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Globalization: Opportunities and Challenges for Developing Nations

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Abstract

Globalisation on developing nations such as India, Brazil and South Africa globalisation has brought many changes In this country including increase trade foreign investment and technology transfer it has helped create job improvement infrastructure and rise living standards however globalisation has also caused change like income inequality loss of local industry and environmental damage this study highlights Both the positive and the negative effect and suggestion that emerging economics should adapt policies that ensure growth in inclusive and sustainable. India became the fourth-largest global economy in 2025, driven by domestic reforms and global positioning under the vision of Atmanirbhar Bharat. India is the world's fastest-growing major economy, with real GDP growing at 6.5% and nominal GDP tripling from ₹106.57 lakh crore (2014-15) to ₹ 331.03 lakh crore (2024-25). Indicational aspects have been recently covered elsewhere; this note focuses primarily on the rise of trade linkages and migration and how this relates to output and prices.

Introduction:

Globalisation was brought to India from 1991 AD, and the dollar reserves in India were \$1.26 billion in 1990, which increased to \$658.9 billion in 2024. The terms of globalization refer to the increased interconnectedness of economies, society, and culture around the world. The world economy has become much more integrated since the Second World War, during the second wave of globalisation (BIS, 2017). This process has profoundly affected people's lives, in that globalisation is widely considered to have supported the strong income growth and significant poverty reduction of recent decades, especially in emerging market economies (EMEs). Globalisation, in particular, tighter trade

linkages, has also helped improve social conditions more broadly, such as by narrowing gender wage gaps (Black and Brainerd, 2004), and it may have contributed to a reduction in inter-state wars (Lee and Pyun, 2008). Despite these benefits, there has been a backlash against globalisation and a greater support for inward-looking policies in several developed countries. And in many EMEs, globalisation has attracted a fair share of criticism. What explains this? Has the number of those perceiving themselves as losers from globalisation grown? Indeed, even the theoretical frameworks that show unambiguous gains from Globalization imply that there can be losers. This note analyses how globalization

has affected EMEs. The next section discusses selected macroeconomic implications. Section 3 explores some of the distributional consequences, seeking to identify which segments of the population have gained and which have not. Section 4 considers the impact of trends in migration on EMEs' human capital. The last discusses policy challenges emanating from globalisation and how certain EMEs have responded. Movements of goods, finance, and people associated with globalisation have transformed the world economy over the past few decades. However, as financial aspects have been recently covered elsewhere, this note focuses primarily on the rise of trade linkages and migration and how this relates to output and prices.

Objective

1. The primary objectives of globalization for emerging economies include driving economic growth, increasing trade and Investment, fostering trade and investment, fostering technological transfer, and ultimately improving living standards.
2. The secondary objectives of globalization for emerging economies Jobs in export industries tend to pay about 15 percent more than jobs in import-competing.
3. The tertiary objectives of Globalization has diverse impacts on emerging economies, offering opportunities for growth and development while also presenting challenges like increased competition and potential for exploitation.
4. The quaternary objectives of Globalization fosters cultural exchange and interaction, potentially leading to a broader understanding and a broader understanding and appreciation of diversity.

Hypotheses:

Null Hypothesis:

There is no significant impact on the growth of India's economy after globalization.

Alternative Hypothesis: There is a significant impact on the growth of India's economy after globalization.

Research Methodology:

The present study is based on secondary sources of data gathered from different sources, like, Economic Surveys, Economic Budgets, government websites, different issues of Economic and Political Weekly newspapers, etc. It is divided into different sections, namely: introduction, rationale of inclusive growth, missing parts of economic growth, suggestive measures, and conclusion.

Literature Review:

Contemporary business is characterized by growing globalization. Globalization refers to the process of internationalization, typical of open economies. No economy in the world today aims merely at self-sufficiency (i.e., production for self-consumption); rather, all economies aim at self-reliance (i.e., export surplus sufficient to finance expenditure on imports). These economies can no longer remain closed or autarchic; they are forced to open up their economies, surviving and growing on the principles of interdependence. Interdependence between nations may take specific forms such as bilateral/multilateral trade, transfer of technology, joint venture, foreign collaboration, and so on. Emerging businesses all over the world thus cannot escape the invading forces of globalization. Globalization has invaded all

areas of functional management in such way that in the context of global business, We talk of various forces, factors and facets such as international marketing, international finance international production, global sourcing, global tendering, global vendoring, international recruitment and selection, managing people across culture, foreign licensing foreign collaboration International bartering or counter trade strategic alliance between countries, between companies, between manufacturers and traders, between technology innovators and adopters and so on. Because of trade, individuals, firms, regions, and nations can specialize in the production of things they do well and use the earnings from these activities to purchase from others those items for which they are high-cost producers. Therefore, trading partners can produce a larger joint output and achieve a higher standard of living than would otherwise be possible. Economists refer to this as the law of comparative advantage, which will be further discussed in the Chapter.

