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Impact Of Globalisation On Developing Economies

Dr. Devaki Nilesh Rathod

Assistant Prof.in Economics,

Dr. Babasaheb Ambedkar Mahavidyalya, Aundh, Pune-67.

Abstract: -Globalization is a phenomenon which had resulted due to various developments in the fields of science and technology and their use in industry and commerce. As such it can do beast away the various countries. Therefore, have to adapt themselves to these new reality in order to able to reach. Its benefits and avoid its adverse effects. The adaptor is all the more important for the developing society which do not have a strong politico economic background to absorb the impact of globalisation.

Introduction: -

The process of globalization had begun in 1970's, itself but it gain maximum momentum in the 1990s. The big multinational companies had always wanted to have free access to all markets in the world, but were restricted by the protectionist policies of the various countries. They had been pressurising their powerful governments to get the artificial restrictions remove and facilitate free flow of capital and goods. Their efforts got a big boost by the sharp rise in consumerism among people of various parts of the world. This rise can be largely attributed to the phenomenal increase in the reach of electronic media through cable network and interne. Thus, the rise in the demands for foreign goods coupled with the pressure of developed World through IMF, World Bank etc has made various developing countries adopt new economic policies. There are two important terms globalization and a developing country.

Research Methodology: -This research paper based on secondary data. Data Collected from various reference books, articles, websites etc.

Objective: -

1) To understand the meaning and concept of globalisation, its tenets, and its characteristics.

2) To analyse the impact of globalisation on developing countries.

3) To understand the negative aspects of globalisation.

Developing Economies: -

Taking broader view of development, it can be argued that all societies are developing. In fact, no developing countries can afford to stagnate or stop developing because a such an approach will lead them to degeneration and decay. Nevertheless, some countries need to develop faster to catch up with the rest. After the second world war several countries got independence. In most cases the colonial masters had shattered the socio economic fabric of these countries and had deliberately restricted development in all fields as a result at that time of independence most of these countries faced acute economic crisis illiteracy acute socio- cultural tensions/ conflicts lack of political awareness, and huge gaps between elites and other commoners.

The task before these post-colonial countries were economic progress with justice, stability socio cultural re-construction, ensuring education awareness and participation of all citizens etc. These tasks required specific measures (approach, policy, implementation, administration) which were to be developed /evolved in accordance with the particular context of particular societies. It is due to this specificity that these post-colonial countries have been clubbed together to be called Third World or Developing societies.

Globalization: -

Robertson has defined globalization as a concept that refers to the compression of the world and the intensification of the consciousness of the world as a whole. Globalisation is generally understood in terms of two distinct processes: -

1.Globalisation as a process that has made communication instantaneous and has encouraged people to think in more global term.

2. Globalisation which tends to combine a market ideology with corresponding material set of practices drought from the world of business.

In other words, globalisation does not only refer to an economic system in which international boundaries do not pose un natural restriction on international trade, it also refers to ideological and cultural globalisation through communication media, computers and satellite. In fact, it is due to the communication media computers and satellites that the new globalisation has become to acquire such features which distinguish it from the older one.

Old and New Globalisation: -

Several scholars like Wollerstein, Amin etc., argue that globalisation had begun with the overseas expansion of capitalism in the form of imperial conquests and white colony settlement. The process of imperialism had brought the Asian African and Latin American countries under the European political and economic examination. This country's were compelled to open up there can economies for unfettered penetration by the Global industrial capital. This phase has generally been referred to as the widening phase, the economic integration of the world was confined to international trade and colonial exploitative relationships. New developments in the field of communications have forced economic powers to renounce the use of force for the exploitation of the colonies. Instead, indirect pressure through World bank, IMF, WTO etc .is generated on the capital starved developing societies to make structural adjustments to accommodate the interest of the multinational companies. (MNCs). Another important shift from the earlier phase is that the contemporary form of globalization has a witnessed the setting up of production centres by the MNC in the developing countries accompanied by a tremendous increase in the velocity of capital flow across national boundaries. The third distinctive feature is remarkable growth in foreign direct investment which has been many times higher than World Trade and World output. Finally with the arrivals of computer aided communication network the international movement of capital has acquired an independent life of its own related to the needs of international trade.

