

## Post-Globalisation: Problems before Indian Economy

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### Abstract:

After several years of subjugation by Britisher's, India was trying hard to bring his economy on the track of development with the help of planned model of economy. In pre- globalisation period, immediately after independence the emphasis of India have been on agricultural sector further it sharply shifted from unproductive agriculture sector to industrial sector. Till economic reforms of 1991, India's journey towards the development was very slow and the growth rate of the country was unable to cater to the vast and emerging needs of ever increasing population of India. This phenomenon leads to the increasing poverty and unemployment year by year rather to decrease it. After 1991, the pace of rate of growth of the Indian economy increased which helps somehow to bring down the rate of unemployment and poverty. Although after 1991 India still dealing with decades long fundamental problem of unemployment, poverty, social security and so on. This article throws light on the prevailing problems and prospectus before Indian economy after globalisation.

**Keywords:** Globalisation, Economic reforms, Poverty, Unemployment, Growth Rate, Economic Development.

### 1. Introduction:

India was a backward economy at the time of independence. India's state of the economy at the time of independence can be characterised as: a) stagnant and steady agriculture, b) poor technological and scientific capabilities, c) limited industrialisation, d) less developed means of transport and communication, e) inadequate health and educational facilities, f) absence of social security arrangements, g) rampant poverty and unemployment. If we see the pre-globalisation period, the development pattern of India is characterised by centralised planning, government's regulation over basic and key industries, excessive control private industries, trade protectionism through tariff and non-tariff barriers and cautious and selective approach towards foreign capital. These were the obstacles in front of the foreign capital flow in India before 1991. As a result Indian economy grew at an average rate of 3.5% per annum during first thirty years (1950-1980) after independence. Consequently economic reforms were undertaken, though on a small scale by reducing control over industries through industrial policy 1985. Economic reforms get boosted when government of India announced a new industrial policy in 1991, since then the process of liberalisation, privatisation and globalisation is underway. As a result of this move, employment opportunities gets increased with the flow of foreign capital which helps to curb decades long problem of poverty to some extent. India developed a good foreign relation which helps to advance in new technology and technical know-how in collaboration with the foreign countries.

### 2. Objectives of the research paper

The present research is written by keeping in view the following objectives:

- 2.1 To understand the concept of the globalisation.
- 2.2 To know the prospectus of Indian economy after globalisation.

### 3. Data Collection

The present research paper is based on secondary data i.e., books, journals, websites etc.

#### 4. Research Method

The present research paper describes the problems and prospectus of Indian economy after globalisation. Hence descriptive method of research is used.

#### 5. Problems before Indian economy after globalization

**5.1. Problem of poverty:** The root cause of social insecurity in India is poverty and it is because the lack of adequate employment opportunities. Widespread poverty in India is because of no. of. Factors viz., population explosion, lack of industrialisation, failure of land reforms, failure of fiscal policies in reducing the gap between rich and poor. Poverty in India is chronic and multidimensional phenomenon. There is geography of poverty as poverty being concentrated in rural areas of certain states. There is sociology of poverty with certain social groups suffering the most, unfavourable land-man ratio also leads to increase in poverty.

**5.2. Problem of Unemployment:** Unemployment is a situation when willing workers fails to get jobs at prevailing wage rate. Unemployment is found in both rural as well as urban area.

**5.2.1. Urban unemployment:** urban unemployment may be classified into two categories: a) industrial unemployment, b) educated unemployment. Till the mid 1960, industrial expansion in the country was quote satisfactory and hence labour could be absorbed in the urban industrial pockets. In the mid 1960's the rate of growth of industrial development revealed the problem of industrial unemployment in urban areas the problem of unemployment is linked with fluctuations in the state of business, transport, industry any change in this is reflected in increase or decrease in employment figures.

**5.2.2 Rural unemployment:** Unemployment in agricultural sector is the most serious problem. Basically seasonal and open unemployment is found in Indian agriculture sector. Over crowdedness is another reason of rural unemployment. hence marginal productivity of many hands in agricultural sector is zero.

**5.3. Inclusive growth and social security:** inclusive growth may be defined as growth that promotes equal opportunities and increases access to these opportunities. This concept appears in Asian Development Bank's Strategy 2020. The main idea in ADDBS approach is to focus on productive employment as an important element of inclusive growth. Inclusive growth has three dimensions:

- a) Equity among all sections of the society.
- b) Equity among all sectors of the economy,
- c) Equity among all regions in the country.

Growth is inclusive when it creates economic opportunities along with ensuring equal access to them. Social security is an essential ingredient in the protection development and full utilisation of human resources.

**5.4. Food and energy security:** Food security has been one of the major components of social security. After 26 years of globalisation India still have to straggle for food security. Recently India have passed National food security act to ensure food availability to the poor people at the minimum price.

**5.5. Energy Security:** India currently ranks as the world's seventh largest energy producer accounting for about 2.49% of worlds total annual energy production. It is also the world's fifth largest energy consumer accounting for about 3.45% of the world's total annual energy consumption. However, owing to its massive population estimated at present 127 crore which accounts for 16.4% of world's population. India's per capita consumption is one of the lowest in the world.

**5.6. Regional Inequalities:** Regional imbalances in India are cause of concern. Successive plans have failed to reduce the income inequalities between urban and rural areas. After globalisation most of the industries are located in the urban areas hence several other problems are creating like concentration of population, pressure of providing infrastructure facilities to large amount of people residing in urban area.

**5.7. Digital tools for governance:** Digitalising the governance is one of the major problems in front of the government. India's large amount of population is financial illiterate, this will take decades to make Indian population financial literate. Government is taking initiatives like DBT, Jan Dhan Yojana, linking several services with Aadhar, developing online service portals. These all services become the milestones once country overcome the problem of financial illiteracy.

**5.8. Environmental protection and sustainable development:** Rapid growth of industrialisation in India after 1991 helps to solve the major problems like poverty, unemployment and also became a major cause of environmental degradation. Now India is focusing towards the healthy industrialisation so that the development of the nation will be achieved but in a sustainable way.

## **6. Conclusion:**

Indian economy has a history of overarching economic policies right from the independence to the dramatic economic reforms of 1991. During the five year plans initiated in the 1950's the economic reforms of India somewhat followed the democratic socialist principle with more emphasis on the growth of the public and rural sector, central planning, business regulation and intervention of the state in the finance and labour market. But this model of economy doesn't help India to solve the problems of billions of people residing in India with a hope to enjoy the sweet fruits of the independence after several years of subjugation. The real journey of India towards the global economy started somewhat slightly by liberalising its economy in 1985. But in 1991, India's financial condition becomes very verse that they could not be able to manage foreign exchange to meet the imports of at least of seven days. Since then India slowly take a nerve of the development with liberalising its economy, inviting foreign capital opening the door of the key sectors of the economy to the foreign companies. This move helps India to reduce the severity of the problem of poverty & unemployment but invited other emerging problems like environmental degradation, regional imbalance and so on. Although, there are always two sides of the coin. Now India is progressing towards becoming real global economy with the goal of sustainable development.

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