-91 to 2000-01 it was slowly increased and decreased. The non-durables were increased in 6.5 per cent in 2000-01 to 2014-15. Globalisation and industrial growth during 1990-91 it was 7 per cent, but it was increased 11.5 per cent in 1991-92. In 2009-2010 the industrial growth was very poor i.e., 4 per cent. In 2011-12 it was highest position in 11.9 per cent. In 2014-15 the industrial growth rate is 9.1 per cent.

### SUGGESTIONS

1. Sustaining the growth momentum and achieving an annual average growth of 9-10 per cent in future economy.
2. Expanding industry fast by at least 10 per cent per year to integrate not only the surplus labour in agriculture but also the

unprecedented number of women and teenagers joining the labour force every year.

3. Developing world class infrastructure for sustaining growth in all the sectors of the economy.

### CONCLUSION

The various negative Effects of Globalisation on Indian Industry are that it increased competition in the Indian market between the foreign companies and domestic companies. With the foreign goods being better than the Indian goods, the consumer preferred to buy the foreign goods. This reduced the amount of profit of the Indian Industry companies. This happened mainly in the pharmaceutical, manufacturing, chemical, and steel industries. The negative Effects of Globalisation on Indian Industry are that with the coming of technology the number of labor required decreased and this resulted in many people being removed from their jobs. This happened mainly in the pharmaceutical, chemical, manufacturing, and cement industries. The effects of globalisation on Indian Industry have proved to be positive as well as negative. The government of India must try to make such economic policies with regard to Indian Industry's Globalisation that are beneficial and not harmful.

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