

Globalization and Liberalization : A Prospective

Prof. Dr. Pyarelal H.Suryavanshi , Prof.Rajabhau Deshmukh Kala Mahavidyalaya,
Nandgaon Kh, Dist.Amravati

Introduction :

The impact of globalization and liberalization is everywhere visible in India. Top class international level goods and services are available in India, Indian companies and entrepreneurs are exploring foreign shores for business and a sense of feelgood effect is pervading everywhere in middle and upper middle. class population of India, as they are the biggest beneficiaries of jobs, and goods and services created by globalization and liberalization process. But on the other side of the coin, is the deprived SC / ST population of Chattisgarh, Orissa, Jharkhand and West Bengal. , where extensive mining, industrialization and degradation of forests is going on unabated, which isresulting in uprooting of population, land alienation, and traditional mode of livelihood of indigenus population is snatched away. All these are leading to abject poverty and restlessness of the population. The impact of globalization and liberalization has to be studied deeply and continuously as there are some good effects and some bad effects too of this process.

Content :

The era prior to the 1990s was quite averse to the concept of an open market policy and the Indian markets were predominantly closed in nature. The government of India, however, ruled and regulated Indian markets but with the globalization and liberalization of the Indian economy, the whole market scenario changed in no time. The economic policy drafted in the early 1990s by the government of India facilitated huge inflow of Foreign Direct Investment (FDI) and Foreign Institutional Investors (FII) in to the much insulated Indian markets. Prime economic factors like Industrial Growth, Balance - of - Payments, Merchandise Exports, Invisible Accounts and Foreign - Exchange - Reserves witnessed positive growth and effected tremendous growth of Indian Economy.

Major measures initiated as a part of the liberalization and globalization strategy in the early nineties included the following: Devaluation: The first step towards globalization was taken with the announcement of the devaluation of Indian currency by 18-19 percent against major currencies in the international foreign exchange market. In fact, this measure was taken in order to resolve the BOP crisis. Disinvestment: In order to make the process of globalization smooth, privatization and liberalization policies are moving along as well. Under the privatization scheme, most of the public sector undertakings have been / are being sold to private sector Dismantling of The Industrial Licensing Regime At present, only six industries are under compulsory licensing mainly on accounting of environmental safety and strategic considerations. A significantly amended locational policy in tune with the liberalized licensing policy is in place. No industrial approval is required from the government for locations not falling within 25 kms of the periphery of cities having a population of more than one million.Impact of Globalization and Liberalization further liberalize the FDI regime, inter alias, include opening up of sectors such as Insurance (upto 26%); development of integrated townships (upto 100%); defense industry (upto 26%); tea plantation (upto 100% subject to divestment of 26% within five years to FDI); enhancement of FDI limits in private sector banking, allowing FDI up to 100% under the automatic route for most manufacturing activities in SEZs; opening up B2B e - commerce; Internet Service Providers (ISPs) without Gateways, electronic mail and voice mail to 100% foreign investment subject to 26% divestment condition, etc. The Department has also strengthened investment facilitation measures through the Foreign Investment Implementation Authority (FIIA).

During the post reform period, India has been shining brilliantly with a growing number of billionaires. Nobody has taken note of the sufferings of the family members of those unfortunate hundred thousand farmers. The Economic Survey reports released till 1991 contained the Chapters in the following order: (1) Introduction, (2) Agricultural Production, (3) Industrial Performance and Policies, (4) Infrastructure, (5) Human Resources, (6) Prices, Price Policy and Public Distribution System (7) Fiscal Policy and Government Budget, (8) Monetary and Credit Developments, (9) The External Sector, and (10) Problems and Prospects.

Impact of Globalization and Liberalization :

About the impact of globalization, in particular on the development of India, the ILO Report (2004) stated: "In India, there had been winners and losers. The lives of the educated and the rich had been enriched by globalization. The information technology (IT) sector was a particular beneficiary. But the benefits had not yet reached the majority, and new risks had cropped up for the losers the socially deprived and the rural poor. Significant numbers of non - perennial poor, who had worked hard to escape poverty, were finding their gains reversed. Power was shifting from elected local institutions to unaccountable trans - national bodies. Western perceptions, which dominated the globe media, were not aligned with local perspectives; they encouraged consumerism in the midst of extreme poverty and posed a threat to cultural and linguistic diversity.

Though at present India appears to be dominant in some fields of development as in IT - ITES, this prosperity may be challenged by other competing countries which are equipping themselves with better standards of higher education. As detailed earlier, our progress in education has been slow and superficial. without depth and quality, to compete the international standards.

Conclusions :

"Liberalization is not just some policy option that the government chooses, like choosing a particular tariff rate or a particular price policy. It is a major episode in the history of class struggle. It corresponds to a new phase of world capitalism with new class configurations. To discuss the effects of "liberalization" without taking into account this entire class context, in terms exclusively of text book propositions about the benefits of trade is both naive and banal. The thrust of the present wave of "liberalization" which is sweeping the entire third world is three - fold: to shift the balance away from the workers, peasants, petty producers and even small capitalists towards large capitalists both domestic and foreign; to shift the balance away from domestic capital in general towards foreign capital; and to shift the balance away from capital - in production towards capital - as - finance. To be sure, different countries are at different stages in this process, which is carried forward by a combination of forces driven by international finance capital whose chief spokesmen are the Bretton Woods institutions. A country traveling down the path of "liberalization" cannot even pause to provide a "human face" to the process. To provide even a mere "human face" it has to abandon that path altogether which in

turn can become possible only with the widest mobilization of classes against those promoting "liberalization" In so far as "liberalization" is not a mere policy option but a process driven by international finance capital in the current stage of imperialism , it follows that the nation State that is carrying forward this process is trapped willy.nilly into defending the interests of international finance capital even against its own population. This gives rise to a major contradiction: since the State exists on the domestic civil society, and, in conditions of bourgeois democracy, has to respond to pressures from the latter, its pursuit of the path of "liberalization" comes into conflict with the legitimacy which it would like to surround itself with. This contradiction is typically sought to overcome in two ways: first through an explicit attenuation of domestic sovereignty by

tying the domestic state into international agreements like the WTO, and secondly through a host of measures that "roll back" democracy at home and the exercise. of the democratic rights of the people.

The state must address the issue of common property resources being unequally distributed. Because of the substantial externalities involved, with the social costs being borne largely by the poor, the issue acquires a very fundamental dimension. The rich man's tubewell is drying up the poor man's shallow well. But the issue has to be pondered over in totality, not to be perceived in a piecemeal manner. The overall aspiration would entail not only preventing the rich and affluent from drawing more than their share of entitlement but also finding ways and means to redress the inequality by transferring some of the rem to the poor in the form of a levy or tax. For this appropriate legislation will have to be pushed through.

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