

# Political Impact of Globalization with Special Reference to India

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## INTRODUCTION

Globalization, as a concept, is both highly fashionable and highly contested. Over the past two decade, a huge academic literature has developed on the subject. To provide an exhaustive account on this vast and ever-expanding literature is clearly an impossible task. Globalization, in a literal sense, is international integration. It denotes global interdependence and mounted slogans like 'Death of Distance' and 'End of Geography'. Narrowly, the term 'Globalization' is used to refer to economic globalization that is integration of national economies into the international economy through trade, foreign direct investment (FDI), MNC's, capital flows, migration and spread of technology. Broadly, globalization can be described as a process by which the people of the world are unified into a single society and functioning together. This process is a combination of economic, technological, socio-cultural and political forces. In simple word, it is a process to make a new path in the form of regulatory framework with the intention to improve and to make accessibility of goods, services, exchanges of people for the development and growth of industry, employment, education, communication, technology, infrastructure, capital flow and other socio- economic segments for the purpose of a change in quality of life, culture, national economy and the world as well to concentrate upon spreading of the national boundaries to a global village. Ultimately, globalization is the spread and intensification of economic, social, political and cultural relation across national borders.

## POLITICAL NATURE OF GLOBALIZATION

International institutions such as the WTO, World Bank and the IMF are contributing another form of globalization: political globalization- the stretching of political relations across space and time; the extension of political power and political activity across the boundaries of the modern nation -state. The transnational network of international organizations like UNO, regional organizations like EU, NAFTA, ASEAN, AU etc. and non-governmental organizations (NGO) like global human rights and amnesty international etc. that play a pivotal role, arguably compose a new system of global governance. 'Global Governance is the evolving system of formal and informal political coordination-across multiple level from the local to global-amongst public authorities (States and IGO's) and private agencies (NGO's and Corporate actors) seeking to realize common purposes or resolve collective problems through the making and implementing of global or transnational norms, rules, programmes and policies. Extremally, the state is buffeted by globalization, growing integration of the world in terms of politics, economics, communication, and culture, a process that increasingly undermines traditional state sovereignty. The products of

globalization are new political forces that in their own right challenge the state are transnational movements- religious, ideological and ethno-national. The best examples are: the threat posed by the international terrorism of globalized age like event of 9/11 and US war against terrorism; globalization provides a practical global field for S.P. Huntington's 'Clash of Civilization' thesis. Contemporary globalization has had some important positive impact with respect to communication, decentralization of power, economic efficiency and the range of available products. Globalization advocates, such as libertarians and other proponents of laissez-faire capitalism, see globalization as the beneficial spread of liberty and capitalism. They believe that globalization will help the whole world to deal with the crises like unemployment and poverty. Neo-liberal policies towards globalization have had many negative consequences in regards to increased ecological degradation, persistent global poverty, worst working conditions, cultural violence, widened arbitrary and economic inequalities between elites and people below poverty line, widened gap between North (developed) and South (developing-third world) blocks of states, international terrorism (especially post 9/11 events and US War on Terror) and deepened democratic deficits. These claims can be covered under the title of 'Anti-globalization' a term used to describe the political stance of people and groups who oppose neo-liberal policies of unfettered globalization. Moreover 'Naomi Klein, a radical Canadian journalist argues, in her book 'No Logo: No Space: No Choice: No Jobs that anti-globalism can denote either a single social movement or an umbrella term that encompasses a number of separate social movements. Most anti-globalization advocates strongly adding that neo-liberal policies of western capitalist bloc (USA, UK, G-8, & Allies; WTO, IMF, World Bank Policies) may bring a loss of sovereignty to democratic institutions. Overall, it can be said that globalization has prompted important changes to certain attributes of capital, the state, the nation and modern rationality. Globalization has encouraged the growth of additional loci of governance besides the state, the spread of additional forms of community besides the nation, and the development of additional types of knowledge besides modern rationality. So, globalization is not inherently good or bad: its outcomes are largely the result of human decisions that can be debated and changed.

