

Global Integration of the Indian Economy : Socio-Economic and Cultural Implications

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This paper focuses upon socio-economic and cultural implications of the ongoing phase of progressive globalization of the Indian economy. In more specific terms, it looks at the issue of compatibility between globalization, economic growth, distributive justice and the evolving culture in the context of the emerging scenario in India. While attempting to trace the genesis of 'globalization' in historical perspective, it argues that the meaning of the term 'globalization' has been changing over the years so much so that today one comes across various brands of it. Furthermore, the author puts forward the view that the relevant questions to be asked at this juncture are not whether or not globalization in its present guise reflects the reasoned wisdom accumulated over the years or is it tenable or otherwise? Rather, the question which must necessarily assume utmost importance is : Will globalization lead to the acceleration or sustenance of economic growth and distributive justice in India? And, what are the real issues facing a developing economy like India today in this regard? Will globalization respond to these questions more effectively than its counterpart? Examining critically some of the pro - and anti - globalization arguments in the light of the above-mentioned questions, the paper forcefully argues that in the emerging scenario, the issues likely to capture the centre stage pertain to the expansion of trade, improvement of technology, increase in the inflow of foreign investment, population control, expansion of educational facilities, provision of progressively increasing and productive employment of the workforce and environmental upgradation. With regard to these issues, the paper argues that there is need for introducing a well-conceived package of technological, institutional and infrastructural measures with growing thrust on participatory development of all at the grassroots level. Such a package must ensure the working of the trickle-down mechanism on a sustained basis. The paper warns that any departure from this would prove to be counter-productive and self-defeating, even detrimental to the national interest from the long-term point of view in that it would, as the ongoing trends indicate, lead to the growing polarization of the Indian society, and also further exacerbate the existing social tensions.

INTRODUCTION

In the present times, we are living in a technology-driven era, propelled by a very strong drive for globalization. Fast-paced changes, envisaging the progressive integration of our economy with

that of the global economy have undoubtedly been taking place for quite sometime in several of their manifestations. A cursory look at Tables 1 through 4 points toward many important developments that have been taking place in the foreign trade sector of the Indian economy over the period of time in general and in the aftermath of great paradigm shift in 1991 in particular. Thanks to the diverse set of policy changes introduced in respect of the foreign trade sector of the economy along with those in other sectors that the percentage shares of exports and imports in country's Gross Domestic Product (GDP) have tended to experience relatively steadier increase. Another important development that needs mention is that while the share of agriculture-based exports in total exports of the country has tended to register a significant decline over a period of time; that of exports originating in the manufacturing sector, on the other hand, seems to have gone up quite appreciably. It becomes abundantly clear from the fact that in 2003-04 agricultural exports accounted for only less than 12.0 per cent of country's total exports as against over 44.0 per cent in 1960-61, while the share of the exports originating from the manufacturing sector has gone up from 45.3 per cent in 1960-61 to about 76 per cent in 2003-04. If one compares the growth rates in respect of exports, imports, total trade, agriculture and manufacturing sector exports in the pre- and post- reform period decades, one cannot escape the conclusion that but for the manufacturing sector exports (owing perhaps to this sector's transitional phase), the growth rates in respect of all these important variables have been higher in the latter than in the former decade as presented in Table 1 below.

Table 1
Structural Pattern of Foreign Trade in India : 1960-61 to 2003-04

| Year | % Share of GDP | | % Share to Total Export | | |
|---------------|----------------|--------|-------------------------|-------|---------------|
| | Export | Import | Total | Agri. | Manufacturing |
| 1 | 2 | 3 | 4 | 5 | 6 |
| 1960-61 | 4.0 | 6.9 | 10.9 | 44.2 | 45.3 |
| 1970-71 | 3.6 | 3.9 | 7.5 | 31.7 | 50.3 |
| 1980-81 | 4.5 | 8.5 | 13.0 | 30.7 | 55.8 |
| 1985-86 | 4.2 | 7.6 | 11.8 | 27.7 | 58.5 |
| 1990-91 | 6.4 | 8.5 | 14.9 | 19.4 | 72.9 |
| 1995-96 | 9.7 | 11.2 | 20.9 | 19.9 | 75.4 |
| 2000-01 | 11.0 | 12.4 | 23.4 | 14.0 | 79.0 |
| 2003-04 | 11.7 | 14.3 | 26.0 | 11.8 | 76.0 |
| Growth Rate* | | | | | |
| 1980-81/90-91 | 8.8 | 5.3 | 14.1 | 2.4 | 13.3 |
| 1991-92/00-01 | 9.8 | 11.5 | 21.3 | 6.4 | 11.6 |

* Semi-log curve has been fitted for estimating the growth rates.

Source : Government. of India, Economic Survey for various years

Courtesy: G. K. Chadha, Member, Economic Advisory Council of the Prime Minister, Government of India

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It is also important to note that the composition of manufacturing sector exports has also been witnessing important changes over a period of time. Table 2 shows that while the share of cotton yarn fabrics, leather and leather products and other manufactured goods like coir yarn and manufactures, jute manufactures, and handicrafts which traditionally accounted for more than half of our exports in 1960-61 in the country's total exports has declined significantly overtime; export items like gems and jewellery, machinery, basic chemicals and readymade garments seem to have now emerged as the major foreign exchange earners for our economy. In the meanwhile, an important fact

Table 2
Pattern of Composition of Exports : 1960-61 to 2003-04 (Percentage Share)

| Export Description | 1960-61 | 1970-71 | 1980-81 | 1990-91 | 2000-01 | 2003-04. |
|----------------------------------|---------|---------|---------|---------|---------|----------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Agricultural and Allied Products | 44.3 | 31.7 | 30.7 | 19.4 | 14.0 | 11.8 |
| Ores and Minerals | 8.1 | 10.7 | 6.2 | 4.0 | 62.0 | 3.7 |
| Manufactured Goods | 45.3 | 50.3 | 55.8 | 72.9 | 79.0 | 76.0 |
| of which : | | | | | | |
| 1. Gems-Jewellery | 0.3 | 5.8 | 16.5 | 22.1 | 16.6 | 21.8 |
| 2. Machinery* | 7.5 | 25.6 | 22.1 | 16.3 | 19.8 | 24.8 |
| 3. Basic Chemicals# | 2.5 | 3.8 | 6.0 | 8.9 | 14.2 | 15.3 |
| 4. Readymade Garments | 0.3 | 3.8 | 14.7 | 16.9 | 15.9 | 12.5 |
| 5. Cotton Yarn-Fabrics | 22.3 | 18.4 | 10.9 | 8.8 | 10.0 | 6.8 |
| 6. Leather & its Products\$ | 9.7 | 10.4 | 10.4 | 11.0 | 5.7 | 4.4 |
| 7. Other Mfd.Goods@ | 57.4 | 32.2 | 19.5 | 16.0 | 17.8 | 14.4 |
| 8. All Manufacturing | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Other Exports | 2.3 | 7.3 | 7.3 | 3.1 | 5.0 | 5.6 |
| Total Exports | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Note* Includes machinery, transport and metal manufactures including iron and steel and computer software.

Includes plastics linoleum products

\$ Consists of leather and its manufactures including leather footwares-travel goods-garments.

@ Others include coir yarn and manufactures, jute manufactures including twist and yarn, and handicrafts.

Source : Government of India, Economic Survey 2004-05 . pp S 84 -S 86

Courtesy : Same as in Table 1 above.

that must not be overlooked is that on account of the structural transformation of our economy in the post-independence period, the tertiary sector has emerged as the major contributor to country's GDP. We are now engaged in the export as well as import of several items such as travel, transportation, insurance, government, not included elsewhere (G.n.i.e.), software services, invisible and miscellaneous other services. Though the expenditure involved in most items of exports and imports services seems to be rising in absolute terms, yet the steady share of export earnings due to software services deserves to be underlined in particular as shown in Table 3 below.

Table 3
Pattern of Level and Composition of Service-Exports/Imports in India's External Trade
2000-01 to 2004-05
(in US \$ Million)

| Item Description | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 |
|---------------------------|---------|---------|---------|---------|---------|
| 1 | 2 | 3 | 4 | 5 | 6 |
| A. Service Exports | | | | | |
| 1. Travel | 3168 | 3137 | 3312 | 4122 | 5029 |
| 2. Transportation | 1913 | 2161 | 2536 | 3260 | 5048 |
| 3. Insurance | 257 | 288 | 369 | 420 | 1016 |
| 4. G.n.i.e. | 657 | 516 | 293 | 282 | 403 |
| 5. Miscellaneous | 12875 | 11036 | 14253 | 16865 | 39830 |
| 6. Software Services | 6341 | 7556 | 9600 | 12200 | 17300 |
| 7. Total Services | 18870 | 17140 | 20763 | 24949 | 51326 |
| 8. Total Invisibles | 34786 | 36737 | 41925 | 52982 | 77500 |
| 9. 6) as a % of 7) | 33.6 | 44.1 | 46.2 | 48.9 | 33.7 |
| 10. 6) as a % of 8) | 18.2 | 20.6 | 22.9 | 23.0 | 22.3 |
| B. Service Imports | | | | | |
| 1. Travel | 2874 | 3014 | 3341 | 3511 | 5526 |
| 2. Transportation | 3170 | 3467 | 3372 | 2331 | 4539 |
| 3. Insurance | 122 | 280 | 350 | 363 | 722 |
| 4. G.n.i.e. | 341 | 283 | 228 | 212 | 261 |
| 5. Miscellaneous | 9885 | 6772 | 9929 | 11941 | 25648 |
| 6. Software Services | 591 | 672 | 737 | 450 | 674 |
| 7. Total Services | 16392 | 13816 | 17120 | 18358 | 36696 |
| 8. Total Invisibles | 24006 | 21763 | 24890 | 26967 | 45801 |
| 9. 6) as a % of 7) | 3.6 | 4.9 | 4.3 | 2.4 | 1.8 |
| 10. 6) as a % of 8) | 2.5 | 3.1 | 3.0 | 1.7 | 1.5 |

Source : 1. RBI, Reserve Bank of India Bulletin, September 2003, P. S- 827, for 2000-01.

