

# opción

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Universidad del Zulia  
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## **The economy of India and a modern version from the present to the future**

**Fekri Ahmed Lahmood\*<sup>1</sup>, Fathullah Jasim Mustafa<sup>3</sup>**

<sup>1,3</sup> Faculty of Science Deanship, University of Tikrit, Iraq  
[Fe\\_ah@tu.edu.iq](mailto:Fe_ah@tu.edu.iq) / [mustafaismaeel@tu.edu.iq](mailto:mustafaismaeel@tu.edu.iq)

**Mustafa Ismaeel Khaleel Abd<sup>2</sup>**

<sup>2</sup> Faculty of Management and Economics, Iraq  
[ath-iraq@tu.edu.iq](mailto:ath-iraq@tu.edu.iq)

### **Abstract**

The present research paper aims mainly to study the issue of globalization from a present and future perspective. As a result, the paper will focus on practical study at India state regarding some major factors affecting positively or negatively on the overall economic due to the distribution of the globalization. Through the study, we found that the Indian government provided facilities for foreign companies to encourage the growing economy. In conclusion, opportunities and challenges will emerge as a natural consequence of shifts in environments from the political, security, regional and global security perspectives.

**Keywords:** Strength, globalization, Integration, Economy.

## La economía de la India y una versión moderna del presente al future

### Resumen

El presente trabajo de investigación apunta principalmente a estudiar el tema de la globalización desde una perspectiva presente y futura. Como resultado, el documento se centrará en un estudio práctico en el estado de la India sobre algunos factores importantes que afectan positiva o negativamente a la economía en general debido a la distribución de la globalización. A través del estudio, encontramos que el gobierno de la India proporcionó facilidades para empresas extranjeras para alentar el crecimiento de la economía. En conclusión, las oportunidades y los desafíos surgirán como una consecuencia natural de los cambios en los entornos desde las perspectivas política, de seguridad, regional y de seguridad global.

**Palabras clave:** fuerza, globalización, integración, economía.

### 1. INTRODUCTION

Globalization has emerged with progress and openness, and the world has become a small village, and required a trade exchange between countries, therefore globalization. With the advent of globalization there were long term effects for all people living inside India. Those who have been against the concept of globalization have been excluded (Mishra, 2010). However, this concept of globalization has become particularly crucial since their exclusion. People, who are opposed to globalization or those concerned with its possible detrimental impacts on employment and poverty, constitute a wide

political spectrum. Anything in our life has pros and cons and the globalization is one of these things. On our daily life you can find who supports it and those who oppose it and those who oppose globalization for fear of the potentially harmful impact on employment as well as fear of poverty (Dilip, 2015). Therefore, the opposition is seen by the extreme right in economic terms, while the liberals feel fear and anxiety because they fear the loss of national sovereignty because globalization reduces the role of the government in organizing work and capital and eradicating poverty (Chalapati & Biswajit, 2015). One of the most important roles of globalization is the openness to world trade, as well as the creation of advanced means of communication, the almost complete assimilation of domestic and international financial markets, and the increasing importance of multinational corporations, as well as population migration, rapid growth of people, goods and ideas. Globalization also includes the unrestricted labor movement between countries. When we talk about globalization within India, it means opening up the economy to foreign direct investment by providing facilities to foreign companies so that they can invest in various sectors of economic activities and remove obstacles and restrictions to the entry of multinational companies, allowing full cooperation between Indian and foreign companies, in turn leading to the increasing integration of societies and economies around the world, (Raghunath, 2017). In the end, we can say that globalization has affected Indian society in positive and negative ways. It can be said that one of the positive aspects of globalization is rapid growth and poverty reduction, which was met by the large opposition

generated by fears that it would lead to increased inequality and environmental degradation, Indian economy developments.

## **2. THE NEW PROPOSED IDEAS**

The first advantage of globalization is that the competitiveness and interdependence of economies in the global market have increased markedly because most countries in the world need economic reforms. When we talk about India, globalization has led to economic reforms and hence to comprehensive economic growth. The change from globalization has played a significant role in changing the direction of growth within India's various sectors. The overall growth rate of the Indian economy is one of the main advantages of globalization as the growth rate was down by 3% in the 1970s compared to the same rate in countries such as Mexico, Brazil, Korea and Indonesia. Globalization played a positive role in raising the rate of growth, but in the 1980s the growth rate doubled, but was lower than in countries such as Indonesia, China and Korea, thus improving India's status in the global arena since it became part of the globalized world. As the Indian government continues to move forward in globalization we found that in 1991 India ranked the fourth rank in terms of its economy. Governments continued to try to increase growth by liberalizing their economies, and the result was moving India to fourth place in 2001. Now, in general, it can be said that globalization has boosted the economic life of India and the Indian people. This has been reflected in increased employment. Since then, there have been many multinational

companies paying more attractive salaries than the government. It is not normal that everything has advantages without disadvantages. As we have already mentioned, there is a segment of the Indian people that has rejected globalization for many of the concerns we mentioned before, but the application of globalization has increased concern and aggravated conditions for specific groups within the Indian people. However, globalization has created more employment opportunities for many individuals. Globalization has also contributed to the suffering of people in the informal sector, because the informal sector is largely unintentional in Indian labor law.

