ABSTRACT
This paper uses qualitative analysis for assessing the impact of the globalization on distribution of income, poverty and inequality in India and arrives as different conclusions. It has been concluded that the absolute poverty in India with the increasing globalization has fallen significantly by at the same time inequity has increased. To measure globalization KOF Index has been used and for inequality Gini Index has been used.

JEL Classification: D63, I30, F60, F63

Keywords: Globalisation; Inequality; Poverty; Distribution of Income

INTRODUCTION
The interaction between various stakeholders in the markets across the world is increasing at increasing rate because of the improvements in technologies (communication and transportation) and the governmental policies; and the whole world is turning into a single market. This phenomenon is being promoted by governments of different countries and regional and international trade and cooperation organizations such as WTO, IMF and G-8 etc and referred to as globalization. Globalization is the process of integration of economies and societies; and the intermingling of different cultures. It leads to interdependence of economies on the economic well-being and productive capability of other economies (Upadhyay, 2014). Since the term globalization has been coined, it has been popularly being used in the context of economics mainly. There are a number of indicators such KOF Index for Globalisation that provides summary information about the global integration of economies but there are other indicators as well such as fragmentation of production, distribution of products across economies and foreign direct investment in economies that also provides information about the globalisation of economies.

Income inequality has been defined as the difference between individuals or populations in the distribution of their assets, wealth, or income. It is also defined in many ways such as economic inequality, wealth gap, gap between the rich and poor and wealth disparity etc. This term helps in to understand the inequality in the society (both among people as well as the different groups). This term also tells about the economic disparity among different economies as well. With rising inequality among societies, the importance of the income inequality has increased in recent and there has been huge discussion about the equity, equality of outcome, equality of opportunity, and life expectancy. Theoretically income inequality is measured by Gini coefficient.

Globalisation of economies was promoted across the world by economists and developed world that it will be beneficial for everyone in the process. It made tall promises that increased growth in the economies will bring parity in income distribution and will bring down the level of poverty across the world and India is not an exception. India started its journey on the path of globalisation all these tall
economic and social promises but now economists are questioning the cause of globalisation in context of poverty, income distribution and inequality in India like other economies.

In case of the United States, after several decades of the stability, the income inequality has been growing consistently since 1970s and this has brought attention of scholars and institutions. Income inequality has risen across the world but in case of the United States, it is the highest. As per 2009 data, income inequality in Texas was highest and lowest in Maine in the US.

Over few decades across the world the income disparity has increased in drastic way. Today most of the world’s wealth is in few hands. As Nobel laureate Joseph Stiglitz has clearly brought to the attention of the world that the 85 richest people on the planet have accumulated as much wealth between them as the bottom half of the world’s population. This has been confirmed by a 2011 study by the CBO found that the top earning 1 percent of households increased their income by about 275% after federal taxes and income transfers over a period between 1979 and 2007, compared to a gain of just under 40% for the 60 percent in the middle of America’s income distribution.

It is a natural but a gradual process of integration that leads to mutual economic, social and cultural relationships. But this process is accelerated by the advancement in technologies (communication and transportation) and national and international policies regulating the cause of globalization. The whole process of globalization can be split into two parts. The first part is related to factors like trade, investment, technology, communication and information flows and other issues and the second part is concerned with policies having impact on these issues. The first aspect of globalization is almost irreversible while the second aspect is dependent on policy choices (Gunter & Hoeven, 2004).

**OBJECTIVE**

To assess the impact of globalization on distribution of income, poverty and inequality in India using qualitatively analysis method

