

## SOCIO-ECONOMIC IMPACT OF GLOBALIZATION ON INDIAN ECONOMY

Sanchit Sabharwal\*  
Priyanka Sabharwal\*\*

### ABSTRACT

*Globalization is an important element of economic reform, introduced in India in 1991. Owing to globalization it was expected that globalization should be beneficial for the economy, as a whole and should raise the welfare of all people throughout the country. It was expected that capital and technology will inflow from developed countries of the world into India. This implies that it should raise the rate of Economic growth in country and reduce poverty and that it should not increase inequalities in the Economy, Also, There should be social integration of the economy with rest of the world. Accordingly India would have access to the fruits of global growth.*

**KEYWORDS:** *Globalization, Economic Reforms, Capital and Technology, Integration of the Economy.*

### Introduction

The term globalization refers to the integration of economies of the world through uninhibited trade and financial flows, as also through mutual exchange of technology and knowledge. India adopted policy of Liberalization Privatization and Globalization in 1990-1991. Globalization was adopted by Indian Government during 1990-1991 when Indian Economy was in a very bad shape. Globalization has proved to be a double edged weapon. It did help government temporarily meet its emergent need of foreign exchange but it has, as a by-product, caused some permanent damage to Indian Economy system and Indian social structure. Globalization is the free movement of people, goods, and services across boundaries. This movement is managed in a unified and integrated manner. Further, it can be seen as a scheme to open the global economy as well as the associated growth in trade (global). Hence, when the countries that were previously shut to foreign investment and trade have now burned down barriers. Considering a precise definition, countries that abide by the rules and regulations set by WTO (World Trade Organization) are part of globalization. These procedures include oversees trade conditions among countries. Apart from this, there are other organizations such as the UN and different arbitration bodies available for supervision. Under this, non-discriminatory policies of trade are also enclosed.

### Benefits of Globalization Impacting India

- **Increase in Foreign Trade**

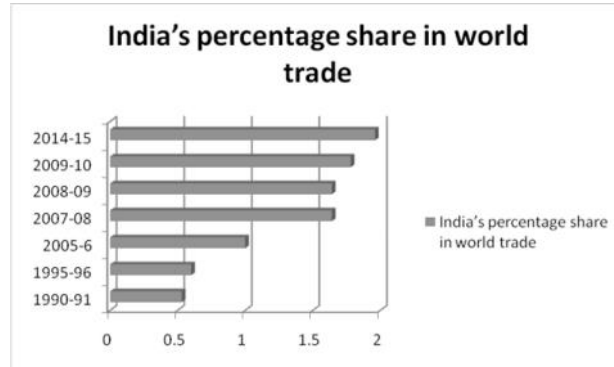
As a result of foreign trade policies adopted in the wake of globalization, India's share in the world trade has gone up.

Year	India's percentage share in world trade
1990-91	0.53
1995-96	0.60
2005-06	1.00
2007-08	1.64
2008-09	1.64
2009-10	1.78
2014-15	1.96

Source: Economic Survey 2014-15

\* Former Assistant Professor, Disha Bharti College of Management & Education, Saharanpur & Former Assistant Professor, Dev Bhoomi Institute of Technology, Saharanpur, U.P..

\*\* Former Assistant Professor, Shobhit University, Gangoh, U.P., Former Assistant Professor, Stallion College of Technology, Saharanpur, U.P. & Former Lecturer, Dev Bhoomi Institute of Technology, Saharanpur, U.P.

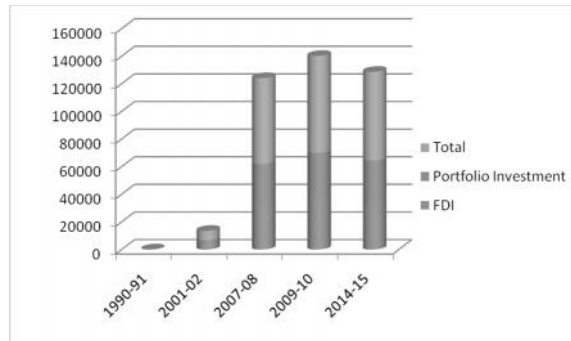


Above table shows that as a result of globalization of India's foreign trade there has been some increase in India's share in world trade. In 1990-91 India's share in world trade was 0.53 percent. In 1995-96 it rose to 0.60% in 2009-10 increase to 1.78 and in 2010-11 it farther increased to 1.96 percent. Share of India's GDP has been constantly rising. In 1990-91 it was 6 percent of GDP that rose to 23.39 percent in 2014-15.