1. RBI, Reserve Bank of India Bulletin, August 2005, P. S-706, for subsequent figures.

Courtesy : Same as in Table 1 above.

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And finally, what needs to be observed in respect of composition of imports from Table 4 below is that while the share of capital goods declined notably from 31.75 per cent in 1960-61 to just 13.29 per cent in 2003-04, the shares of import items like petroleum oil and lubricants, pearls and precious stones, worked/unworked, and chemical elements and compounds, on the other hand, have recorded a manifold rise during this period. Alongside, the net inflow of foreign investment (i.e. Foreign Direct Investment(FDI) and Foreign Institutional Investments(FIIs) has also witnessed important acceleration in terms of time horizon in more recent times.

Table 4
Pattern of Composition of Imports (Percentage Share)

| Import Description | 1960-61 | 1970-71 | 1980-81 | 1990-91 | 1995-96 | 2000-01 | 2003-04 |
|---|---------|---------|---------|---------|---------|---------|---------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 1. Petroleum Oil and Lubricants | 6.16 | 8.33 | 41.94 | 25.04 | 20.52 | 31.00 | 26.33 |
| 2. Pearls and Precious Stones, Worked/ Unworked | 0.08 | 1.53 | 3.32 | 8.65 | 5.74 | 9.60 | 9.12 |
| 3. Chemical Elements and Compounds | 3.48 | 4.16 | 2.85 | 5.30 | 0.77 | 0.67 | 6.0 |
| 4. Capital Goods | 31.75 | 24.70 | 15.22 | 24.23 | 23.06 | 11.00 | 13.29 |
| 5. Total (1+2+3+4) | 41.48 | 38.71 | 63.34 | 63.22 | 50.09 | 52.27 | 54.74 |

Source: Government of India, Economic Survey 2004-2005 pp. S 80 – S-82

Courtesy : Same as in Table 1 above.

All this suggests that the external trade sector of our economy has been experiencing important changes and getting increasingly globalized through its progressive integration with the world economy. In view of these changes, substantial research interest seems to have generated in both academic and policy-making circles in India in the wake of globalization. Broadly speaking, three important streams of thought are prevalent as regards the impact of globalization. Some researchers and policymakers believe that globalization necessarily implies progressive integration of our economy with most economies of the world, expansion of unrestricted free trade, growing mobility of factors of production, particularly capital and labour across different geographical regions envisaging thereby the equalization of factor and commodity market prices, faster diffusion of knowledge through increased communication amongst different regions, growing competition in national as well as global factor, commodity and money markets. The second viewpoint runs contrary to what has been observed above. Those opposed to the process of globalization are anti-capitalists, people with acute anti-corporation mindset who view globalization as the extension of capitalism across the world. Blaming it for anything and everything, they argue that in India, as in many other developing economies, globalization is at the expense of the socially and economically disadvantageous sections of the society. This viewpoint, in more precise terms, is thus skeptical about the ability of globalization to

deliver what has been observed in respect of the preceding viewpoint. Globalization, according to the latter set of research workers, is a process, which is being increasingly monopolized by multinational corporations and the likes of International Monetary Fund (IMF), the World Bank (IBRD) and the World Trade Organization (WTO). They view the ongoing process of globalization as the manifestation of the monopolization of power by large corporate entities, which mainly originate from the economically advanced countries of the world. In their opinion, the global expansion of the capitalist drive for profit seems to be endangering the environment, peoples' lives, local authority, bio-diversity as well as diversity of cultures. The net outcome, in their opinion, is that globalization has so far resulted into jobless growth (growth without new employment), ruthless growth (unequal growth with rich getting richer and the poor still poorer), rootless growth (material prosperity at the expense of cultural and social degeneration), and futureless growth (growth at the expense of environmental degradation).¹ In more precise terms, this approach is skeptical about the ability of globalization to do what has been observed in respect of the earlier viewpoint. In addition, there are some well-meaning academicians who believe that globalization offers its own share of opportunities, challenges and dilemmas. They conclude that policy-makers should pursue policies so as to capitalize on opportunities and effectively deal with the challenges. To put the record straight, opinion is thus somewhat sharply polarized regarding the impact of globalization, which indeed is one of the greatest issues of our times. As the ongoing process of globalization has lot many implications for us, and also for the posterity, a discussion of some of the critical issues assumes tremendous significance, both from the viewpoint of its academic worth as also from that of its implications for policymaking for the future. For this reason alone, the theme of our paper assumes utmost importance and, as such, merits a serious investigation. It endeavours to probe the issue of compatibility between globalization, economic growth, distributive justice and cultural aspect of our day-to-day life. In our considered opinion, a thorough understanding of this compatibility or otherwise becomes important for several reasons in the Indian context.

The discussion in the paper is spread over six sections. By tracing the origin of the process of globalization, Section I seeks to provide the necessary backdrop to the study. This is followed by our efforts to trace the evolving meaning of the term globalization in Section II. We also raise some of the critical issues in the context of globalization in this section. Section III endeavours to look at various arguments of the globalizers and anti-globalizers respectively in terms of its socio-economic and cultural implications. Thereafter, while Section IV focuses upon some of the central issues in the context of the emerging contemporary reality in India, an attempt has been made in Section V to outline some broad contours of a proposed strategy of socio-economic development for India, which, in our opinion, would cope with the emerging challenges of globalization. Finally, Section VI concludes our study.

SECTION-I

Globalization : From Past to Present

As observed earlier, we make an attempt in this section to trace the phenomenon of globalization in

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terms of its historical setting. It is not unimportant to observe at the very outset that though the term 'globalization' has become a catchword only in the more recent times, yet its origin dates back to the olden times. It has had a long history, and overtime, it has got itself organized and institutionalized in quite different ways, from the global empires of the nineteenth century to the present times when the world empires have yielded space to the freedom of the global market, laissez faire economies, and multinational capital. What nevertheless needs to be underlined in particular in respect of the current phase of globalization is its speed and this is what distinguishes it from its past guise. To put the record straight, what we wish to emphasize is that in its present incarnation, the process of globalization is much faster than its earlier counterparts. Historically speaking, it was basically the innate urge of 'vent for surplus',² which had been working as the propelling force behind the appearance of outward-looking tendencies. In more recent times, it was the mercantilist and political economy school³ of economic thought which seem to have unequivocally emphasized the possibility of the inflow of precious metals like gold and silver resulting from the excess of exports over imports. Subsequently, the classical school⁴ of economic thought furthered this argument through absolute and comparative cost advantages associated with free and expanded international trade. Treading along the same line of economic thinking, the exponents⁵ of globalization have, in more recent times, come to untiringly maintain that expanded international trade acts as an engine of economic growth in that it confers enormous static as well as dynamic gains on all the trading partners, regardless of whether they are large or small or alternatively rich or poor.⁶

From another perspective, the concept of globalization seems to have passed through several stages such as international trade, bilateral/multilateral trade agreements, regional common market, regional economic unions and finally acquiring its present guise i.e. globalization. It is not impertinent to observe that trade has continued to experience expansion in terms of human history, acquiring new and growing dimensions with the development of the means of transport and communication and other auxiliary activities such as banking, insurance etc. so much so that now it encompasses in its fold a wide variety of visible as well as invisible items. What needs to be underlined is that the process of innovations and discoveries has been discerned to be moving alongside the expansion of trade and industry.