**Economic Performance**

India accelerated its process of globalisation in 1991 with economic liberalisation initiatives that became stronger in early 2000s. Even the then Indian government was not very confident about the results of liberalisation and decision of opening Indian economy for global competition was a forced decision because balance of payment problems faced by country (Jalan, 1993). This decision was opposed by the critics with a lot presumptions and prejudices about its impact on overall economic, social and cultural life of India. Conservative and traditional economists and social activists called this decision to be fatal for the country (Ahluwalia, 2002). Although the experience has not been that bad but many studies shows that some reservations about the possible changes in social and cultural values along with economic consequences were not uncalled for.
Globalization in India can be seen in many ways from international trade to international capital to international production taking place in India. Since liberalization in 1991, India’s GDP and international trade has increased sharply. From the above graph 1, it is clear during the period globalization of Indian economy has increased significantly as KOF index increased from 18 in 1978 to 43 in 2010. Also in the same period the GDP growth rate has increased significantly from the so called average Hindu growth rate to more than 8% during 2004 to 2008. The economic integration of India with rest of world has significant impact on export as it has increased from $1.66 billion in 1991 to more than $251 billion in 2011 in 20 years but need for import has also increased significantly to $369.7 billion in 2011. On the same line the flow of foreign capital in India has increased manifold since economic liberalization took place in 1991 providing enough capital to take on different social and infrastructure projects like education for all and highways. In the mean time the process of globalization has impacted the portfolio investment in India to huge extent. The investments in security markets and equity markets in India have increased many times during the period of 1985 to 2002. During the period many multinational companies have entered Indian market to produce and sell products and services in local as well as the international markets simultaneously leading to huge positive impact on the manufacturing sector. Also the per capita GDP and per capita income during the period of 1991 to 2010 has increased manifold. From below graph 2 it is clear that both the GDP per capita and Income per capita have increased manifold during the period when population of India was increasing by an average annual growth rate of more than 20% (population of India increased by 45% during the period from 840 million to 1.21 billion) (Singh, April 2012). So as a whole globalization has huge positive impact on overall economic condition of India.

Graph 2.

Similarly the process of integration of Indian economy has brought huge changes in the whole job market in India. The job market has become more competitive and wage rates have improved significantly over time. Most of the initial decisions relating to shifting production facilities from industrialized countries to India by MNCs were motivated by the lower cost of production (mainly wages), but eventually it improved the overall employment and wages in India (Bhalotra, 2002). The organized sector employment during the initial phase of economic liberalisation adjustment process suffered a severe collapse but since then it has been getting better. The average daily wages of workers (men and women) per annum has increased significantly both in rural and urban areas leading to lower poverty incidence (Mehta & Hasan, 2012). The global integration has not only increased wages and employment opportunities for workers but it has helped in improving the overall skills of workers leading to better earning opportunities and capabilities.
Poverty

As result of the globalization, the economic growth in many countries has increased manifold. This has resulted into decrease in the number of poor in the world especially in that particular country. Some researchers find that the overall benefits of globalization are larger than its overall costs. Although some researchers have concluded that it has some negative impact on the poverty as well mainly in Latin America (Dollar, 2001). So it can be said that the impact of globalization has been both positive and negative. But when it comes to India, experience is quite different. After the liberalisation of Indian economy in 1991, the level of poverty has fallen significantly. People living below national poverty line has halved during the period. The poverty headcount ratio has fallen from 45% in 1994 to 21.9% in 2012. If we look at the graph 3 considering international benchmark, even then we find that the number of poor in India has fallen significantly. When $1.25 is taken as poverty line, the number of poor falls from 23% in 1978 to 8% in 2010. Also if $2 and $2.5 are taken as poverty level the percentage headcount falls from 55% and 45% in 1978 to 35% and 25% in 2010 respectively (WTO., 2014). This clearly shows that there has been fall in the percentage headcount and globalization does have impact on poverty. But there are a lot of questions about the impact of globalisation on poverty. Many researchers say that this reduction in poverty cannot be entirely attributed to globalization. Rather there are some other factors (Jenkins, 2005).

Inequality

The process of globalization has resulted into huge economic progress in some countries. As a result of this economic progress, the distribution of income has increased to wider portion of the society resulting into decreasing income inequalities in various societies to some extent (Onyeiwu, Polimeni, & Polimeni, 2007). But some theories and research has been advocating that the globalization has increased inequality in societies and countries. For example, according to Stiglitz, the practice of globalization has resulted into making poor societies more unequal rather than less unequal (Stiglitz, 2003).