## GLOBALIZATION AND INDIAN POLITICS

The impact of globalization is also not uniform across countries and across different sections within the country. Globalization is an uneven process, with unequal distribution of benefits and losses, both across the countries and within the country across different section'. There is sparkling prosperity, there is a stinking poverty. We have dazzling five-star hotels side by side with darkened ill-starred hovels. Globalization has come to rule the roost, though with many attending challenges. Globalization of governance or governance of globalization is complex system of the world economy. The wind of globalization, liberalization and privatization (LPG) blowing all over the world was natural to have its effect over India. 'Mrs. Margaret Thatcher, the British Prime Minister vigorously launched the programme of liberalization in economic field in the decade of eighties and thereafter, other liberal states follow it. After Independence, the Sovereign Democratic Republic of India has experienced two radical changes in its economic field. First, with the established of planning commission in 1950, India launched

upon a unique experiment in state-led growth with social justice' within the constitutional framework of parliamentary democracy. However, 'this policy matrix came under significant pressure in the 1980s, culminating in the unprecedented balance of payment crisis in 1990-91. The Indian government under the guidance of erstwhile Prime Minister, P.V. Narsimha Rao especially under the erstwhile Finance Minister as well as chief architect and mastermind, Dr. Manmohan Singh, responded forthright policy regime grounded in a reform trinity popularly referred to as LPG policies. In India, the seeds of globalization were sown in the early 1980s, but the real thrust was provided by the New Economic Policy (NEP) in 1991. July 24, 1991 was a historic day in history of Indian economy. On this day The 40-years old Indian model of Socio-economic development and nation -building based on democratic planning within the framework of a liberal democracy and mixed economy with a dominant public sector in control of "the commanding heights" of the economy and a private sector enjoying "modest level playing field" underwent a paradigmatic change with the shift in Government of India's hitherto followed policy in favour of economic liberalization.

Under this New Economic Policy (NEP) it was expected that globalization promote foreign investment, enable use of the advanced countries technology, help in increasing export, faster diffusion of knowledge and reduce costs of transport and communication. In simple term, the globalization means integration of an economy with the world economy. However, in India, it has implied: opening up of the economy for foreign investment- both direct investment and portfolio investment; removing obstacles to entry of MNC's in India; allowing Indian companies to enter into foreign collaborations, carrying out the import liberalization programme; and permitting free flow of capital, technology, as also goods and services. The India experience with globalization and liberalization, although durable and not reversible, has been during last two decade of reform, somewhat different than most of the other g-20 members. Since 1991, India has been a member of a small club of 24 'globalizers'. In this context, international institutions like WTO, IMF and World Bank played a pivotal role. The WTO has emerged as the most significant multinational institution regulating international trade. Some scholar denotes WTO as a regime in international relation. The Indian position with respect to the WTO, IMF or World Bank in particular and the globalization in general, can be described in term of the internal constraints, and the interests resulting from the political basis acquired by the political parties and pressure groups. As India steered its economic policies towards increased participation in the global economy, a range of political, ideological and economic parameters have been modified, while others are likely to be more drastically revised in the future. However, because India's basic commitment to its constitution remains paramount, globalization will continue to be subject to the democratic process. While making an evaluation of the Indian experience with globalization so far, it can be observed that 'we have the best time; we have the worst time, there is a sparkling prosperity, there is stinking poverty. We have everything by globalization; we have nothing by globalization. Now the question arises, whether globalization a boon or hazard to Indian state in general and Indian politics, particular? In this context, we have to study analytically the positive as well as negative impact or perspectives of globalization on Indian political system.

The adoption of LPG policies has transformed the Indian economy. This transformation has improved India's image worldwide from a country of snake charmers to that of an emerging superpower with talented people in all walk of life. The Indian economy is, at present, one of the fastest growing economies - second only to China. Globalization provides some golden opportunities or exposure for our country. The gains from globalization can be analyzed in the context of the three types of economic channels: trade in goods and services, movement of capital, and financial flows. In the context of the tyranny of missing alternative, globalization seems to be an inevitable reality. Kaushik Basu echoed a similar view when he observed that, Globalization will bring with it many ills. But on balance, it will open up more window of opportunity for India than close'.

**Impact on Indian Politics:** Indian politics has been severely affected by these global transformations of post cold war era. We have to study the ills effects of globalization on Indian society, culture, polity and even economy because all these are the integral parts of Indian political system as such. India is a nation in which economic and social inequalities are prevalent and the process of globalization and liberalization will surely increase it. Globalization may have an adverse effect on social and political goals rather than economic goals. According to P. Bardhan, "all round the world today many advocates of social justice are in some state of despair, some of them fear that social justice is lost case in a global economy. One may have no problem with globalization per se but it is to be extremely worried about 'one way globalization' or 'globalizing to somebody else design' where all influences are coming from outside'. Main impacts of globalization on Indian politics can be discussed as follows:

**1. Loss of State Sovereignty:** In third world countries the utmost fear is that globalization, through its multinational institutions like WTO, IMF & World Bank etc., leads to loss of national sovereignty and inculcate restraints in the way of independent HI-TECH RESEARCH ANALYSIS domestic or forcing policies Asmater of proof, 'due to the size of the top forty MNC having GDP's bigger than a country like Turkey, for example this creates an impression that government have surrendered their power to capitalism. This of argument is very common in India and has been used to attract a lot of support from national parties (Swadeshi philosophy) and trade unions because they associate the presence of MNC with neo-colonialism. Under WTO, World Bank and IMF rules and regulations the state (may be India or any state from south bloc) will have to give away some of its sovereignty on economic matter and international trade.

