



RESEARCH ARTICLE

THE IMPACT OF LIBERALIZATION, PRIVATIZATION AND GLOBALIZATION ON INDIAN ECONOMY
WITH SPECIAL REFERENCE TO INDUSTRIAL SECTOR

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ARTICLE INFO

Article History:

Received 20th March, 2017
Received in revised form
06th April, 2017
Accepted 15th May, 2017
Published online 30th June, 2017

Key words:

Globalisation, Privatization, Economic
Crisis, Business, Financial Sector,
Disinvestment.

ABSTRACT

The technological advancement has been responsible for a closer world. The world is interacting each other at all spheres i.e. social, economic, information etc. to gain prosperity. It is widely accepted as globalization. The State protected economy or privatization is the issue which has always been discussed. India opened its economy since 1991. The consumer satisfaction, innovation in the market, reduction in the costs and new means of finance or opportunities are the preferences of modern economy. This is the reason, India has managed to obtain special status in IT area in such a shorter period.

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Citation: Pranab Kumar Mishra, 2017. "The impact of liberalization, privatization and globalization on Indian economy with special reference to industrial sector", *International Journal of Current Research*, 9, (06), 53426-53427.

INTRODUCTION

Globalisation has become an expression of common usage; unfortunately, it connotes different things to different people. To some it represents a brave new world with no barriers for some others, it spells doom and destruction, we need to have a clear understanding of what globalization stands for, if we have to deal with a phenomenon that is willy-nilly gathering momentum. Broadly speaking the term globalization means integration of economic and societies through cross country flows of information ideas, technologies goods, services, capital finance and man power. The essence of globalization is connectivity. Cross border integration can have several dimensions-cultural, social, political and economical. In fact some people fear cultural and social integration even more than economic integration. The fear of 'cultural hegemony' haunts many. However, we use the term globalization in this article liberalization, privatization and globalization in the more limited sense of economic integration which can happen through the three channels of (a) Industry, trade, goods and services (b) Movement of capital and (c) flow of finance besides, there is also the channel through movement of people. The privatization and liberalization, economic restructuring, structural reforms, etc. have its origins in the Reganite-Thacherite economics of the eighties, what were the

fundamentals of Reganomics? In the main, they were to cut back spending on the social sectors of the economy, escalate military spending, prevent the working people from demanding higher wages even through trade union activity, scale back safety and health standards for workers relax rules for environmental protection had to plunder as many countries and peoples as possible with the military stick under anti-communist banner. The more the things have changed since, then the more they have remained the same. Reagan and Thatcher and even their immediate successors, Senior Bush and Major, are gone, but the policies have come to stay. Today, Bush and Blair are presiding over the same policies in the US and Britain respectively and they have gone further than Reagan or Thatcher in the terms of cutting social expenditures, handing out money to the wealthy, militarizing the economics, threatening other peoples with, increasing job insecurity etc. in their own countries. Those policies have since been exported to the rest of the world and have been espoused by the political and economic elites of many countries. In places like Russia, the kind of corruption and looting of the state treasury that is taking place makes the US saving and loan scandal pale in comparison. The scandals involving Harshad Mehta in India, the pyramid schemes in Albania, the BCCI collapse, the collapse of securing houses in Japan, Britain and so on are products of the liberalization and privatization policies and many more are coming to light worldwide every single day. Anyone willing to look can see clearly how the reforms of the last two decades have created a situation where the

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overwhelming majority of the people and the bulk of the resources of this plane have come to be at the mercy of a small sections of financial, military and political operatives, enabling them to control the destinies of billion. In a qualitative sense, we are string at the social organization of the middle ages when a few kings, nawab and emperors mattered and the rest of the humanity existed for their pleasure.

In Indian, I do not have to convince any one that liberalization and privatization have not brought prosperity for the majority of her peoples, wealth for the country or a technical scientific revolution for the productive forces. If anything, the financiers and speculators of India and the world have been firmly embedded to suck the wealth out of India for years to come. India has seen five different Prime Ministers in quick successions (1996-2000). If anything, this indicates that there are serious conflicts in the ranks of the big business houses of India about the direction they want to take at this time. Prime Minister Deve Gowda was replaced in the midst of the Lok Sabha debate on the budget. Interestingly although the prime minister was replaced, his finance minister, P. Chidambaram remained in the "new" cabinet under I.K. Gujral to oversee the continuation of the economic reforms that he and his predecessors were architects of. In fact, the defeat of the Narasimha Rao government in the 1996 elections was widely seen as the rejection of the economic policies it had put in place since 1991. The further loss of support they suffered in the 1998 elections was also a reflection of this. But while the congress (I) and Narasimha Rao were voted out of office, their policies have continued and are being deepened. The leaders of all the political parties represented in the Lok Sabha have embraced those policies; whoever forms the next government will undoubtedly continue the same policies. The present Prime Minister, Man Mohan Singh, the father of Economic Reforms, is also leading those policies in the same direction.

It can be said with confidence that the present political crisis and disequilibrium will thus continue, until the time that people are able to force a change in the direction of Indian economy. What the present direction is and what the new direction must be are subjects for us to deliberate upon today. India is facing a major economic crisis at this time this much is admitted by Finance Minister himself and everyone else in any authority. The current budget being debated in the Lok Sabha reflects this crisis and the direction the ruling circles want to take the emerge from it on their terms. The reason they have voted the Vajpayee government out is to be found in the difficulty the ruling circles face is selling this budget to the people without making the entire exercise illegitimate. This kind of political crisis is really the kind of grand diversion that they want to use to push through the budget without facing opposition from the people. For today's discussion, I want to point out that the policies enunciated in 1991 by Manmohan Singh appear to have exhausted themselves and the Indian big business houses are divided over what direction to take. Judging from the reception the annual meeting of the CII, held earlier this year in

Rajasthan, received from Indian government officials, or the reception the Indian government delegation received at Davos in Switzerland a few months back, it seems that the policies enunciated 8 years ago do not elicit much enthusiasm from their own quarters. For example, the leaders of different political parties had gone to the CII meeting in the past to swear their support for the liberalization and privatization. Similarly, the international monopolies has flocked to Davos to cheer these policies. But these are all lacking this year. The response of the Indian government to this cooling off has been to put forward its recommendations for "a second wave of liberalization". This second wave unlike the first wave, envisages liberalization of the financial sectors and further disinvestment of the public sector undertaking. The Indian finance minister presented his budget proposal to the Lok Sabha in March and after warning that a serious balance of payment crisis in the capital account exists today, addressed himself to raising new capital from inside and outside India.

There can be little dispute that globalization promotes competitive efficiency in general. As the area of competition expands, the efficiency gains increase enterprises in developing countries many of which have grown under heavy protection may find the gong through in the initial phases of globalization but as time goes by they begin to adjust, not without pain but also which a prospect of further benefit. In India, globalization has meant that corporations plan their strategies keeping in mind the global and not merely the domestic market, whether it is product design choice of technology, means of finance or opportunities for collaborations and strategic alliances. The benefits of these for corporate growth modernization, consumer satisfaction and reduction in costs are beginning to be visible- i.e., in the electronic and consumer goods sector nearly a decade of liberalization.

Indian's rise to the top of the IT Industry in the world is a reflection of the abundance of skilled manpower in our country. It is, therefore, in India's interest to ensure that there is a greater freedom of movement of skilled manpower.

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