The Impact of Globalization on Emerging Economies:

The World Development Report (1998-99) provides macroeconomic indicators of socio-economic development over selected years for more than 200 countries. The report utilizes the "income-criteria" for classifying economies. The GNP per capita is used as an index of the development stage of an economy. Countries with a per capita income of \$785 or less in 1997 are grouped as low-income countries (45 economies), while countries having a per capita income ranging between \$1135 are classified as low-income economies. (63 economies), while high-income countries have a per capita income of \$9656 or more (24 economies). According to this income criterion, most parts of Africa and South-East Asia represent the low-income set; Latin America Middle East, and South Western Africa constitute the middle-income economies. The rest, including North America, Canada, Western Europe, Australia, and New Zealand, constitute the high-income countries. It is noted that the average annual growth rate (1980-94) in GNP per capita is 2.3 percent against the inflation rate of 9.5 percent for the developed countries, against the corresponding growth rate of 6.4 percent and inflation rate of 9.7 percent for East Asia and the Pacific, and 3.6 percent of growth and 14.2 percent of inflation for low-income economies. The use of the Purchasing Power Parity Index (PPP) provides a better insight into real growth and living standard performance of these economies in the world. For example, the current per capita income in India is \$370. To buy the same basket of what can be purchased with \$370 in India, one needs \$1666 in the US. Thus, the purchasing power of \$370 in India is at par with \$1,665 in the US. On PPPL, India and China are growing very fast. International Economic Trends 49 Further classification of economies may be done on the basis of geographic location and demographic data. Population density is higher in lower- and middle-income economies than in higher-income economies, while labour force participation rate is less than 25 percent in the Middle East and North Africa. It is in the range of 30-35 percent in Latin America and India, whereas it is between 50 percent and 70 percent in Australia, the US, Russia, and Japan. The developed economies account for about 7 percent of the world population, whereas the middle-income economies account for about 12 percent. A buoyancy within trade blocs, a growing tendency towards global sourcing of production, and greater industrial activity in certain parts of the world. We may now shift our attention from growth trends to structural shifts. We have processed the World Development Report data to reflect on various structural

parameters and shifts in them across nations. The structure of production shows a shift towards the services sector, which accounts for about 60 percent or more in high-income countries, about 50 percent in middle-income countries, and about 30 percent to 40 percent for low-income countries. Predominantly agrarian economies remain underdeveloped, and the developing economies are undergoing the process of real industrialization with growing Intensity of capital and technology in their productive process. The structure of demand also reveals a striking pattern. Concentrating on the 1993-94 data, for the low-income countries except China, the percentage share of private consumption expenditure in GDP is quite high (around 80 percent-90 percent), whereas the same for the high-income countries except Kuwait figures around 50 percent- 60 percent. This is in line with the traditional Engel's Law of consumption and the Keynes Fundamental Psychological Law. At higher levels of income, the propensity to consume is low. The corresponding percentage of government consumption expenditure in GDP does not show much variation on the basis of the income criteria of classifying the savings of nations. measured in rate terms percentage share of gross domestic saving in GDP is very high (0 percent) for countries like Tanzania and China; moderately high (around 30 percent) for Indonesia, Columbia, Iran, Korea, the UAR and Japan; the saving rate is low (around 10 percent-15 per cent) for high income countries like the UK and the US. The investment rate measured by the percentage share of gross domestic capital formation in GDP relatively higher in countries like Vietnam (44 percent), China (40 percent), Singapore (44 percent) and Korea (35 percent) compared with countries in the middle-income group like Tran (29 percent), Romania (27 per cent), Germany and Switzerland (22 percent). The structure of demand has undergone only marginal shifts during the decade ending 1994. The changing structure of world trade and payments is of considerable significance for global business. In this context, the data on both commodity-composition and country-composition needs careful analysis. Many developing countries in recent years have diversified exports away from primary goods and raw materials and towards manufactured goods. The South-East Asian economies have been most successful in this shift, supported by macroeconomic stabilization