- **Increase in Foreign Investment**

As a consequence of globalization in forging investment policy 1991, our govt. started encouraging the entry of foreign investment; there has been a considerable increase in foreign direct investment as well as foreign portfolio investment. Trades in forging investment in India as follow:

Year	FDI	Portfolio Investment	Total
1990-91	29	6	103
2001-02	4,031	2,760	6,791
2007-08	34,835	27,271	62,106
2009-10	37,763	32,376	70,139
2014-15	32,901	31,471	64,372



The above data reflects that there is significantly increase in foreign investment in India. In the year 1990-91, to foreign investment (FDI and Porto) was US \$ 103 million. In the year 2007-08, amount of foreign investment increase to US \$ 62, 106 in 2009-10 and 2014-15 in inflow of foreign investment has increase to US \$ 70, 139 and 64,372 million respectively.

- **Rise in Employment**

With the opening of SEZs or Special Economic Zones, the availability of new jobs has been quite effective. Furthermore, Export Processing Zones or EPZs are also established employing thousands of people. Another factor is cheap labour in India. This has motivated big firms in the west to outsource work to companies present in this region. All these factors are causing more employment.

- **Surge in Compensation**

After the outburst of globalization, the compensation levels have stayed higher. These figures are impressive as compared to what domestic companies might have presented. Why? The level of knowledge and skill brought by foreign companies is obviously advanced. This has ultimately resulted in modification of the management structure.

- **Increase in Foreign Exchange Reserves**

As a result of globalization of India, in the year 1991, foreign exchange reserves of India amounted to Rs 4,388 crore which in April, 2012 increased to Rs. 15,24,328 crore (US \$ 293.14 billion). Thus, there has been an increase of 347 times in foreign exchange reserves of India.

- **Increase in Foreign Collaborations**

Globalization has promoted collaboration of foreign companies with many Indian companies. These collaboration agreements can be technical, financial or both.

- **Expansion of Market**

Globalization has expanded the size of market, it has permitted Indian business unit to expand their business in the whole world. Now multinational corporations, have no national boundaries. Indian companies like Infosys, Tata consultancy, Wipro, Tata Steel, reliance etc, are doing their business in many countries of the world. It is a broadly recognized, widely-implemented strategy for managing a company's interaction with customers, clients and sale prospects.

It involves using technology to organize, automate, and synchronize business process-principally sales activities, but also those for marketing, customer service service, and technical support. The overall goal are to find, attract, and win new clients, nurture and retain those the company already has, entice former clients back in to the fold, and reduce the cost of marketing and client service. Customer relationship management denotes a company-wide business strategy embracing all client-facing departments and even beyond. When an implementation is effective, people, process, and technology work together to increase profitability, and reduce operational costs.

#### **Benefits to Organization**

- Increased revenue and reduced costs. CRM solutions linked with the internet and enterprise applications can help companies shrink operational costs, boost sales and improve customer service for customer satisfaction and customer loyalty.
- Helps enabling marketing department to identify and target their best customers, manage marketing campaign with clear goals and generate quality leads for the sales team.
- Increase turnover by gaining and serving new customers with the help of reliable methods, such as data mining, cross-selling, and up-selling.
- CRM is important because, fundamentally, it is cheaper and more efficient to retain existing customers than to find new ones and achieving lasting gains in customer satisfaction and protect against continuing aggressive competition by establishing long-term mechanism to retain customers.
- Helps companies in delivering the same consistent personalized, high quality service across all interactions and all communication channels: web, email, chat voice, phone and fax. Central data administration helps the company and its customers to continuously up to date themselves with the information.

#### **Benefits to Customers**

The new slogan for the corporate world is "customer centric" because customer is still the king. That is why CRM treats each customer royally. The basic objective behind emergence of CRM is that the business should be more and more customer oriented.