Regardless of what has been observed above, it is, nevertheless, not unimportant to note in passing that the emergence of the focus on outward-looking tendencies in India in its pre-independence era was unambiguously understandable in view of the rapid penetration, rise and growth of capitalism in the wake of an ever-increasing imperialist stranglehold of the Indian economy by the then British masters. The recorded evidence amply suggests that the various policies and programmes, as propagated and implemented by the then foreign rulers were primarily aimed at plundering the indigenous Indian economy of its wealth in more ways than one. To put the record straight, these policies and programmes, in more precise terms, tended to perpetuate the rapacious colonial exploitation of the Indian economy by means of 'suction mechanism'.⁷ The net outcome was that the Indian economy was getting increasingly pushed into backwardness with the bulk of its masses finding themselves in a state of progressive landlessness, pauperization/extreme economic destitution, growing socio-economic inequalities, helplessness and above all hopelessness. That globalization did catch

the imagination of the masses in general at the grassroots level under these circumstances was, therefore, quite understandable. Globalization today is indeed the buzzword, which encompasses in its fold almost the entire world. It seems to be taking firm roots and making people across the globe realize that there are neither permanent friends nor permanent foes. Instead, what is permanent is only the economic interests and all-out efforts are, accordingly, required to be made in the pursuit of socio-economic-political and cultural emancipation while continuing to remain an integral part of the global community. 'Perform or perish' is therefore the only lesson to be remembered primarily because survival of the fittest is the name of the game underlying the evolving dispensation i.e. globalization.⁸

The preceding analysis should not be construed to mean that globalization is purely an economic phenomenon. On the contrary, the emerging evidence shows that rather than being so, it is evident in all the key manifestations of the modern life, viz., the economic, political, social, legal, cultural, military, and even the ecological. This however apart, what needs to be underlined in particular is that in its present guise, it seems to be characterized by four types of change.⁹ *In the first instance*, it involves an extension of social, economic, political and cultural activities across political frontiers, regions and even the continents. *Second*, it suggests the intensification, or the progressively growing degree of interconnectedness in terms of the flows of trade, investment, finance, migration, culture, etc. *Third*, the growing extensity and intensity of global interconnectedness can be linked to a speeding up of the global interactions and processes in the form of evolution of world-wide systems of transport and communication which, in turn, contribute significantly toward an increase in the velocity of the dissemination of ideas, goods, information, capital and people. *And finally*, the growing intensity and velocity of global interactions are associated with their deepening impact such that the effects of distant events can be highly significant elsewhere so much so that even the most local developments may come to entail enormous global consequences. In this sense, the physical boundaries between domestic matters and global affairs are increasingly getting blurred.

The Propellers of Globalization

A distinctive feature of the ongoing phase of globalization is that it is propelled by a confluence of several forces. *In the first instance*, in terms of economic shifts, it is visible in form of a natural tendency of capitalism to expand. This tendency has tended to become increasingly manifest in terms of the emergence of a strong urge on the part of business, both large and small, to growingly compete in the regional as well as global markets. *Second*, in terms of technological shifts, one can discern a movement towards post-industrial economies, and the informatics revolution greatly facilitates globalization in every domain from the economic to the criminal. *Third*, seen in terms of political shifts of the last two decades, one can appreciate that there has occurred dramatic shift away from state intervention to the market in that the growing thrust upon deregulation, privatization and economic liberalization continues to assume ever-increasing importance in the era of globalization with economies and societies (including our own) becoming more and more open to the world in the emerging global set up. *And finally*, there has taken place what has come to be known as important cultural shifts. It is strongly believed in some academic circles that culture today seems to be playing the

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central role in the ongoing process of globalization, and the latter creates the former in the same way as it enables trade and migration to occur. It is not impertinent to observe that fuelled by the above developments, an awareness seems to have grown among the national elites and many citizens' groups or social movements (such as the global environmental movement represented by, for example, Greenpace) that the fate of nations and communities is getting increasingly tied up with the socio-economic and cultural dynamics of global economy and the global environment.¹⁰

The foregoing discussion offers some important insights into the theme under consideration in that it deals with discovering the origin of globalization. Since we are already in the midst of globalization and its attendant realities, the question that assumes significance is whether or not the wisdom gathered from the past experience of ruthless economic exploitation of the Indian economy is of any consequence for the future? In other words, what are the socio-economic and cultural implications of a policy focusing on globalization in the emerging context for a developing economy such as ours? To put it more pithily, will globalization lead to an acceleration or sustenance of the economic growth and distributive justice in India? What are the real issues confronting a developing economy like India, which is overtime getting progressively integrated with the global economy? Will globalization respond to these issues more effectively than its counterpart i.e. closing up of the national economy? These and host of other such questions assume paramount importance at this juncture. These questions are indeed very intricate and debatable. Accordingly, it is very difficult to seek precise answers to these questions. The present paper attempts to locate plausible explanations to some of these questions.

SECTION - II

Meaning of Globalization

What, in precise terms, is the meaning of the term globalization? In this regard, it is important to note at the very outset of this section that the concept of globalization, as it has evolved over the years, has been ascribed various meanings and interpretations. Globalization means so many things to as many people. It is not surprising, therefore, that in the process the term under reference has experienced many distortions. Besides, the usage of the term has also generated more heat than light. Again, in the similar way, the rhetoric of the powers that be about globalization has also been at lot of variance than the observed reality in practice. This apart, in common parlance, the term 'globalization', as it had been used originally implied the abandoning or banishment of the inward-looking policies. In essence, however, it signifies, *inter alia*, economic internationalism. According to this meaning of the term, much of the deep-rooted socio-economic and other deprivations of our people could be attributed to the departure from outward- looking approach in economic life. An important implication which follows from this connotation of the term is that adherence to globalization would ensure that each economy, instead of becoming a self-supporting and self-contained unit, gets involved in the production and exchange of commodities with other economies in which these are not either producible or are producible only at an economically exorbitant cost. And yet, according to another meaning of the term globalization, it can be looked upon as a rule of life. Precisely expressed, the term 'globaliza-

tion' has its origin in the English language. It signifies that economy has to move beyond self and into the company of others. It signifies the movement of goods and trade, new technologies, people, disease, and even that of ideas. Lowering of the cost of transportation and communication, combined with trade liberalization which lies at the heart of globalization, have significantly introduced a plethora of fast-paced changes which, in turn, have resulted in the more rapid growth of the world in the present time than had occurred at any other juncture in the past.

For instance, viewed as a process of extending the market for the goods produced anywhere to sell them freely in any market across the globe, globalization refers to the growing sense of interconnectedness. Viewed from this standpoint, it can be labeled as a highly dynamic process, which seems to be driving the progressive integration of the national markets for goods, services and assets with markets elsewhere in rest of the world. As such, alongside its geographical extension, it has been impacting significantly the pace and pattern of production, consumption, work practices and even the evolving life styles in all parts of the world. It means that the economies of the world have become far more interdependent. The net outcome has been that with increased international economic interdependence in terms of greatly increased flow of exports, imports and foreign investment, the pace and pattern of production, spending and finance seem to be today comparatively less constrained by geographical frontiers than ever before. Globalization also refers to the ways in which developments in one region can rapidly come to have significant consequences for the security and well-being of the communities in quite distant regions of the globe. Again, globalization can be viewed as a process of reaffirmation of faith in the markets, without compromising on the independent character and interests of a country. In terms of its economic connotation, it implies an integration of national economies into the international economy through trade, direct foreign investment (by corporations and multinationals), short-term capital flows, international flow of workers and humanity generally, and flows of technology.¹¹

Regardless of what has been observed above, the afore-mentioned various meanings of the term globalization, in an economic sense, can be discerned in terms of two broad approaches. According to the first approach, the term implies drifting away from a state of closed economy with either very low or practically no level of exchange to an open economy with very high level of economic interlockings. The second approach considers the term to be all embracing in that it provides for the growing use of exogenous ideas, means, skilled workers, technocrats, scientists, etc. Needless to overemphasize, this latter approach focuses upon growing dependence of an economy on other economies of the world in one way or the other in matters that have important socio- economic, cultural, and political ramifications for the participating countries. What needs to be observed on close examination of these two approaches is that these do not seem to be characterized by the absence of considerable degree of overlapping. In essence, globalization might be considered as an anti-protectionist device, which does not discriminate against imported men, money and materials produced elsewhere or by others. Viewed from such a standpoint, it essentially means to grow together in the company of others.

SECTION - III

Why Globalization ?

An attempt has been made in the preceding sections to understand the evolving meaning of the term globalization and other important issues related to our theme in the present paper. Obviously, it enables us to gain some important insights into the theme under consideration. This section proposes to look, *inter alia*, into the arguments advanced by the globalizers and the anti-globalizers respectively in the Indian context. The protagonists of globalization advance several arguments in its favour. In particular, the following points merit special attention:

First, the advocates of globalization argue that the inward-looking approach implies economic nationalism or a movement towards a closed economy. It is emphatically reasoned that as a protectionist device, the pursuit of an inward-looking approach might prove to be counter-productive in the sense that it might draw retaliation. Furthermore, from the economic viewpoint also, growing isolation might, in all probability, lead to a situation of relative economic backwardness. And the consequences of operating with a relatively backward economy are not at all difficult to ascertain, particularly in the context of an economy such as ours. For instance, yield rates would remain below their potential level in the agricultural sector. The non-agricultural sector, particularly its manufacturing component, would also remain largely depressed. Under these circumstances, the inter-sectoral demand and supply linkages would remain at a low keel with the net result that the level of overall per capita income would also remain low. In essence, both the sectors of the economy would resemble one another in that they would use relatively more labour-intensive techniques, which in turn, depend for gains in productivity on the skills of individual workers. In more specific terms, growing in terms of autarky means sheer deprivation primarily because it means the sectoral as well as overall backwardness of the economy in various manifestations. Not only this, it also means that poor demand and supply inter-sectoral linkages have very serious implications not only for the present generation but also for the posterity. In view of the prevalent trade-off between employment promotion and output/saving maximization, the argument in favour of inward-looking approach does not seem to be tenable either from the viewpoint of the present or from that of the future. On the other hand, globalization implies economic internationalism or a movement beyond self or towards others. As a non-protectionist device, it might prove to be conducive for the economic well-being of the global community in that it would lead to international division of labour and specialization and hence to Pareto-optimal¹² allocation of global resources, maximization of global output at minimum cost to the and thus generation of more gainful avenues of employment. In support of this contention, it has come to be growingly maintained that the theoretical as well as empirical evidence amply demonstrates that economies with outward-looking orientation register much higher rates of growth in comparison with such economies as are characterized by inward-looking orientation. Indian economy, from this standpoint, is bound to reap immense economic gains with the process of globalization catching up overtime.