Factors Behind the acceptance of new Globalisation: -

Most of the developing countries which had set for themselves the goal of economic self-reliance and import substitution industrialisation had adopted new economic policies in the line with structural adjustment package (SAP) sponsored by the World Bank and the International monetary fund.(IMF).The SAP has laid ultimate emphasis and export promotion by the developing countries to get ride of the dept-trap and has undermined the objective of import substitution, poverty alleviation-distribution etc. In fact, most of postcolonial developing countries had very little option in the wake of massive crisis. In these countries the colonial rulers had not allowed in the industrialisation, as a result of which the list of items to be imported was quite big. Compared to its other list of exports was insignificant in most of the cases. In other words, these countries have been paying much more on imports than they have been earning from their exports this resulted in balance of payment crisis for most of these countries.

In most of these post-colonial society's governments are being run by the authoritarian ruling elites. Most of these lights do not have comfortable mass base and therefore have largely been dependent on the west for their political survivors. Naturally, their economic policies have been guided by the interest of the powers which help them in continuing as ruling a elite most of the ruling allies of most of developing countries have Lavishly and freely borrowed huge amounts of money to pay for the import. Here it is pertinent to mention that most of the items imported by these countries are meant for a elite in consumption and not for the common masses. The common masses nevertheless, have to bear the burden of payment for such imports.

The third factors who was to jolt in the form of slump in the world demand for agricultural exports from the developing countries in the 1980's. As the International Bank were not willing to take any risk the credit rating of these countries took a severe beating. The west increased the Global interest rate and also curtailed governmental assistance to the developing countries.

All the above mention factors combine together to cause massive debt crisis for the most of the developing countries. In the situation the World Bank and the IMF under the influence of the developed West, offered help on the condition that these countries would accept SAP and open up their boundaries for unrestricted World Trade and commerce.

The new economic policies designed in accordance with globalisation include withdrawal of all of Globalisation on Developing Countries: -

Due to the impact of second world war as well as the influence of the socialist systems adopted by the Soviet Union, China etc. more and more countries had gone in for state controlled economies. But, by the early 70s, countries of the west began the process of providing full freedom to the market forces by gradually reducing state interference. The rules and regulations which had been made to provide authority to the state over market forces where drastically modified and even in the name of liberalization the states shares in various industries began to the disinvested in order to replace state ownership by private ownership. Another aspect of a liberalization concerns international trade and commerce this means abolition of all artificial barriers of national boundaries tariff and a protectionist discriminatory policies in other words it means that the market forces should be allowed to operate similarly in all parts of the world.

After the second world war civil countries of Asia Africa and Latin America got independence. In most of them the colonial rulers had not allowed any industrialisation. As a such it was impossible for them to have completed equally with developed countries in the international market. it was due to this perception of being over helped by the companies of developed of waste that most of the developing countries had adopted protectionist policy to protect the indigenous entrepreneurs against the big multinational companies.

Some countries like India also adopted specific policies rules and regulation to protect the small scale entrepreneurs from the on slot of the big business houses the policies like FERA, MRTP Act licensing Nationalisation of banks requirement of government approval for collaborations and terms of collaboration etc. were all the meant for protection of Indian entrepreneurs from outsiders and to protect small scale Indian entrepreneurs from big Indian business houses.

Globalization is based on principle of universalism as against protectionism. it is guided by the rational of capitalism which calls for free market free competition and survival of the fittest. The capitalist logic has got a big boost by the development in the field of computers space communication which have together made every part of the world easily accessible. People in every part of together made every part of what easily accessible paper in every part of the world can be made to know about any product through TV and internet sky shopping and e-commerce have made procurement of any product possible in matter of days markets have got flooded with foreign goods mainly because demand for such good on the rise. In other words, developments in the field of communication have led to a steep rise in consumerism in various parts of the world.

As a different developing society have different Potential ities different problems and different social economic and political milieu the impact of globalisation on each of them would be different too. On some of them. the impact will be more positive then negative while on others it may be more negative than positive. It will also depend on capabilities of various societies in adjusting to the reality of globalisation in such a manner that the interest of the people of this society are not jeopardised.

Positive Aspects of Globalisation: -

1) **Economy: -** In most of the developing countries the economic policies had not been held in good results especially for the poorer sections. The gap between the rich and the poor had constantly been on the rise. Due to lack of competition the big business houses had be selling average products at high prices. In other words, the consumer where not getting the best products available in other countries at much cheaper prices. The Monopoly of the internal big industrialists and business houses was not meant for any special benefits to the common people. This can be illustrated by the example of the television industry in India. Before the opening of the market the Indian TV market had been selling sets with hardly any latest provisions at a very high price. With the advent of the international brands with the modern features the Indian manufacturers too are becoming more consumer friendly in terms of latest features and low prices. In several other sectors too the international competition had result in enhancement of quality and slashing of Prices.