The Impact of Globalization on Emerging Economies Effect in India:

Globalization is a significant factor in a competitive world that integrates and mobilizes the cultural values of people at the global level. In the age of rapid technical progression, many countries are unified and transformed due to the process of globalization. Globalization has a huge impact on the cultural, social, monetary, political, and communal life of countries. Abundant theoretical studies demonstrated that globalization intercedes in the cultural life of the populace that raising numerous critical issues (Robertson, 1992). In a broad sense, the term 'globalization' means a combination of economies and societies through cross-country flows of information, ideas, technologies, goods, services, capital, finance, and people. Globalization is described by theorists as the process through which societies and economies are integrated through cross-border flows of ideas, communication, technology, capital, people, finance, goods, services, and information. Main elements of Globalization include free movement of goods and services, flow of capital, the movement of labor, and transfer of technology across national and international boundaries. Globalization in India is generally understood as the integration of the country's economy with the rest of the world. Globalization

presents both opportunities and challenges for our country, creating significant opportunities in the manufacturing, agriculture, service sectors, and many other areas. Besides, there has been a massive inflow of foreign investments into India, permitting Indian companies to participate in foreign collaborations and encouraging them to set up joint ventures internationally. Globalization has enabled domestic marketers to export their goods after their success in the domestic country, which has made India one of the largest agricultural producers in the world. Globalization has made an impact on the Indian market by improving the standard of living and also by encouraging domestic marketers to produce innovative products that suit international standards. The objective of this study is to understand the impact of globalization on the Indian domestic market Globalization, economy, growth, technological trends, international business, Globalization & Environment of the Globalization in India, GDP growth, Growth Rate of various sectors of economy, Bright future of India because of Globalization are interaction between the nations and sharing of ideas, culture and tradition. This had a direct impact on the process of globalization. In the economic scenario, more trade links took place between countries on a global scale, which influenced global as well as domestic economies to a great extent. IT drives the innovative use of technologies to promote new products and ideas across nations and cultures globally. Improvements in computer hardware, software, and telecommunications have increased people's ability to access information. Advancements in internet-based tools such as social networking websites, Twitter, etc., have changed the way people use and share information for personal, political, and commercial purposes over the years. These developments have facilitated efficiency in all sectors of the economy. The application of new digital technologies to management, manufacturing, distribution, and services has increased productivity. IT innovations have increased the efficiency of business operations. Technology is now the forefront of the modern world, creating new jobs, innovations, and networking sites to allow individuals to connect globally. Advancements in technology, from broadband telephone lines to wireless mobile phones, from Black and White bulky televisions to coloured LEDs, are all examples of globalization. There are tremendous opportunities for India in the revolution and careful implementation of IT strategies that can ensure economic security and economic power for India.

Agricultural sector:

The agricultural sector is known to be the backbone of the Indian economy, with an employment of 70% of the population in various agricultural activities. With globalisation, farmers were encouraged to shift from traditional crops to export-oriented crops such as cotton, tobacco, etc. Appropriate use of agricultural equipment, suited to the crops and the region of cultivation, leads to efficient utilisation of farming inputs, making farming financially viable and profitable. There has been continuous progress in farming mechanisms. Contract farming and corporate farming have been encouraged by the government. Hence, agriculture plays an important role in international trade; products like tea, sugar, oilseeds, tobacco, etc., constitute the main agricultural export in India.

Education Sector:

The Positive impact of Globalization on Education in India is in the form of opportunities; the evolution of Information technology has improved the relationship between the economic development of the country and higher education. Highly skilled and educated

people became an important pillar for the contribution to economic growth. Some Indian universities are going global in terms of the education standards, which gives rise to stiff competition in the field of education from Foreign Universities. Like the other sectors, there exists a good balance between the industrial and education sectors. In India, the quality of higher education was an important agenda of the government. Of late, the Indian reform policies have given much weight to the quality of higher education. This has been done keeping in view the fact that our nation needs new technology and education to improve its social and economic life. Foreign universities have also opened their doors by welcoming aspiring students by providing them with Scholarships, Student visas, etc. There is also a smaller gap between the content and style of the curriculum. Globalization has led this generation to numerous employment opportunities due to the improvements in the quality of education. Developed countries are moving towards developing countries to acquire the labor force.