- Customers obtain convenience through 24\*7 availability and consistent, multichannel accessibility, easily navigated system, seamless and accurate processes, and consistent service standards.
- Customers are able to determine delivery methods, and are able to do so on demand since philosophy that companies now follow is "your (wish) wish is my command".
- Customer's personal information to the companies is secured and free from data privacy. The customers need no worry of privacy as the organizations ensure sale data maintenance.

The organizations need loyal customers as the loyal customers are asset of an organization. They play six important roles of the partner, Advisor, Custodian, Resource Provider, Change Driver, Experience Shaper and through each role they contribute effectively towards betterment of organization.

### Literature Review

Varied publications were reviewed. One prominent review is stated: As per Levy Business Journal, by Ian Gordon, Levy Management Service, May/June 2017, "CRM is a strategy tactic". Almost all firms have adopted Customer Relationship Management in their bid to build loyalty and retention. Too often, however, a CRM policy is highly ineffectual. The problem, as per author is that a CRM program is developed as a stand-alone tactic, instead of being seen and developed as a strategy. The author itemizes and analyses the errors companies make when developing a CRM program. He also puts forward some highly practical and valuable suggestions that will help them realize the great promise of CRM. A CRM strategy must:

- Identify the best customers, and the worst
- Distribute value differently to different customers
- Compete on scope and focus on strategic capabilities
- Win through customer-centric innovations
- Measure customer satisfaction
- Unlearn, relearn and redefine the focus
- Prepare for the new competition.

It was established that building close relationship with customers resulted in better returns to companies through the following means:

- Increased use of company service by loyal customers.
- Charging of price premiums for customized services
- Referrals by satisfied customers that brought new customers.

### Need for Present Study

India is the fastest growing economy in the world. Due to this per capita income has increased. India is becoming big market for investment and people are investing like anything in equity market. Due to this customer satisfaction and customer relationship management becomes equally important. Improvements required in CRM process to deal with different types of customers and meet their expectations. Hence, the need was felt to carry out a study titled "A Study of Customer Relationship Management and Customer Satisfaction at Broking Firms in National Capital Region".

### Objectives of the Study

The objectives behind the research are as follows:

- To study the awareness among the customers for the various services provided by broking firms.
- To know the level of customer satisfaction and measure the effectiveness of various services provided by the broking firms.
- To study the various Customer Relationship strategies and their implementation in broking firms and analyze the programs for improved services, loyalty and retention of the customers.

### Scope of the Study

- **Conceptual Scope:** The conceptual scope of the research is CRM rather than other aspects of marketing and the satisfaction parameters are limited to the questionnaire and in-depth interviews.
- **Geographical Scope:** The geographical scope is only limited to National Capital Region.

### Research Methodology

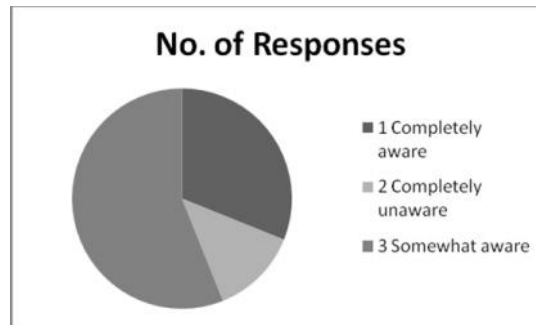
Research is "a critical enquiry or examination in seeking facts or principles, diligent investigation in order to ascertain something." The descriptive research design has been used for the purpose. The universe was the entire DMAT Accounts holder in National Capital Region. The sampling frame has been restricted to the core areas of National Capital Region. The sample size has been taken for this project is 148. The sampling technique has been used convenience sampling.

### Data Analysis

It has been done after gathering, modeling and transforming data with the goal of highlighting useful information. The tools used for data analysis and interpretation are tabular analysis, percentage analysis and graphical analysis-pie charts, bar diagrams.