The negative impact of globalization on workers in the informal sector, especially as it is not recognized in Indian labor law, is that globalization has had clear and undesirable consequences for workers in the informal sector and has led to deteriorating health, poor working conditions and servitude. In the implementation of globalization we find that it passed through a set of plans and stages. In the Seventh Plan period, private transfers showed a tendency for settlement. Unregistered maids could only fund only 24% of the trade deficit in the Seventh Plan, but the problems increased because of the Gulf War in 1990-1991, and the trade deficit this year rose to 16,935 rupees. This has increased the problem of India's dependence on high-cost foreign trade borrowing and non-resident deposits throughout the 1980s because the flow of concessional assistance was far below requirements. In addition, there are bottlenecks in India, and many unexpected changes have occurred in the economies of countries in Western and Eastern Europe, Southeast Asia, Latin America and

elsewhere almost at the same time, natural productivity is the Indian economy experienced major policy changes in the early 1990s. The new economic reform known as liberalization is known for trade, privatization and globalization. This reform accelerates the growth of the Indian economy, and a series of subsequent reforms in the industry, trade and finance sector are designed to make the economy more efficient. Any attempt at economic reform would have the psychological and living benefits of individuals and governments, but governments had to do so. There was economic cruelty at home and abroad. These economic pressures called for comprehensive reform of the state's economic policies and programs (Raj, 2015).

### **3. METHODOLOGY**

Privatization and globalization in the early 1990s, including:

#### **3.1. Devaluation**

Firstly, in the globalization direction is always devaluation. The ratios will vary from country to other due to several economic criteria that differ from one country to another. In India, the value of the currency was devalued by between 18-19% in the international foreign exchange market.

### **3.2. De-investment**

Another measure of that has the same importance as the first measure, in order to make the process of globalization smooth, flexible and implementable with minimal risk. Under the privatization scheme, most public sector projects were sold to the private sector.

### **3.3. Dismantling the industrial licensing regime**

Industrial licensing systems have dissipated and disrupted, but only three industries are subject to licensing in a compulsory manner, safe environment accounting and considerations of strategy. There is a highly modified policy that is in line with the liberalized licensing policy, and there is no need to obtain government industrial approval for sites that do not fall within 20-25 km of the perimeter of cities with a population of more than 1 million.

### **3.4. Allowance direct foreign investment**

The direct foreign investment is one of the most important and major factors in globalization, it allows foreign direct investment through a wide range of industries and encourages non-debt flows.

### **3.5. Non-resident Indian scheme**



In India and in the platform for globalization, the policies and facilities available to foreign investors and companies are fully available to non-resident Indians.

### **3.6. The boon of globalization**

(1) The rate of the growth of India has been increased from 5.6% through 1980-1990 to 7% through 1993-2001, and increased to 9.2% in 2006-2007 in the last fifteen years. At 2016 the rate of growth was 7.4%.

(2) The details of foreign exchange reserves due to the bank of India as follows:

- 2000-2001, it was \$39 billion
  
- 2003-2004, it was \$107 billion
  
- 2005-2006, it was \$145 billion
  
- At 2007, it was \$180 billion
  
- At 2016, it was \$351.83 billion

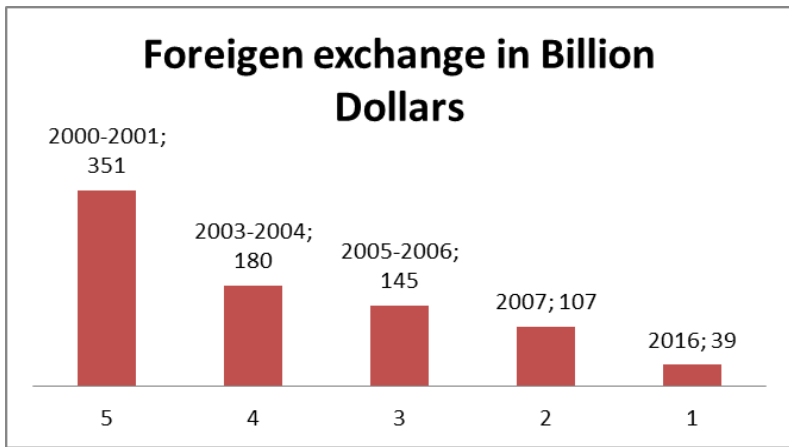


Figure (1): Foreign exchange in Billion Dollars

(3) From 1991 to 2006, the Cumulative FDI inflows were \$43.29 billion as follows:

- Electricity machines including computersoftware 18%,
- Sector of Services 13%,
- Communications 10%,
- Industry of transport 9%

(4) India ranked fourth in market capitalization in 2005 and India, the United States, Germany and China. Currently, India is ranked ninth, meaning that there are eight countries ahead of India, but India has been able to join a trillion dollar market.