Employment Sector:

Globalization has played a crucial role in the creation of employment opportunities in the country. A study of the impact of globalization on employment in India points to certain factors: LPG policies of the 1990s changed the employment scenario in India, which includes macroeconomic stabilization and microstructural change, it also measures the labour market to increase labour market flexibility. The market policies resulted in an improvement in the Gross Domestic Product (GDP) of the country, opening up the market to Foreign Direct Investments (FDI) and Foreign Institutional Investors (FII), which in turn increases the GDP growth rate to an all-time high. In the 1990's this was © 2019 JETIR May 2019, Volume 6, Issue 5 www.jetir.org (ISSN-2349-5162) JETIR1905L65 Journal of Emerging Technologies and Innovative Research (JETIR) www.jetir.org 446 followed by a 4.5 to 5% increase in the GDP output. The growth in the IT sector, Indian service Sector, and BPO sectors took the growth rate to 6% 2003. After 2004, the GDP growth rate reached 8.5%. In the third quarter of 2010, the GDP growth rate reached 8.9%. From 2004 until 2010, India's average quarterly GDP Growth was 8.40 percent, reaching a historical high of 10.10 percent in September of 2006. But after the recession, the GDP of the country fell to 5.36% in 2012, 6.39% in 2013, 7.51% in 2014, 8.01% in 2015, 7.11 % in 2016, 6.72% in 2017, and 7.37% in 2018.

International Trade:

New economic policy made a huge impact on In199Source: Ministry of Commerce and Industry, Government of India from Table, it is cleared that, after the new economic policy in 1991, the Export of India increased over the it showed declined trend and the rate of change in export fluctuates during the period under study import also increased over the years except in 2009-10, 2015-16, and 2016- 17. In 2016-17, the rate of change in imports was higher than the rate of change in Exports. Total trade also increased in years except 2009-10, 2015-16, and 2016-17, while the balance trade was negative in each year.

Tourism and Hospitality Sector:

Indian Tourism and Hospitality has seen growth in the economy after globalization. Due to globalization, the Tourism sector has had an impact on the national revenue, and development in this industry has contributed to tourism policy, along with planning for various businesses and practices. Tourism is a global force for any economic or regional development, and increases employment opportunities and growth in business. Culture is influenced by

tourism, where most people choose to travel to learn about different cultures, and therefore, local cultures are impacted due to tourists. The hospitality industry in India is the fastest-growing industry. Globalization increases the growth of the cultural dimensions in terms of knowledge of individuals, like the managers of the Hospitality industry, who learn about the various cultures of the world. As they deal on the global platform and get the chance to mingle with various people from different backgrounds and nations. This industry became the third-largest foreign exchange earner, contributing to the growth in the economy. © 2019 JETIR May 2019, Volume 6, Issue 5 www.jetir.org (ISSN-2349-5162) JETIR1905L65 Journal of Emerging Technologies and Innovative Research (JETIR) www.jetir.org 448 Factors That Have Enabled- Globalization in India Technology Rapid improvement in technology has been one major factor that has stimulated the globalization process. Liberalization of Foreign Trade & Foreign Investment Policy: Removing barriers or restrictions set by the government is what is known as liberalization. With liberalization of trade, businesses are allowed to make decisions freely about what they wish to import or export. The government imposes much fewer restrictions than before and is therefore said to be more liberal. World Trade Organisation (WTO): Nearly 150 countries of the world are currently members of the WTO (2006). Though the WTO is supposed to allow free trade for all, in practice, it is seen that the developed countries have unfairly retained trade barriers. On the other hand, WTO rules have forced the developing countries to remove trade barriers. Industrial Policy Industrial policy has seen the greatest change, with most central government industrial controls being dismantled. Trade Policy: Trade policy reform has also made progress, though the pace has been slower than in industrial liberalization. Foreign Direct Investment: Liberalizing foreign direct investment was another important part of India's reforms, driven by the belief that this would increase the total volume of investment in the economy, improve production technology, and increase access to world markets. Reforms in Agriculture: The share of India's agricultural exports in world exports of the same commodities increased from 1.1 percent in 1990 to 1.9 percent in 1999, whereas it had declined in the ten years before the reforms. But while agriculture has benefited from trade policy changes, Infrastructure Development has seen rapid growth in a globalized environment a well-functioning infrastructure, including especially electric power, road and rail connectivity, telecom-communications, air transport, and efficient ports. Financial Sector Reform: Banking sector reforms included: (a) measures for liberalization, like dismantling the complex system of interest rate controls, eliminating prior approval of the Reserve Bank of India for large loans and reducing the statutory requirements to invest in government securities; (b) measures designed to increase financial soundness, like introducing capital adequacy requirements and other prudential norms for banks and strengthening banking supervision; (c) measures for increasing competition, like more liberal licensing of private banks and freer expansion by foreign banks Privatization: The public sector accounts for about 35 percent of industrial value added in India, but although privatization has been a prominent component of economic reforms in many countries, India has been ambivalent on the subject until very recently. Initially, the government adopted a limited approach of selling a minority stake in public sector enterprises while retaining management control with the government, a policy described as "disinvestment" to distinguish it from privatization.