**2. Against the soul of Indian constitution and its philosophy:** India, along with other third world countries, is the prime target of WTO, World Bank and IMF politics. Indian market can be analyzed as consumer oriented. The role of MNC's and FDI in Indian economy has been greatly increased. All liberal and neo-liberal economic development posed a serious challenge to the functioning of various political organs or institutions in particular and Indian sovereignty in general. As per the guidelines of the preamble of our constitution (42~\* Amendment and prospects of socialist state) state will behave like welfare state and fulfill the all-basic needs of the public like food, health, education and clean drinking water. The concept

of welfare state is changed into the facilitator or conservative state because the sphere and scope of public sector has been decreasing day by day. If we watch carefully the discriminatory clauses of WTO and IMF, one can easily access that it will limit our economic as well as political welfare and sovereignty of state. Hence, the policies of LPG are against the will of social democracy.

**3. Impact on democratic institutions:** One of the most notable objections is that due to global interaction of Indian economy, there are drastic impact on the institutional set up of Indian state i.e. the organ and structure (Institutions) of Indian democracy (like Parliament, Supreme court, Bureaucracy, Political Parties, NGO's. Pressure Groups, Social Movements) fight with each other because they have strained or fragile relations with each other. Under the impact of LPG since NEP- 1991, 'the decline of public institutions in terms of their delivery to the poor and the disillusionment of the poor with the public institutions have provided the opportunity to the NGO's and the opposition parties to raise their voice against the deregulation and social expenditure.

**4. Against the Nehru-Indira model of development and rise of neo-colonialism:** The constitution of India and Jawahar Lal Nehru-Indira Gandhi Model of Development dictates that the intra-related and inter-connected institutional arrangement for governance are democratic participation, decentralization of powers on the basis of federalism, state led multiple programmes for economic regeneration (public sector) and political regime which does not show any preferences for various section of Indian society. But since 1991, India has launched a new model of development, a powerful critique of Nehru-Indira model. In this phase, deregulation and globalization is the new policy framework for governance. 'Hence many of the old institutions for governance have outlived their utility and new institutions have to be created to release the impulses of economic growth from the shackles of earlier Governmentalization of the whole society to the corporate society which is backbone of neo-liberalism. As Marx pointed out that the modern state were created to suit the need of capital to accumulate. As the needs of the capital changed, the imperialist forces created the colonial system of nation-states. The operations of MNC's have recreated the old colonial hierarchy of spaces in new forms with the formal imperialist countries (Western liberal democracies) on the top and the neo-colonies (most third world countries like India) at the bottom. That is why, in the present scenario, it can be said that Indian sovereignty is at bay, to some extent, under the impact of globalization, its associates and international political system.

**5. Impact on Centre-State relations:** Normally, due to the impact of globalization on Indian federalism, there are stress and strains in centre-state relations. Presently in most of the states, MNC's have directly invested the foreign capital (FDI). This creates conflict among various states and centre and states. For example, when in 1999, Bill Clinton, erstwhile president of USA, made a visit to Andhra Pradesh, on the behalf of invitation by Chandra Babu Naidu, central NDA government registered some strong objection. Many times there is clash between centre and states during the land acquisition and implementation of WTO, IMF and World Bank rules and regulations.

**6. Rise of regional political parties and regionalism:** The process of globalization has been gradually adapting by Indian political parties. In the present political era regional political parties play a pivotal role in national politics. They have shaken the monopoly of national parties in national politics. The process of globalization gives a serious impetus to regionalism in general and to regional political parties in particular. The main factors behind these developments are like ethnic problems, separatist movements and regionalist tendencies. Most of the regional parties are funded by MNLC during election and these regional parties play in the hand of funding MNLC during law making process in the parliament. Although, ethnic as well as other separatist movements were also present in national politics before 1991 but globalization, along with its discontent and global technology network, have highlighted these social and political issues. For example, recently in Maharashtra, the violent attack on north-Indian peoples by Maharashtra Navniman Sena (Raj Thackrey) and Shiv Sena (Bal Thackrey) activists and in 2013 most of north- east peoples left Bangalore due to fear of attack by local people of Karnataka. Apart from separatist movement, globalization and its discontents provide a sound supporting environment for the creation of new state under the Indian union that is called the politics of new states which has strongly affected the national politics.