**Data Analysis of Customers' Feedback****Table 1: Awareness about Various Services**

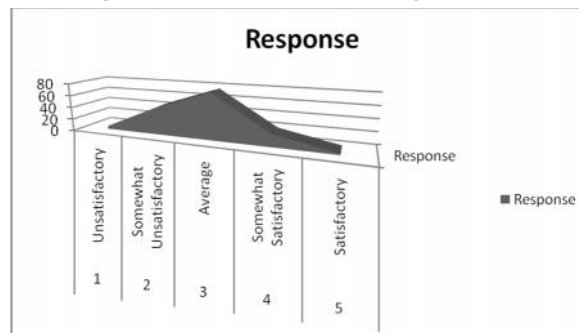
Sl. No	Particulars	No. of Responses	In percentage
1	Completely aware	46	31%
2	Completely unaware	19	13%
3	Somewhat aware	83	56%

**Figure 1: Awareness about Various Services**

Maximum customers are somewhat aware about the different types of services of broking firms and very few are unaware about all the services like such as LAS, CAS, ESOP, Portfolio Management, Asset Management, Wealth Management, Mutual Funds.

**Table 2: Complaint Resolving Process**

Sl. No	Particulars	Respondents
1	Unsatisfactory	05
2	Somewhat Unsatisfactory	45
3	Average	76
4	Somewhat Satisfactory	20
5	Satisfactory	02

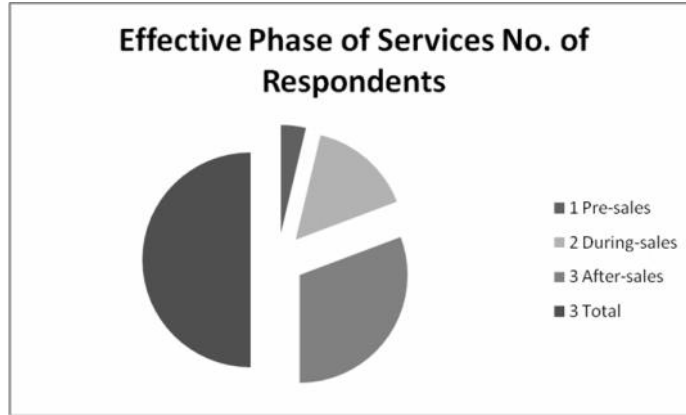
**Figure 2: Complaint Resolving Process**

The above graph shows that the process of getting the complaints resolved have been satisfactory but it was about average as 76 out of 148 respondents said this, while 45 respondents were somewhat unsatisfied with complaints resolving process. But 20 were very satisfied and 05 respondents rated it as unsatisfactory. It can be concluded that the complaints resolving process of the broking firms is about average as most of the respondents agreed with it, while some were unsatisfied.

**Table 3: Effective Phase of Services**

Sl.No	Particulars	No. of Respondents	Percentage
1	Pre-sales	11	7%
2	During-sales	46	31%
3	After-sales	91	62%
	<b>Total</b>	148	100%

**Figure 3: Effective Phase of Services**

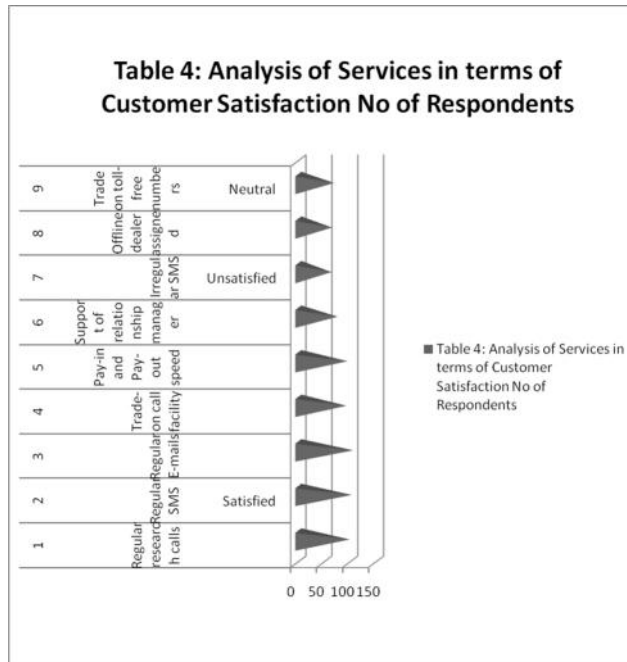


It can be concluded that maximum respondents find after-sales services as most effective whereas very few go with pre-sales services.