Second, historical growth experience of several countries is indicative of the fact that the pursuit of outward-looking strategy leads to rapid structural economic transformation of the economy from a

predominantly agricultural to a predominantly non-agricultural one. The growth and transformation of an industrial economy, *inter alia*, is conditioned to a considerable extent by the spatially mobile population which can sell its skill, labour and products as well as which can have access to relatively cheap sources of raw material in the ever-expanding national and global markets. Globalizers emphatically maintain that globalization and globalization alone promises all this to happen for India in an era of fast-paced changes taking place across the world today. Thus the perceived relationship between the emergence of modern nations and industrialization also does not seem to be holding its ground in respect of an economy characterized by inward-looking orientation.

Third, terming the arguments advanced by the adversaries of globalization as facetious on several possible grounds, some well-meaning adherents of globalization view the ongoing undercurrents of globalization to be the most potent process for ushering in social welfare and economic prosperity. Claiming that their respective analyses are based on sound economic principles rather than on inflamed rhetoric, the pro-globalizers view globalization to be the most potent force for the betterment of the global society in that it tends to alleviate many of the problems it is usually blamed for. Contrary to commonly perceived allegations, they opine, it exerts enormous beneficial effects on a panoply of social issues including poverty, child labour, women's empowerment, democracy, wage and labour standards, and the environments.¹³ Since such issues are of critical importance in the Indian context, we must therefore not shy away from an outward-looking approach. Furthermore, it has also been pointed out that by focusing so much on purported evils of globalization, the opportunity to focus on accelerating its achievements while coping with its downsides is getting missed.¹⁴

Fourth, the case for globalization is argued from another viewpoint as well. It is observed that the evolving multi-lateral agricultural trade liberalization would bestow enormous multiple aggregate gains on India in terms of poverty alleviation, employment generation etc. in an overall sense. In support of this viewpoint, it is being argued that the ensuing policy changes are expected to shift resources from capital-intensive sectors and sub-sectors towards unskilled-labour intensive agriculture. This, in turn, would lead to a larger increase in the wages of unskilled labour in relation to the prices of other factors of production in the evolving global economic set up. As a consequence, the poorest amongst the unskilled labour households would experience the greatest percentage increase in their incomes. This process, by tilting the distribution of the gains in favour of those households which are located at the lower rung of the socio-economic ladder, would tend to mollify the severity of income distribution. In other words, if the percentage increase in the incomes of the poorest household is many times more than the average percentage increase in income for the economy as a whole, the case for globalization becomes well founded. This seems to be particularly so for India as it continues to have huge multitude of people working in its agriculture sector at abysmally low wages in the countryside, especially in areas characterized by feudal and semi-feudal stranglehold.

Fifth, as a contributor to the process of economic growth, globalization has come to be viewed as a force that has unleashed an unprecedented and unparalleled growth of productivity. Viewed from this standpoint, it has, the globalizers contend, the potential to create material as well as non-material abundance unimaginable in any earlier epoch of history.¹⁵ It is not impertinent to observe that distributive justice has over the period of time come to be widely perceived as the egalitarian distribution

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of income, wealth and emerging opportunities among the various segments of the society. In other words, it also connotes improved access to goods and services such as food and clean water, shelter, healthcare, education and basic security, so on and so forth for the growing multitude of people. India, with a sizeable chunk of the global population, must not remain, the globalizers argue, bereft of this potential material as well as non-material abundance as is perceived to occur due to the undercurrents of ongoing process of globalization. These variables, it scarcely needs to be overemphasized, are critically important from the viewpoint of the future growth of our economy.

Sixth, it is also argued that the adoption of inward-looking policies tends to reduce the quantity of imports as well as exports, both in terms of their volumes and values respectively. As a consequence, the volume of foreign trade experiences a decline. This fall in the volume of total foreign trade owing to the adoption of an inward-looking approach is the reason that globalizers almost always oppose this approach. As against this, globalization, in their opinion, promotes international trade and bestows enormous gains on a developing economy such as ours by enabling it to specialize in the production of commodities in which it has come to enjoy a sort of comparative cost advantage and also at the same time enabling it to improve its access to a greater variety of goods and services produced by its trading partners in the emerging multilateral trade dispensation. There is no denying the fact that the pursuit of inward-looking policies is bound to diminish these gains from trade even though the possibility of certain groups' benefiting from such policies disproportionately cannot be ruled out altogether. For instance, while the imposition of a ban on the import of a particular product does help its domestic producers, on an average the society is bound to become worse-off when the volume of international trade gets adversely impacted by way of implementation of such policies. This, it is argued, holds true in respect of India, as much as it does elsewhere.

And finally, it is pointed out that with the objective of protecting its domestic firms from foreign competition, the country had been pursuing an inward-looking policy with increased thrust on import substitution up until the close of 1970s. The tariff and non-tariff barriers, in vogue during that time, principally aimed at providing a high level of protection to domestic firms. This, in turn, severely impeded the access of the Indian market to foreign goods. In contrast to this, following an important paradigm shift in mid-1991, however, our economy has tended to move on the path of trade liberalization. While the policy measures introduced in the initial stages of the paradigm shift did not bear the desired fruit, as the emerging situation seemed to be both static and gloomy; in the later stage, however, two important trends have been discernible on this count in India in the post-1991 period. First, the volumes of exports and imports have started growing, *albeit slowly*. And second, Indian firms have tended to forge forward and backward linkages with foreign firms in several possible ways. These linkages are expected to play a critical role in the envisaged process of socio-economic and cultural modernization of our economy in the decades to come.

And Why Not ?

The afore-mentioned arguments in favour of globalization, regardless of their multi-dimensional plausibility, do offer only a partial treatment of globalization in that these are at best one sided. In order

to have an objective assessment of the impact of globalization on correlates of socio-economic and cultural modernization in India, it is necessary, nay imperative, to look at the other side. With this consideration in mind, we now turn our attention to its other side in the remainder part of this section. In this regard, it is not unimportant to observe that in the wake of globalization, heated social debates have taken place about the morality of child labour, body parts, reproductive services, diamonds which fuel bloody civil wars, sex, weapons, life saving medicines, and addictive drugs. It is being observed that with the growing use of unprecedented and fast- changing technological advances in the wake of globalization, the criminals, particularly those belonging to the white collar category, have come to acquire a dangerous ability to cause damage on a scale hitherto unknown to the mankind. The emergence, existence and persistence of the various forms of obnoxious markets¹⁶ such as trade in arms and hard drugs, toxic waste, child labour, child prostitution,¹⁷ and body parts have tended to assume alarming proportions, and as such, pose a huge challenge for the authorities. What essentially needs to be underlined in this regard is that each obnoxious market is obnoxious in its own way. The anti-globalization stance of those opposed to globalization is based upon equally forceful and cogent arguments. A cursory look at the following arguments enables us to put this viewpoint in its proper perspective:

First, it is contended that with the inception of the process of socio-economic modernization in India in 1951 through the launching of the First Five Year Plan, the country had started on a wisely chosen path. The pursuit of this path has, over the period of time, led to a feeling of over-dependence on foreign aid and investment. As a consequence, lack of confidence seems to have developed in India in its own-self or its capabilities over the years. To substantiate this argument, it is forcefully pointed out that going in for globalization implies rapid penetration, rise and growth of world capitalism as also the ever-increasing imperialist stranglehold of our economy. The various policies and programmes and the other developments which accompany the process of globalization in various manifestations tend to unleash and perpetuate the rapacious, all round exploitation of economies such as ours and eventually culminate into ever-growing proletarianization of the masses, extreme economic destitution, widening inter-personal and inter-regional socio-economic chasm, helplessness and above all hopelessness. It is pointed out that excessive dependence on foreign trade is capable of creating highly volatile economic situation. To support this viewpoint, it is maintained more often than not that the evidence emanating from South Asian countries, in more recent years, bears ample testimony that outward-looking approach is capable of triggering a highly volatile economic situation. It also suggests that the shock waves created by excessive dependence on foreign aid/investment or foreign markets are capable of producing a situation, which might ultimately prove to be highly detrimental to the national economic interests. In view of the evidence emanating in the recent past from the erstwhile Asian tigers, the fact that it is capable of making one what it desires, and also as and when it chooses to do so i.e. at times 'tigers' and at others, only 'frogs' cannot be glossed over.¹⁸ Moreover, the excessive dependence on foreign aid/investment or foreign markets, according to the supporters of inward-looking approach, might work against the national economic interests. It is also sometimes opined that going in for outward-looking approach necessarily implies lack of confidence in one's own capabilities. And given the economic might of gigantic multinational corporations

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(MNCs) involved in international trade today, this does not rule out the possibility of their undue meddling into the domestic affairs of our economy by exerting pressure on the governments of the native countries.