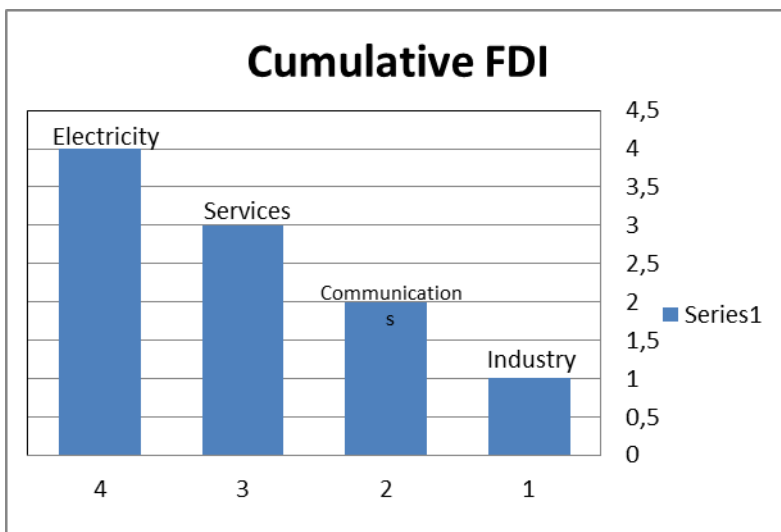


Figure (2) Cumulative FDI

(1) The curse of globalization

Labor

India is the first home country of laborers in the world, at 1991 the child laborers was 11.28 million and increased to 12.59 million in 2001.

Sector of agriculture

The agricultural sector: Many countries of the world are the basis of the economy of agriculture and from these countries, India, where the agricultural sector is the basis of the Indian economy, and

employs more than 50% of workers in the agricultural sector, but the cartels neglected this sector in the post-reform period.

### Job and social insecurity

We have mentioned in more than one position in this paper that although there are many advantages to globalization, many of the negatives have been created, including social and job insecurity.

### India and other developing countries

Over the past 20 years, India's share of exports of global goods has increased from 0.05% to 0.7%. During the same period, China's share tripled to nearly 4%. India's share of world trade is similar to that of the Philippines in the economy 6 times. Over the past decade, FDI flows to India have been about 0.5% of GDP, compared to 5% for China and 5.5% for Brazil (Raghunath, 2017).

## **4. IMPLICATIONS AND SUGGESTIONS POLICES**

(1) In the field of agriculture, if direct foreign investment is allowed and up to 100%, farmers can get good prices for their crops and then farmers will get small prices for their products.

(2) In the investment field: In the field of investment: it is necessary to attract investors and increase investment must be

improved both social and physical aspects. Social infrastructure includes education and health, including transport, energy and banking, and therefore good and effective infrastructure plays a vital role in increasing globalization.

## **5. CONCLUSION**

The study of globalization is a multi-faceted trend. Through this research, we found that there are many external and internal factors that are very, very complex and have a positive or negative impact on the economic advancement of the State of India. At the end of the research, we pointed to three points, this is what we can do: to recall some of these global trends to promote India economically. The present paper focused on analyzing some major positive and negative factors affecting globalization. From the study, we found that the governments applied some concepts of globalization. The analysis showed that Indian policies are influenced by large companies and elites proved by the growing number of billionaires in India according to the Forbes list. India must adopt these policies and attitudes towards globalization. Pro-poor policies and manpower will benefit the government, which believes that the theory is reflected. So far, the Indian people have never seen such a meager influence. India's progress in the next 20 years is closely related to all the events of the region from home and abroad as well as around the world. Opportunities and challenges will emerge as a natural consequence of shifts in environments from the political, security, regional and global

security perspectives. World trade will determine within the framework of WTO access to markets and increase international competitiveness, especially after the apparent rise of China. Economic growth will also affect other regions and the growing demand for exports and foreign financial flows. Other developments that will affect India's progress in the next two decades are:

(1) Pressure on energy prices as a result of global economic growth.

(2) The continued spread of the information revolution.

(iii) Technological innovations, such as those related to disease prevention and treatment.

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