**Table 4: Analysis of Services in terms of Customer Satisfaction**

SI. No	Particulars	Level of satisfaction	No of Respondents
1	Regular research calls	Satisfied	99
2	Regular SMS		103
3	Regular E-mails		106
4	Trade-on call facility	Unsatisfied	93
5	Pay-in and Pay-out speed		95
6	Support of relationship manager		76
7	Irregular SMS	Neutral	64
8	Offline dealer assigned		65
9	Trade on toll-free numbers		69

**Figure 4: Analysis of Services in terms of Customer Satisfaction**



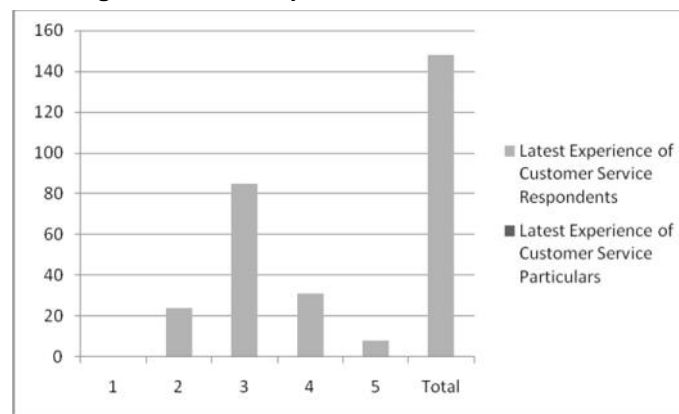
### Interpretation

The most effective service of EBL which keeps the clients satisfied in regular research calls, regular e-mails, user-friendly website, and trade-on call facility as 99, 103, 106 and 93 respondents respectively agreed with it. The services that keep them unsatisfied are slow speed of pay-in and pay-out, support of relationship manager and also irregular SMS with the response of 95, 76, 64 respectively whereas 65 and 69 respondents are neutral about the offline dealer assigned and trade on toll free numbers. It can be concluded that, maximum respondents feel that regular research support, trade-on call facility, user-friendly website are the most effective services of EBL which keeps the clients satisfied while they are not satisfied with the speed of pay-in and pay-out, support of relationship manager etc.

**Table 5: Latest Experience of Customer Service**

Sl.No	Particulars	Respondents
1	Very poor	00
2	Poor	24
3	Average	85
4	Good	31
5	Very good	08
<b>Total</b>		<b>148</b>

**Figure 5: Latest Experience of Customer Service**



From the above bar graph it is interpreted that, the latest experience of the respondents with EBL is average as 85 clients agreed with it. There are 31 respondents who are satisfied with the latest experience with EBL and 8 respondents rated it as very good. Now it can be satisfied with it. But there was nobody who got very bad experience.

### Data Analysis of CRM strategies Adopted by the Broking Firms

There is also an organizational analysis done by in-depth interviewing the branch managers of various broking firms where various questions are asked and based on those answers interpretation has been carried out to know the CRM process and its implementation.

### Findings

- Customer Relationship Management is given a high priority and it has been improved considerably since from the day it has started by adopting computerized CRM system.
- Firms have managers/staff in terms of financial advisors/dealers/turles dedicated to customers relationship matters.
- These surveys have been conducted by questionnaires which are sent through e-mails to the clients and also follow-up telephone calls through different client facing verticals are being used.
- Firms evaluate the customer satisfaction by conducting surveys on monthly basis.
- The most compelling reason to carry out CRM is retaining clients and maximum customer satisfaction because satisfied customer's acts as word of mouth promotion.

- The firms classify their clients among five different groups ranging from A-E where A and B are NHI clients i.e. High Net Income, C and D are Retail Clients and E are the free account clients.
- The customer Relationship strategies/services differ from clients to clients and firm to firm based on their category and investment pattern.
- Firms usually adopt the customer relationship strategies such as conducting Client Induction Program(CIP), feedback through e-mails, arranging for Demo's on Saturday etc.
- Most of the firms are of the opinion that the most effective customer interaction channel is on-line i.e. through e-mails and SMS and off-line through telephones.
- The firms also implement a computerized CRM system performing the functions of data maintenance, profiling of the clients, handling customers' queries.
- Firms like Edelweiss Broking Limited usually pays more attention to the active clients and the fresher's while providing the services. The Turn Around Time(TAT) i.e. the maximum time required by EBL to solve customer complaints when received in 48 hours.
- To fight competition the firms try to retain their customers by providing additional services, providing discounts, low brokerage to regular investors, token gifts etc.
- Few firms are planning to initialize a manual feedback system and also appointing the C-dealers who will look after the inactive clients and make them active.
- Maximum demat account holders are aware only about equity share trading and not about other services hence they are not loyal to the company.
- The CRM process at various firms is not that efficient and effective and it takes care of only active and the fresh client but not the inactive and the switchers.
- Many firms are adopting the 180 feedback model and Client Induction Program to satisfy the customer's grievances.