Second, the economic ideologues championing inward-looking approach emphatically argue that widespread socio-economic and cultural destitution in India, as elsewhere, is largely the outcome of the secularly worsening terms of trade – an important observation underlying the well-known Prebisch-Singer¹⁹ and Myrdal's²⁰ theses. When the regimented policy of the government has proved to be ineffective to arrest the incessant occurrence of such a phenomenon, there is no guarantee that such a trend would get reversed on account of the implementation of the outward-looking approach. Rather, the possibility is that going in for the outward-looking approach might eventually rob India further on this count.

Third, it is being argued that Indian economy is characterized by important regional imbalances in the matter of economic growth. In view of this, going in for globalization or abandoning of the inward-looking approach under these conditions necessarily means further accentuating the problem of these regional disparities in the sense that resources (men, money and materials) would tend to move into the areas of high economic growth from such areas where economic growth has remained largely elusive.²¹ This process, in turn, would create problems of its own, both in areas of inflow and outflow of these resources, culminating thereby into a situation of ever-accentuating geographical dualism.²² In more precise terms, the apprehension is that in the wake of globalization, the socio-economic and cultural chasm between the areas of inflow and outflow of these resources within India would widen. Since inward-looking approach, on the other hand, means decentralization of economic structure, it would, therefore, prove to be an effective check on such tendencies.

Fourth, the anti-globalizers also argue that a sizeable chunk of our population in India continues to experience reeling poverty. In view of this, it is the fulfillment of the subsistence needs of the teeming hungry millions in the endless multitude of our villages which must necessarily get precedence over the imported comfort and luxury for the upper and privileged sections of the Indian society. Viewed from this angle, globalization is hardly the utopian programme for the development of the rural masses in the Indian countryside in that it is expected to jeopardize the much sought after grassroots level socio-economic and cultural transformation of the village economy. In sharp contrast to this, inward-looking approach is perceived to be an ideal programme for the development of the masses in the Indian countryside in that it is expected to help in refurbishing the self-sufficiency of the village economy.²³

Fifth, it is being argued that historically speaking modern nations have emerged because of industrialization. As inward-looking approach would promote indigenous industrialization, it would, in this way, also effectively contribute to the process of growth of Indian nationalism.

Sixth, the anti-globalizers allege that globalization of finance, production, and trade ensures that a crisis in one economy gets speedily transmitted to others. While, the benefits of globalization are likely to accrue to a relatively small proportion of our population, the deprivations and social exclusion for a vast majority of our people are likely to experience unabated acceleration overtime. What must not necessarily be overlooked, in their opinion, is that globalization is a process with a highly uneven

outcome, primarily because some have greater resources than others to exploit the emerging opportunities. On account of this, globalization is bound to result in clear winners and losers, not just between countries but also within and across them. For the most affluent and fortunate in India, who otherwise constitute a small proportion of our population, it may undoubtedly entail a shrinking world in terms of jet travel, global TV, and the worldwide Web; for the vast majority of our people, on the other hand, it tends to be associated with a profound sense of disempowerment as their fate might get sealed by deliberations and decision-making in chancelleries, boardrooms, and bureaucracies thousands of miles away.²⁴ In support of this contention, it is emphatically argued that the poor people in India, as elsewhere, do not directly sit across the table when it comes to deciding key issues impacting them. In view of this, it is not surprising therefore that the benefits of globalization will not necessarily get equitably shared by all. The phenomenon of asymmetries of information and opportunity and the resultant global inequalities is bound to penetrate within the developing world sooner or later with India being no exception to this effect. From the development point of view in the twenty-first century perhaps the most significant trends of change, originating from the restructuring of capitalism as has apparently taken place in the last phase of the continuing struggle to manage the contradictions of the self-regulated market economy, have to do with the accentuation of the unevenness of economic and social development. In the Indian context in particular, this is already getting amply reflected in the form of burgeoning inter-personal and inter-regional disparities owing to the ongoing unabated onslaught of the process of progressive marginalization of the peasantry in general and other deprived sections of the Indian society in terms of indicators of social, economic and cultural importance. For example, the persistence of chasm in the distribution of wealth and in terms of access to public utilities like education, healthcare, safe drinking water, etc is perhaps one of the greatest problems that must engage our attention at the moment.

Seventh, the employment performance record of the past one and a half decades, in the opinion of the anti-globalizers, has been anything but encouraging from the standpoint of the Indian economy. As observed above, globalization seems to have accelerated the process of proletarianization of labour. The problem of unemployment, casualization, lower wages, part-time jobs, less or no security in jobs, has tended to accentuate. It has importantly contributed to the process of casualization of the Indian workforce and informalization of our economy. It gets amply demonstrated by the fact that the proportion of casual workers, which was noted by the NSSO to be 28.88 per cent in 1983, has increased to 32.75 per cent in 1999-2000. Furthermore, the index of casualization, which shows the number of casual wage earners for every 100 regular salaried employes, has also gone up from 209 in 1983 to 224 in 1999-2000.²⁵ At the same time, the organized sector has not succeeded in generating enough employment opportunities for the growing mass of casual workers. This suggests that more and more of our workers have got pushed into the unorganized sector in the wake of global integration of our economy. That the globalizing process of the Indian economy has significantly contributed toward the worsening unemployment situation in the country becomes sufficiently clear from the fact that the rate of growth of employment which was of the order of 2.06 per cent per year during the 1983/1993-94 period declined to a low level of 1.02 per cent during the period 1993-94/1999-2000.²⁶ This was largely a consequence of a steep decline in the annual growth rate of employment (i.e. from 1.39 per

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cent in 1983/1993-94 to 0.05 per cent in 1993-94/1999-2000) in agriculture, which absorbed about a little less than the three-fifth of the total working population as also that of a sharp decline in community, social and personal services to 0.21 per cent during 1993-94/1999-2000 as against 3.69 per cent during the earlier period of 1983/1993-94.²⁷ The neglect of agriculture in terms of decline in public sector investment and shedding off the load of excess employment in the public sector by imposing a continuous ban on recruitment and not filling up the positions vacated by the retirement of public sector employees have obviously been the major factors contributing to such deleterious tendencies in our economy is what the anti-globalizers emphasize.

And finally, ethos, value system, ethics, morality, tolerance and social harmony across different ethnic groups underlie the base of any community. Education is considered to be an important engine of transformation. In the wake of globalization, various cultural parameters are experiencing rapid transformation.²⁸ After all, culture is all about the way people live and die in a particular socio-economic context. In this respect, globalization has affected indigenous culture both positively and negatively. For instance, on the positive side, the ongoing process has been accompanied by a lot of awareness and awakenings. Thanks to the multi-media networking, there are lot many developments taking place rapidly in the area of information technologies which are getting assimilated progressively. As against this, on the negative side, while value system underlying the Indian society is experiencing considerable erosion, morality and ethics are also getting increasingly marginalized. Under the onslaught of Western media, the Indian society is becoming increasingly Westernized and as such experiencing important changes. The gap between dos and don'ts, which underlay the socio-cultural fabric of the Indian society in yesteryears, is now becoming rapidly a matter of a bygone era. A number of disturbing trends and tendencies have been visible over time in the Indian society. For instance, crime graph in the society, particularly against the women and the children, is rising. Likewise, the number of child sex-workers in India is currently estimated to be over one crore. Again, nearly 10 crore Indians are reported to be suffering from diabetes and another 10 crore are estimated to be the borderline cases on this count.²⁹ Thus about one-fifth of the country's population is presently affected by this terrific disease. It is being pointed out that in the times to come, diabetes, stress and obesity are the biggest enemies, which Indians would confront. Again, HIV/AIDS alone seem to have impacted adversely the life of about 5.5 million people in India.³⁰ Thanks to the growing hybridization of the indigenous Indian culture, the institution of marriage is fast losing its relevance. The number of divorce cases are on the rise and more and more families are breaking up. While the work culture, particularly in the public sector, is getting a beating, corruption has been witnessing a meteoric rise. The latest United Nations Development Programme Report (2005) shows India in a very precarious situation. India is said to be ranking at number 127³¹ among a total of 174 countries in terms of Human Development Index which takes into account 3 broad indicators, namely (a) *Life Expectancy*, (b) *Educational Attainment [(i.e. Adult Literacy Rate) with a weight of 2/3 and Combined(Primary+ Secondary+ Tertiary) Enrolment Ratio with a weight of 1/3]*, and (c) *Adjusted Real GDP per capita*.³²

In sum, the gist of the afore-mentioned arguments is that going in for the outward- looking approach, i.e. growing in the company of others is no panacea for the various socio-economic and

other ills presently afflicting the Indian economy. Regardless of the benefits associated with the ongoing process of globalization, it is being increasingly realized that it is bound to make us bereft of our inner strengths and impulses for accelerated economic growth which otherwise are imperatively needed for the smooth functioning of our economy on a higher trajectory of economic growth. It might, on the other hand, create a situation in which realization of self-aggrandizement of a privileged few might take precedence over the welfare of the society as a whole with all its deleterious consequences. It might also certainly not help in the attainment of self-reliance for the economy of the country. It is being maintained that globalization is a ploy of the economically advanced economies and, as such, primarily aims at plundering the economies of the third world countries including our own through the operation of suction mechanism.