Another positive economic impact of globalisation is in the incorporation of sales of imported goods in the tax net as the demand for imported goes was always there the supply was managed by smugglers who could not be taxed. Now the important imports would be done and sold by businessman, who will be paying tax to the government . The minimise of smuggling will also get the third positive impact would be the field of exports with vanishing restriction on international trade. The producer of goods product will get access to the market of all part of the world.

2) Education: -Globalisation will help the making absolute education system up- to- date. Knowledge of the latest events technologies facts, developments discoveries and human endeavour is essential for the development of any society. With the demolition of restrictions universities and institutions of the developed countries will be offering their knowledge in the less developed through partnerships with local universities institutions.

3) Politics society and culture: -The reaction and the position of the world committed to get easily conveyed to the concerned people. The cases of Human Rights violation and ethics cleansings etc no longer go or unnoticed. In several cases pressure of the world community has successfully manage to get redressals. Further, various in Inherently oppressive system (South Africa Namibia etc.) have changed to liberal ones for which globalisation has played an important role.

4) Society and Culture: - Every society has its own set of ethical course and values traditions and conventions. While it is good to be open to new idea for positive change, the choice should lie with the recipient. In this area of globalisation however the people of the developing societies are being bombarded so heavily he through the electronic media. That they hardly are left with option or choice through cable TV and internet. The MNCs are successfully promoting consumerism and even Western values. This creates big adjustment problem in developing societies. Most of the people in this societies do not get even the basic amenities and even those who get cannot afford the luxurious being promoted so aggressively. This lead to frustration adjustments problems and materialist approach to life. The craze of cock Pepsi or famous Western brands of clothing or watches or cars or cosmetics are all creation of electronic media. Earlier people either did not know about them or could not get them in open market. Today thanks to globalisation everybody knows about all the products and the products are available in the market. When one sees others using them the urge to have them increase main fold.

5) Education: -The worst impact of globalisation on education can be seen in the rapid commercialisation of education and over emphasis on market-oriented courses. While education should prepare the student to be able to their living or more important role of education is to develop the mental horizons and personalities of the students. So, they that they become aware concern and balance citizens. Due to the demand of market in this area of economic globalisation as well as due to serious propaganda by wastage institutions and industries education in the most of the developing society is gradually becoming one dimensional education institutions are putting more and more empires on courses which creates skills for the market the social cultural politics traditional and more education is being neglected and being terminate termed as irrelevant and obsolete. This is unfortunate development as study of the subject provide stability and balance to the society facing the ones plot of culture and economic imperialism.

Negative Aspects of Globalisation: -

Economies of the most of the developing societies had suffered badly due to colonial exploitation. After independence these countries had been trying to develop their economies by combining local expertise and imported technologies. In some of the societies special efforts were being made to develop indigenous technology to compete with the developed World .But 40- 45 years was too small period for them to catch up with the developed economic powers. As such as some protectionist measures were required to save the indigenous entrepreneurs from the unequal competition with the Multinational companies of the developed World. Breaking up a barriers and protectionist measures in the name of globalisation expose the upcoming but weak indigenous entrepreneurs to the on slot by the powerful MNCs. The MNCs having huge surplus is generated from various parts of the world can easily marginalise the indigenous manufacturers. The example of Aki and Iowa companies which Aiwa companies, which have affected closure of several Indian TV companies can be seen anyone. Another example is that of ouster of almost all Indians of soft drinks companies from the market by Coke and Pepsi.

In most of the developing societies including India public sector entrepreneur 7 setup with the following purpose: -

1) To maintain secrecy about defence related production

2) To create infrastructure facilities

3) To provide services to the masses without caring for profits.

Later on for reasons better known to the policy maker several public sector enterprises came up in various sectors including consumer sector public enterprises either should not have come in this non service sectors or should have work to generate profit to support the non-profitable service sector unfortunately most of these enterprises became burden on the state due to these loss making companies some people have formed and opinion that public sector is worthless and his should be done away with ever the attack on the public sector has become more potent in the recent years mainly by the protagonist of globalisation who believe that public sector and globalisation do not go together. Thus, this investment of government share from public sector undertaking has been caused by the logic and pressure of globalisation.

Conclusion: -

Globalisation is reality which cannot be wished away. It has both positive as well as negative effects on developing countries. While positive effects have to be absorbed the negative effect need to be carefully handled and minimised. Here education system have to play a very important role. The role of the developing countries in a shaping International policies consistent with their National needs has been considered not only have the developing countries been forced to adapt themselves to the current process of globalisation but also they have now been live with little option to evolve external economic policies to suit their needs and interests.

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