In case of the United States, after several decades of the stability, the income inequality has been growing consistently since 1970s and this has brought attention of scholars and institutions. Income inequality has risen across the world but in case of the United States, it is the highest. Occupy Wall Street Movement is an example of increase discontent across the world. As per 2009 data, income inequality in Texas was highest and lowest in Maine in the US. Over few decades across the world the income disparity has increased in drastic way. Today most of the world’s wealth is in few hands. As Nobel laureate Joseph Stiglitz has clearly brought to the attention of the world that the 85 richest people on the planet have accumulated as much wealth between them as the bottom half of the world’s population. This has been confirmed by a 2011 study by the CBO found that the top earning 1 percent of households increased their income by about 275% after federal taxes and income transfers over a
period between 1979 and 2007, compared to a gain of just under 40% for the 60 percent in the middle of America's income distribution.

If we look at the graph 4 we find that the inequality in 2010 in India has significantly increased from the level of 1991. The GINI coefficient has increased from 30 in 1991 to 34 in 2010. This clearly shows that inequality has increased during this period while during the same period level of globalization in country has increased significantly (Nayar, 2007).

**Distribution of Income**

For lower level of inequality in any society it is important that the income is distributed properly in society and it reaches to the last person in the queue. If it happens the level of inequality in the society would be lower (Harrison, 2004). The following graph 5 illustrates the income distribution in India since 1978. From the graph it is clear that income share held by highest 10% has come down in 2010 in comparison to level 1978. There is same trend for income share held by highest 20%. While there is no significant change in income share held by lowest 10% and 20% as it remains at around the same level. But if we take period of 1991 to 2010, we find that the income share held by highest 10% and 20% increased during this period but there is no change in the income share held by lowest 10% and 20%. This signifies that distribution of income in India after the globalization has tilted in favour of the rich confirming the saying that money attracts money. This is the reason why during this period GINI coefficient has increased (WTO., 2014).
Child Labour

The impact of globalization on child labour has mixed results. In some ways it has increased the child labour but with some economic benefits while in some ways it has decreased the child labour. It has been seen that in many developing countries, child labour has shifted from the informal home and family employment to more visible and formal employment. Though, it has increased the earning and income of poor families. In some developing countries many stringent and restrictive laws have been put in place to stop child labour as result from the pressure from developed countries. But according to White (1996) the aim of child labour laws should better concentrate on protection from exploitation than exclusion from labour market (White, 1996).

Child is normally not part of studies relating to equality and poverty but in India child is highly related to equality and poverty. Child labour in India is serious problem as for many it is not an issue at all in India. Even well-educated and intellectuals are found to be violating child rights by employing them in their household as domestic help (Bhattacharya, 2007). More than 80% of the total child labourers are engaged in agriculture and rest of engaged in manufacturing sector and unorganized sectors such food stalls and domestic help. The elimination of child labour for government is a priority and thousands of national and international agencies and non-governmental organisations are working towards this goal but these efforts seems to be not sufficient so this issue requires more attention from the government (NCPCR, 2014). But experiences show that the efforts of child labour eradication without proper logistic support such as resources for foods, clothing, shelter, health and education are making child more vulnerable for exploitation by different groups with vested interest (Bhattacharya, 2007).

SUMMARY AND CONCLUSION

From the above analysis, it is clear that globalization has yielded many results; some of them are positive but some of them are negative for India as a whole and this is applicable to all other countries across the world as well. It is true that globalization of economy leads to access to resources that leads to higher GDP growth rate that eventually results into higher per capita income for nationals and lower poverty headcounts. So globalization seems to be helpful in poverty eradication to some extent but at the same time globalization results into increasing concentration of resources into few hands. This results into higher inequality. The same trend across the world has been witnessed whether it is USA or Latin America or China or India. In India after globalization process started in 1991, there has higher GDP and income growth leading to lower level of poverty in the country but inequality has increased because of distribution of income tilted in favour of rich. This problem can be tackled by bringing some regulations relating to distribution of income and wealth that can bring equality in society but not hindering growth and entrepreneurship in economy.

REFERENCES