SECTION-IV

The Ongoing Developments, The Likely Fallout And The Challenges Ahead

Our aim in this section is to take note of the ongoing developments, their likely fallout on the various sectors of the Indian economy as also of the emerging challenges in the wake of globalization. Such an effort, in our opinion, would enable us to outline a meaningful strategy to cope with such challenges on a lasting basis.

To begin with, it is pertinent to observe that the Indian economy consists of three broad components, viz., the Primary (agricultural) sector, the Secondary (manufacturing) sector, and the Tertiary (Services) sector. Two plausible explanations seem to have been advanced regarding the favourable impact of globalization on the agricultural sector. *In the first instance*, it is being maintained by the advocates of globalization that in view of the fact that agricultural trade intensity ratio³³ has, in more recent times, experienced acceleration for most of the developing economies including India, the farm sector in India would reap substantial economic gains as a result of the shift in focus from the primary agri-products' exports to value-added processed agro-products' exports. In view of this, it is emphatically observed that what is imperatively required to be put in place is the upgradation of agri-production systems, conforming to consumer defined quality systems, strengthening of the backward and forward linkages and development of appropriate infrastructure support systems. Furthermore, it is pointed out that if the structural shifts in agri-trade were also taken into account, the potential threats to our domestic agricultural interest would tend to persist even in the absence of Free Trade Areas. As regards the prevailing anxiety about the adverse fallout of Free Trade Areas on agriculture, which according to the pro-globalizers is definitely shortsighted, what in their opinion should not to be glossed over is that India enjoys a diverse production structure. Owing to this, the trade gains/losses will tend to spread extensively across various crops/sectors/regions, especially if these are measured in terms of trade volumes. The potential benefits, according to this line of reasoning, are therefore required to be seen in terms of growing investment opportunities, market size benefits, scale economies across sectors, including in the case of agriculture. Furthermore, if India were part of a larger group of Asian countries, the concern on food security and appropriate safeguards would be feasible. The trade clout that a larger Asian group can command would definitely be similar to that of

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the European Union and the United States of America. Such an effort, according to this viewpoint, is hoped to provide India the necessary wherewithal to acquire greater negotiating power in meeting both its long- and short-term developmental needs. *And second*, it has come to be argued by the globalizers that although the impact of globalization on overall socio-economic deprivation cannot be fully assessed, yet on the basis of the prevailing grassroots level evidence on this count, it can be safely maintained in respect of India's farm sector that there exists significant gap in the earnings of the skilled and unskilled labour. And in view of the fact that India's most abundant factor apparently continues to be unskilled labour located mostly in the interior of its countryside, it is quite reasonable to observe that the removal of trade restrictions would enable this segment of the workforce to experience rapid improvement in their wage earnings and living levels.

In sharp contrast to what has been observed above, the anti-globalizers point out that integration of the domestic farm sector with the world economy would inevitably have disastrous consequences for our economy in general and its agricultural sector in particular. In support of this viewpoint, it is argued that setting up of a growing number of Free Trade Areas is a matter of serious concern in the absence of grant of adequate protection for the agricultural sector as is purportedly being talked about. The implementation of this measure on an extensive scale, it is being interpreted in some well-meaning academic circles, would jeopardize the food security of our country. It is further observed that while the country needs to formulate and pursue policies that provide favourable conditions to small and marginal farmers, the policy translated in actual practice, on the other hand, seems to be considerably drifting away from this basic objective. The recent evidence shows that while the government has been significantly slow in the matter of procurement of foodgrains, the private grain operators in the Indian market, in contrast, have tended to directly approach the farmers to shore up their wheat stocks. The net outcome on this count has been that while the storages of the latter seem to be getting filled-up to the brim, those belonging to the government, on the other hand, regardless of their importance from the viewpoint of nation's food security, seem to be emptying rapidly. In view of this, there is every reason to believe that in the absence of sufficient buffer stocks of foodgrains, the functioning of the Public Distribution System in general and that of the Below Poverty Line schemes in particular would get adversely affected. The problem on this count, in the opinion of those opposed to globalization, seems to be becoming somewhat more precarious mainly because the growth in agriculture has, in the more recent times, declined to an average of 2 per cent, ending with even below 1.0 per cent in 2004-05.³⁴ It scarcely needs to be overemphasized that agriculture continues to be the prime sector of our economy in that aside from contributing to the tune of about 20 per cent to its Gross Domestic Product, it continues to support roughly three-fifth of its working population by way of being the biggest full and partial job provider. Notwithstanding the metamorphic growth of the agricultural sector during the heydays of Green Revolution for a while, the living conditions for vast majority of masses in the Indian countryside continue to be simply deplorable. The latest available estimates reveal that about 260 million³⁵ Indians are still persisting below the poverty line with a preponderant majority of them being located in the rural areas. Moreover, in the absence of adequate budgetary allocations, the efforts toward a Second Green Revolution with a focus on the rain-fed agriculture and in consonance with the needs of the small and marginal farmers are bound to remain at

best only a distant dream. The logic behind Free Trade Areas constrains the government not to extend a helping hand to the vulnerable sections of the Indian people who are, with the onset of the process of globalization, getting progressively marginalized. The domestic agricultural sector is badly in need of a policy framework that rejuvenates the natural resource base of our economy and also, at the same time, provides sustainable livelihood to our people in general. *And second*, pro-globalization stance is being increasingly contested on the ground that the expectation concerning the favourable impact of globalization on the agricultural economy of the country may not materialize owing to the reason that on account of the high degree of protection given to the Indian industries as had been making intensive use of unskilled manpower in the pre-reform period, there remains the possibility that these workers might eventually turn out to be the worst sufferers due to the possibility of their getting adversely affected by the removal of trade barriers. As a consequence, the possibility remains that the ongoing process of reforms in the wake of globalization, far from being beneficial to the unskilled workers, might actually make them worse-off. The reasoning underlying this type of thinking is that the main factor contributing to the widening of the earning gap can be found located into skill-biased technical change. Since a vast majority of our working population continues to be characterized by low levels of skills it is not surprising therefore that this segment of our workforce is bound to suffer from acute economic deprivation as it continues to be trapped at or around the low level of equilibrium³⁶ in terms of low income and spending levels. In an overall sense, these concerns suggest that in the absence of serious efforts towards upgrading the skills of our working rural population, the process of globalization-led economic modernization is bound to lead to a rise in income disparities among wage earners of different skills. This obviously has lot many social and economic repercussions for our countryside economy and its people.

For these reasons perhaps, it has come to be increasingly demanded at the various WTO Ministerial Meetings that agriculture subsidies need to be reduced significantly in the rich countries. The situation prevailing at the grassroots level clearly suggests that the domestic farmers in India will be adversely affected if farm subsidies are reduced in the country after their nominal reduction in Western countries. Protection to the farm sector, the anti-globalizers argue, cannot and should not be withdrawn at any cost. At the same time, what must, however, needs to be underlined is that under the emerging dispensation, it might not be possible to persist for long with the erstwhile set of policies which seemed to be relying largely on inward-looking approach. The policy changes, which have been in vogue thus far in the wake of economic reforms and the ones envisaged to be introduced over the years to come, are bound to have a very deleterious impact on agricultural output, employment and trade. There is no denying the fact that the ongoing policy changes might be important from the viewpoint of India's integration with the global economy, but what is being apprehended and perhaps not without reason is that these changes, in the absence of the introduction of appropriate safety nets, are bound to spell doom for the country's rural agricultural economy. As pointed out earlier, these changes might promise handsome gains for a few, they certainly make an ominous news for small and marginal farmers who undeniably account for an overwhelmingly high proportion of the peasantry in the Indian countryside. It is quite likely that as a consequence of the large scale dumping of agricultural commodities in the Indian markets, the prices of these commodities experience a significant decline. This, coupled with the rising cost of cultivation, would undoubtedly affect the economic

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fortunes of the vulnerable segments of the Indian peasantry, particularly the small and marginal farmers, very deeply and adversely. Interest repayment liabilities of this segment of the peasantry are also bound to grow significantly over time presumably because an overwhelming majority of borrowers with small holdings borrow money from the commission agents and other informal sources who, it is alleged, charge exorbitant rates of interest on these loans raised from them. Furthermore, over a period of time, government support prices for the main staple crops are bound to lose their sheen and the subsidies and other public sector investments to this sector cut appreciably. Although tall claims are being made by the powers that be regarding the formulation and implementation of anti-poverty programmes that focus primarily on the building and refurbishing of rural infrastructure to provide safety nets to the poor, the existing safety nets are likely to witness significant pressure to deal specifically with external shocks to agriculture. In all probability, what is likely to happen is that some better-off farmers might emerge as successful entrepreneurs while many others may lag behind or even abandon the cultivation of their lands. This, in turn, is bound to accelerate the ongoing process of social-economic differentiation and proletarianization in the Indian countryside. In our opinion, while the successful farm entrepreneurs would be the ones who either own or/and operate large holdings, or can have larger access to credit and irrigation facilities, the small and marginal farmers, at the other end of the spectrum, are bound to get no support from the state. It is this very strata of the Indian peasantry which, in our opinion, would progressively find it exceedingly difficult to modernize and diversify their economic base because of their having had only a limited access to investible funds and institutional services. In such a situation therefore the apprehensions that liberalizing agricultural trade would very significantly disrupt the rural labour market in the country are not altogether completely unfounded. It is being vehemently argued that withdrawing of the currently available farm supports and permitting thereby free dumping of foreign farm goods in the Indian markets would wreak havoc on the growth of our farm sector in the emerging scenario. And in such an eventuality, many of the farm workers in the Indian countryside would be left with no alternative except perhaps of migrating to the urban areas in search of more gainful sources of supplementary employment and earnings. It is a different matter, however, that in the wake of ongoing process of the global integration of the Indian economy, such tendencies have at best led to the compounding of the problems of socio-economic deprivation in these areas.