### **Conclusion**

It is clear that India has achieved some advantages by the globalization but some challenges have been emerged like in agriculture sector and other rural areas in India. The government should take immediate steps to increase agricultural production and create additional employment opportunities in the rural parts, to reduce the growing inequality between urban and rural areas and to decentralize powers and resources to the panchayati raj institutions for implementing all works of rural development. Steps should be taken for early linking of the rivers, especially in the south-bound ones, for supply of the much-needed water for irrigation.

Without a sustainable and productive growth of the agricultural sector, the other types of development in any sphere will be unstable and illusory. Despite the concerted development in manufacturing and service sectors, despite the remarkable inflow and overflow of foreign reserves, agriculture is still the largest industry providing employment to about 60 per cent of the workforce in the country. Mere growth of GDP and others at the macro level in billions does not solve the chronic poverty and backward level of living norms of the people at the micro level. The growth should be sustainable with human development and decent employment potential. The welfare of a country does not percolate from the top, but should be built upon development from the bottom.

### **Suggestions**

- Firms can develop the CRM department by appointing more customer service representatives dealing with individual client queries.
- They can automate customer complaints monitoring cell, concentrate on customer satisfaction research, incentivizing service providers, organize customer clubs, etc. to increase the satisfaction level of customers.
- When a client complains and if the complaint can not be resolved quickly, feedback can be given to clients regarding the status of his complaints. Efforts should be taken to retain the customers. Regular CRM strategies like wishing on important days through SMS or greetings cards should be done.
- Organizations in addition to regular research should encourage hands in research on customer related problems and there must be active deployment of customer data.



- Delays in pay-in and pay-out can be minimized by having tie ups with maximum banks and use of new software's.
- After every 15 days traders have to change their their password for security reason. Hence, organization can come with some solution on it.

**Limitations**

- Company has several limitations inleaking out business secret.
- Data analysis has done upon information given by the respondents.
- Validity of secondary data could not be cross checked.

**References**

- Ahmed Salehuddin- Microfinance Institutions in Bangladesh: Achievements and Challenges published in Managerial Finance Vol.35,No 12 (2009).
- Akoijam Sunindro L.S.Rural Credit: A source of Sustainable Livelihood of Rural India: International Journal of Social Economics: Vol 40 No 1(2003).
- Aloysius P Fernandez (2006) of MYRDA in the approach paper for the Eleventh Plan entitled "Towards Faster and More Inclusive Growth".
- B.N. Jha and S.D. Mishra. "Development through non-governmental organization prospects and retrospect's." In NGOs and Socio- Economic Development Opportunities [Prasad, Kamta. and Madaan, Dvinder K., (eds.)], New National Capital Region: Deep & Deep Publications Pvt. Ltd. (2000), pp.68-75
- Balasubramanlan, Adlty A. 2009. Micromanagement: Fixing Microfinance in Argentina. Harvard International Review (Fall): 9-10.
- Dr. Karunakaran K, "Marketing Management" , 2010 edition, Himalaya Publishing House.
- Jha Mithileshwar, Koshy Abraham, Keller Kevin Lane, Kotler Philip, "Marketing Management", 13<sup>th</sup> edition, 2008, Pearson Education, National Capital Region.
- Kothari C.R. "Research Methodology" 2<sup>nd</sup> edition, reprint 2008, New Age International(P) Limited Publishers, New National Capital Region.
- Parvatitay Atul, Shainesh , Sheth N Jagdish "Customer Relationship Management-Emerging Concepts Tools & Applications", 12<sup>th</sup> edition, print 2009, Tata Mcgraw Hill Education Private Ltd.
- Peeru Mohamed H, Sagadevan A "CRM-A Step by Step A[pproach", first published 2002, Vikas Publishing House Private Ltd.