**7. Threat to the concept of welfare state:** The constitution of India established a welfare state and a very detailed agenda for promotion of social sector, public sector and human capital was mentioned. But globalization along with liberalization process poses a serious threat to welfare aspect of Indian state. As Bhiku Parekh, a eminent political philosopher, urges, "our vision must have moral core, and should embody the principal of individual liberty, social justice, equal opportunity and a sense of community that articulated in our constitution. Our economic development should realize and be judged and guided by these goals. This calls for a social democratic, not a neo-liberal state that we are bent on becoming, carefully monitored global integration, and close attention to the quality of life available to all citizens, especially the poor. The state must guarantee basic welfare and education to all citizens as of right; develop their capacities to take part in country's politics and economy.

**8. Displacement of rural mass from their livelihoods and development of radical movements:** Recent Indian experience with globalization and liberalization denotes the vulnerable phase of radical politics and mass movements because of human displacement due to forceful acquisition of agriculture fertile land for the development of special economic zone (SEZ) An SEZ is a geographical region where in order to attract investment economic laws are relaxed as compared to country's prevailing economic laws. These zones are considered as strategic tool for expediting the process of industrialization in developing countries. There are number of arguments against the viability of establishing SEZ sin terms of trade, revenue lost and unemployment etc. but the issue of displacement of rural population is one of the major concerns in the recent past. Large tracts of prime agricultural land measuring thousands of acres are acquired from farmers for developing SEZ's. These acquisitions have immense implications on the agricultural sector, in terms setback to farming, agricultural and allied activities; productive opportunities lost, rising unemployment in rural area and displaced livelihoods. Farmers are not adequately compensated for the land acquired from them. Even

before these zones are ready to deliver any financial or developmental benefits, they displace the native of land. The idea of private companies directly buying land from farmers would spell a disaster for agriculture. Land mafia will rule the prices and force the farmers to sell land to big companies at throw-away prices. Sumit Sarkar, eminent historian, described the SEZ policy as the "biggest land grab movement in the history of modern India". This land acquisition policy of Indian government for the development of not only SEZ but also the Dam construction; power project and housing project are responsible for the mass movements which are held in every part of India since last two decades.

**9. Unstable Government:** In the coalition politics, globalization and its products also provide the element of instability in national politics. For example, due to the controversial Indo-US nuclear deal; there is great political divide between present UPA government and its chief partners, the left parties. The central government sees deal as a boon for our energy needs but left parties denotes the deal as a western hazard to our sovereignty and independent foreign policy. Parties, congress as well as CPM, play the card of nuclear deal for political or electoral objective. So, the interaction of state politics and national politics with the rapid global transformation, have a strong impact on our Regional national politics.

The process of globalization also highlights the regional imbalances, both in terms of economic development as well as political maturity, but it is necessary to kept in mind that regional imbalances were also existed before the NEP. 1991. In short, 'the southern states have been enjoying more development approach it terms of governance rather than the northern states due to their political backwardnes and rhetoric slogan of \* communalism', 'secularism', Sikh riots', Muslim riots', 'Godhr kand', 'Mandir-Masjid' etc. This transformation shows 'North-South divide in India" Leaders of northern states are fighting only on cheep issues like caste and religion but th politicians of southern states like Karnataka and Andhra Pradesh are busy in talks on converting their states into another Singapore and Hong Kong. There are so many examples and evidence that, in India, inter-regional inequality appears to have widened during the Finally, the consequences of globalization and associated processes of economic globalization era. liberalization on India's independent forcing policy and the impact of these processes on India's economy and especially on Indian politics in various dimensions is drastic. The Indian experience with globalization, especially its impact on our political set up or national politics is mired in controversy. The Indian elite (Prime Minister Dr. Manmohan Singh, Finance Minister P. Chidambarm and Vice- Chairman Planning Commission Dr. Montek Singh Ahluwalia) is pushing the agenda of developed countries on India without realizing the inadequacy of the western invented policies. A meaningful welfare and developmental state cannot dichotomize productive and social sector' and the NEP does not have any rich philosophy about Indian society as given to us by the makers of the Indian Constitution. Globalization has changed and continues to change the nature of Indian politics. The character of these changes needs to be much debated. In the end, we should not forget that globalization is a part of the development strategy and never a substitute for it.

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