In respect of the secondary sector, the votaries of globalization have come to argue that there exist enormous growth opportunities for this sector. In support of this contention, it is argued that Indian firms would benefit immensely by way of collaborations, tie-ups, mergers, takeovers, etc. with the foreign firms. This would set into motion the process of division of labour and specialization, which in turn, would improve the competitiveness of the indigenous Indian firms. Moreover, there exists ample scope for the Indian indigenous firms to penetrate into the rural areas. This would certainly give a fillip to these firms in tapping the hitherto untapped market. Such a development, it is argued, would contribute toward acceleration of output and employment and hence to a wide variety of goods for the Indian consumers. Moreover, the foreign trade of the country is also bound to witness acceleration both in terms of value and volume and bring enormous economic gains for the industrial sector in diverse set of manifestations.

Terming this as only a wishful thinking of the pro-globalizers, the anti-globalizers maintain that if the past experience is any indication, the relationship between the foreign and domestic Indian industry is not as complementary as it is thought to be. The experience tells us that the relationship is rather competitive. Foreign capital is highly exploitative. Moreover, how can pigmy Indian firms withstand the onslaught of giant foreign firms? Globalization, according to these people, is bound to spell doom for the Indian industry. Furthermore, as in the case of agricultural sector, in the manufacturing sector also, the policy changes, it is feared, might culminate into a situation characterized by a decline in the availability of employment due to the introduction of productivity enhancing techniques which would tend to become progressively more capital intensive. Moreover, it is quite likely that as a result of rationalization more and more production would get shifted to the technologically competitive areas. This, in turn, would inevitably culminate into a noticeable decline in terms of productive employment and economic well-being of the people. It scarcely needs to be overemphasized that the Indian manufacturing sector, which has for most of the post-independence period, thus far remained largely dependent on relatively low-skilled labour, might not be in a position to withstand the onslaught of the giant Transnational Corporations (TNCs). The dumping of foreign goods by these corporations in the Indian market under these circumstances does not seem to augur well for the Indian industry in terms of its income, output and employment repercussions.

In the tertiary sector, India seems to be enjoying an edge over its competitors at the moment, particularly in terms of supply of trained doctors, software engineers, technocrats, etc. In fact, the structural economic transformation, as has been witnessed in the country during the course of its post-independence growth experience has tilted the scales in favour of the tertiary sector to the detriment of the secondary sector in terms of sectoral composition of our national income. This gets amply evidenced by the fact that even though the Britishers are credited to have introduced railways in India sometimes in the middle of 19th century when India was a colony of the British Empire, same in the source country are now being managed to a notable extent by engineers having direct and indirect Indian ties. Again, while more than 20,000 Indians are said to be in employment in Tokyo alone in Japan, several thousand of them are also presently engaged in diverse set of highly remunerative activities in each of the countries like Canada, USA, Australia and other economically advanced economies of OECD.³⁷ The pro-globalizers maintain that this process is bound to catch-up further with more and more opening up of the Indian economy. This would contribute to the kitty of foreign remittances and usher in a parallel process of socio economic modernization in the country. To counter this argument, the adversaries of globalization maintain that the growth of the tertiary sector does not represent real growth. The bubble of this growth is bound to burst sooner or latter primarily because the countries, which are trailing close behind us, will sooner or later usurp the advantage. Since the secondary sector in the country is not fairly well developed, the advantage that we gloat over is bound to be shortlived. Within the country, the services, particularly the public utilities are witnessing growing pressure. Under these circumstances, it is too much to expect that tertiary sector driven growth is expected to boom or will be sustainable.

In the light of the above, the devising of the appropriate mechanisms concerning the expansion of trade, fast-paced technological upgradation, increased flow of foreign investment, expansion of general and technical facilities, effective population control, the multifarious development of the

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laggard areas as have hitherto remained untouched by the past as well as ongoing process of socio-economic modernization along with the provision of progressively increasing gainful employment opportunities for the numerically growing workforce, and control of environmental degradation are the major challenges which the Indian planners and policymakers, in our opinion, would be required to cope with in the emerging scenario of the 21st century. It is not unimportant to note in this regard that while the acceleration of economic growth and its sustainability over time for purposes of meeting the growing and diverse human needs would be of critical significance, yet the type of economic growth and the removal of a wide variety of socio-economic deprivations as is being sought to be realized presently through sheer adhoc measures³⁸ does not seem to offer a lasting solution in this regard in the emerging scenario. To put the record straight, as of now the country does not have adequate safety mechanisms to equip the poor people sufficiently to grapple with the emerging challenges. Also, it appears that public spending targeted to help the poor might contract significantly because adequate safety nets for this section of the society do not presently seem to be a part of the emerging agenda. As such, most fears about the ill effects of the ongoing process of globalization, whether judged in terms of employment generation or the level of earnings of the poor, remain unattended to. These fears, it needs to be underlined in particular, can by no means be brushed aside as wishful thinking. In view of such eventualities, it is not unlikely that the ongoing efforts might not help either in the acceleration of economic growth or in its sustenance overtime in the emerging scenario. Accordingly, bringing of economically gainful opportunities to the population living in the relatively more disadvantaged regions or working in the laggard sectors of the economy continues to remain one of the most formidable tasks for the planners and the policymakers of the country.

SECTION - V

The Proposed Strategy

The preceding two sections form the core of our analysis. While the first of these two sections offers some meaningful insights into the arguments advanced by the pro- and the anti-globalizers; the section that follows thereafter helps us in identifying the major challenges and the core issues that are of central importance in the emerging scenario. On balance, it has been observed that although the ongoing process of globalization has several important socio-economic and cultural implications; left to itself, however, it scarcely is the panacea for the various socio-economic ills currently afflicting the masses in India. What then, under the prevailing circumstances, is the way out of the morass as described above ? In plain and precise terms, any strategy of development in India must necessarily encompass in its fold three key components, viz., acceleration of economic growth, generation of gainful employment and ever-improving human development. We must not overlook an important fact that while low productivity and low levels of unemployment can co-exist side by side in the event of peoples' realization that their standards of living were not going to experience any appreciable improvement; growth as symbolized by rising productivity, high level of employment and improving living standards, on the other hand, also tend to move together and, as such, co-exist side by side. Likewise, what must not necessarily be overlooked is the fact that if the economy pays its workforce in excess of what actually it can afford, then rising productivity and high unemployment are also not

incompatible. For instance, in an economy the workforce's exerting pressures and succeeding in getting short-term rewards in the absence of their justification in terms of economy-wide productivity growth is bound to lead to inflationary pressures and loss of jobs. Since the adoption and application of technology in general and the information technology in particular is bound to remain at the epicentre of envisioned growth in the times to come, there is no need to be complacent on this count either. We should not and cannot assume that the new information technology will automatically bring the higher productivity growth. Our planners and policymakers are required to take cognizance of the fact that in the modern times, the productivity agenda has tended to become increasingly complex and challenging, more than ever before. Though interplay between growth in the capital stock, labor force, and advances in technology has come to be widely perceived as an important factor in affecting the volume of goods and services produced in an economy and putting it onto a higher trajectory of economic growth,³⁹ yet the latest research⁴⁰ shows that the promulgation of the old policies and programmes alone is not capable of taking us far in coping with the emerging challenges successfully. Instead, new and radical policies for the modernization of capital and product markets, the encouragement to swarm-like clusters of innovations⁴¹ and an enterprise culture open to all as well as the building of an ever-growing reservoir of modern skills are imperatively needed for experiencing rapid and sustained productivity growth. It is also imperative that the commitment to increasing productivity in the country is backed by some sense of responsibility, which, in turn, by no means should be construed to mean just responsibility in pay. Rather in plain terms, what it actually means is the building of a shared commitment to achieve all the conditions necessary for sustained accelerated growth with more gainful employment. Looked from such a standpoint, it connotes a willingness on the part of the present generation to put the long-term interests of the posterity over and above its own along with short-term interests for purposes of building a shared common purpose. And if the masses in general are persuaded to take a long-term view of what the economy can afford, it becomes certainly feasible to succeed in creating more gainful employment opportunities for the workforce growing in terms of its numerical strength and also keep the likely inflationary pressures under control. With these considerations in mind, we propose in this section an alternative strategy to cope with the emerging challenges on this count. Some broad contours of such a strategy are as follows.