BENEFITS OF GLOBALIZATION:

Globalization help in the free flow of capital from one country to another. Globalization increases the flow of capital from surplus countries to the needy, which in turn increases global investment and improves the economies of the countries. Globalization helps in the flow of technology from developed countries to developing countries. This leads to an improvement in the technology and lets the developing countries implement the improved technology. Globalization results in the shift of manufacturing and production facilities to low-wage developing countries. This reduces the job opportunities in the developed countries and ensures that those job opportunities are created in the developing countries, and this leads to an improvement in employment, which in turn increases the standard of living of the people. Globalization in the agricultural sector of India showed tremendous improvements by adapting to the new-age machinery and the new-age techniques of farming, which in turn led to an improvement in Agriculture. The education of a country leads to an increase in the quality of work done in the assigned jobs. It is after globalization that the Indian education system rose to fame, by providing education that is on par with international standards, as students from other countries are trying to seek education in the premium universities of the country. Globalization has led to a more integrated world, and many emerging smaller communities that are in turn connected to many others. Globalization of the Indian economy with the world economy has benefited because it has given a boost to foreign capital inflows in the form of portfolio investment and foreign direct investment (FDI). CONCLUSION The study analyzed the impact of globalization on the growth of firms in the Indian manufacturing industry during post post-reform period. An empirical analysis at the micro level of firms in the Indian manufacturing industry showed an important finding that among various aspects of globalization, the imported capital goods, considered to be the main source of technology transfer, have a positive and significant role in generating growth of firms. The other main aspect of globalization, export orientation, has also been found to have a positive and significant effect on the growth of firms. Thus, the study concludes that the globalization of the Indian economy has a significant impact on the growth of firms in the manufacturing industry. Hence, globalization may lead, in general, to the growth of firms in other developing economies as well. Globalization is a process of rapid integration of countries, since then Globalization has given a wide choice to consumers in all variety of goods and services Globalization gives opportunity to choose variety of 'goodies' at a much lesser price 450 to consumers when it was introduced in India MNC's are playing a major role in the process of globalization and has also contributed to the GDP of the country which off late is suffering due to demonetization and GST. Globalization in India has brought in many positives in the field of commerce and industry, agriculture, employment, culture, etc. which in turn improved the standard of living of the people. The Indian government liberalized the trade and investment due to pressure from the World Trade Organization. Import duties were cut down phase-wise to allow MNC's operate in India on an equal basis. As a result, globalization has brought to India new technologies, new products and also economic opportunities. India has largely benefitted from the impact of globalization. Hence, Globalisation has impacted every aspect of Indian society, its culture and economy. Though it can benefit even further when it becomes a net exporter of cultural and technological goods and services. This reality needs to change to favour Indian needs. We must create a kind of globalisation that

not only makes the rich richer but equips the poor to enrich their lives, then it will be the true merit of globalization. The main finding of this paper is that India's economic growth has received a strong impetus in the post-1991 era. Flowing with globalization, India is shining in nearly every perspective. GDP growth has helped to improve India's global position. Globalization has also affected India's international trade positively but even than India's share in international trade is very low. India is getting global recognition and slowly moving towards to become a major economic and political strength. India needs to launch a 'second generation' of economic reforms and the reforms must be based on the long-term vision of transforming India into a global economic power in the next twenty to twenty-five years. Therefore, there is a tremendous impact on the Indian economy and advancements in different fields due to globalization.

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