In view of what has been observed above, what needs to be borne in mind at the very outset is that we must tailor our policies as part of the emerging global economic set up. The proposed strategy of socio-economic development therefore must necessarily have two components i.e. external component and the domestic component. On the external front, it needs to be noted in particular that the continuous and significant expansion of trade with favourable terms of trade vis-à-vis its trading partners is the only relevant remedial measure to cope with the emerging economic challenges for India. It scarcely needs to be overemphasized that the evolution, adaptation and adoption of improved and appropriate technology through well conceived Research and Development efforts, must necessarily form the kingpin of the proposed strategy of trade expansion. Since foreign investment is going to be of utmost importance in such a strategy, the character of foreign investment is indisputably of critical significance. As far as this investment is concerned, a very cautious approach needs to be adopted. We have argued elsewhere⁴² that well-planned national priorities need to be laid down in respect of foreign investment. Serious and concerted efforts must be made in the direction of transforming the country into an attractive investment centre in such areas so that inflow of foreign investment is uninterrupted.

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As against this, in the domestic sector the progressive diversification of the entire economic base must concomitantly ensure an ever-growing productive employment for larger number of people over time. It should be clear to our planners and policy makers that there is imperatively a need to usher in the process of agricultural modernization in such areas as have mostly been skipped by the Green Revolution. The priorities of these areas need to be spelt out clearly and appropriate policies be formulated and implemented while taking into account the available and required factor endowments. It should not be at the expense of such areas as have experienced rapid agricultural growth in the post-independence era. The gains realized in such areas need to be consolidated and should not be allowed to wither away as presently seems to be the case. The ideal policy, in our opinion, therefore, would be to make concerted efforts side by side to promote rapidly the indigenous eco-friendly agro-based small-scale industrial sector. Needless to say, all this must happen without dampening the ongoing tempo of the large, heavy and multinational efforts. Special emphasis must be laid on the development of infra-structural facilities the lack of which have, thus far, acted as a serious drag on the process of economic growth in general and industrial growth in particular. Serious efforts have to be made in the direction of evolving an effective institutional mechanism, which might ensure the re-orientation of the flow of subsidies only to the properly identified target groups without leakages. The available evidence shows that the populist measures, implemented usually under pressure from various self-seeking lobbies and vote bank compulsions, entail heavy costs to the public exchequer, and make the process of economic growth not only somewhat more compounded but also unsustainable as well. Such mismanagement of the national economy at various layers must stop sooner than later. For this, the entire system needs overhauling and to be made more efficient, transparent, accountable and as such geared to the genuine public needs. This would save the national economy of the ongoing plunder which is usually attributed to the politician-bureaucratic nexus, and that seems to have strengthened its stranglehold over a period of time.

In our considered viewpoint, the implementation of the above mentioned measures would not only accelerate the process of growth in the farm sector, but would also pave the way for the emergence of the more vibrant modern industrial and tertiary sectors in India. As a consequence, increased demand and supply linkages would emerge and get strengthened among all the three sectors, and the overall economy will experience acceleration in its growth. In addition, such a strategy is also beneficial in that the pernicious consequences of environmental degradation can also be avoided to a considerable extent. Vigorous efforts, in our opinion, are also needed to be made simultaneously to ensure participatory development at the grassroots level. Furthermore, such innovative developmental programmes have to be worked out in this regard as might ensure the mobilization as well as participation of all sections of the society at the grassroots level. Ensuring equality of opportunity to socially and economically underprivileged sections of the society to effectively participate in these programmes as also in the sharing of the resultant gains percolating from them on a sustainable basis would, in our considered opinion, give birth to a vibrant and economically active socio-economic and cultural set up in the country.⁴³ This would significantly help in the realization of multi-faceted benefits in the form of banishment of poverty, removal of unemployment, reduction in social and economic inequalities, promotion of relevant industrialization and, above all, in the establishment of an egalitarian pattern of society. Needless to overemphasize, all such objectives have remained the cherished goals of our national economic planning throughout the post-independence period. Besides, the implementation

of such a strategy would also help to combat the excessive inflationary pressures in the economy, which have hitherto been and continue to be considered as matters of serious concern confronting the Indian economy. This would be possible primarily because the proposed strategy would enable us to remove obstacles, which impede the process of growth of our economy. The synchronized application of these measures would lead to the removal of structural rigidities characterizing the various sectors of the economy. As a consequence, economic growth ensuring positive socio-economic implications would not get stultified. An added advantage of the proposed strategy is that it would also promote decentralization of economic structure at the grassroots level. However, as the past evidence shows, since the possibility of the perceived gains from the proposed strategy getting eroded or neutralized because of excessive population growth cannot be ironed out altogether, an urgent need to evolve a result-oriented population control policy becomes today still more imperative than ever before.

SECTION - VI

Concluding Remarks

As of now, we are living in and growing as a part of the global economic set up. There is indeed a rich body of literature on the theme of globalization. The existing work on the impact of globalization points towards a polarized opinion. For instance, while the ideologues of globalization have from time to time been untiringly looking at it as the panacea for the various socio-economic ills afflicting our masses; the anti-globalizers have, time and again, been raising much hue and cry about its pernicious effects. On the one hand, while the process of globalization is being perceived as a process of bringing about enormous growth in terms of increased income, output, employment, trade volumes, consumption and levels of living of the global community including our own; on the other, it is also being simultaneously decried as a process that might spell socio-economic and cultural doom for a vast majority of the socially and economically vulnerable segments of our society. It seems globalization has now become a subject of ceaseless controversy, the focal point of excessive hostility and sometimes, even virulent protests.⁴⁴ The process of globalization is said to be full of paradoxes and dilemmas in terms of its promise and outcomes. It is being observed that in the wake of globalization, there are opportunities as well as pressures for the masses in India primarily because, the pattern of international trade, capital flows and intensity of competition are experiencing significant changes and these, in turn, have far reaching socio-economic, cultural and other implications for our economy and its people. In plain terms, regardless of the diverse set of benefits associated with the ongoing process of globalization, concerns have also, increasingly, come to be voiced in some well-meaning quarters that the socio-economic and cultural prospects for a developing economy like India as also for its people remain bleak in the evolving global dispensation of the twenty-first century. It is against this very backdrop that the present paper seeks to broach some critical issues pertaining to the compatibility between globalization, economic growth, distributive justice and cultural issues in the context of the emerging scenario in India. Needless to overemphasize, these issues are of central importance from the perspective of social and economic well-being of the Indian masses. The analysis in the paper has, in part, been motivated by the current policy discussion pertaining to the benefits and costs of globalization.

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The paper argues that our success in terms of accelerated economic growth along with the positive socio-economic and cultural externalities in the emerging dispensation will, to a considerable extent, be conditioned by the degree of our ability to capitalize on the emerging opportunities on the one hand, and on successfully grappling with the emerging challenges on this count, on the other. Furthermore, reminding ourselves that the emerging world economic order under the aegis of the World Trade Organization (WTO) is the main negotiating forum for obtaining freer access to global markets, what we wish to emphasize in this paper is that for making India a successful partner in globalization, the government must play the role of a facilitator. In more precise terms, our discussion in the paper is suggestive of the fact that in the emerging scenario, the snail-paced policies of the yore years do not seem to be compatible with the realization of the envisaged process of socio-economic modernization. In view of the emerging challenges, what is urgently imperatively needed is the formulation and implementation of a well-conceived multi-pronged strategy. Such a strategy, on the one hand, must necessarily encompass in its fold the appropriate technological, infra-structural and institutional devices, on the other hand, it must also attempt to strike a synchronized balance between diverse and often competing demands on the scarce national resources. It is only then that it would become possible to realize rapid economic growth on a sustainable basis.

What must not essentially be glossed over in passing is that for a sizeable chunk of our population, socio-economic conditions and quality of life continue to be degraded so much by disease, illiteracy, malnutrition, and squalor that these seem to be denying their victims basic human necessities. Furthermore, given the high population pressure and continuing mismatch between the jobseekers and available jobs and that most of the Indian workforce is characterized by widespread socio-economic deprivation in its various manifestations and, as such, has nothing else to sell except its labour power which is a perishable commodity, the question that assumes critical significance is : Where are the jobs to come from? It is a complex practical problem whose diagnosis imperatively calls for deeper economic analysis as also the appropriate policy making for finding a sustainable solution. In view of this, appropriate mechanisms are required to be put in place to enable the various sectors of the Indian economy experience accelerated economic growth rates, eradicate absolute poverty, reduce inter-personal and intra- and inter-regional inequalities, and create more productive employment opportunities overtime. Needless to overemphasize, the rate and degree of our success in meeting the challenges in the future decades of the 21st century depend critically, in large part, on the improvement in the quality of policy making to accelerate development and reduce poverty and unemployment/ underemployment in India. What must imperatively be ensured is that globalization ought to be people-centric rather than people being globalization-centric as is being presently apprehended in some well-meaning academic circles. This is particularly so primarily because in the ultimate analysis it is only the people who matter the most and are at the centre of any development strategy in any paradigm including globalization. As such, the socio-economic and cultural well-being of our people assumes critical significance not only in the present but also in the future. All in all, economic growth with human face should be the national motto of our development strategy of the future. Viewed from this angle, globalization does seem to have a human face. However, the need for making that face yet more humane⁴⁵ in the decades to come can scarcely be overemphasized, primarily because diverse set of pressures on our economy are bound to experience escalation. Just as a new system of global

governance and indeed a new global ethics of shared values and principles need to be put in place, there is imperatively a need for such an order within India as well. This holds equally true both for the present and the future.

The realization of this type of growth would, in turn, become compatible with the desired objective of attainment of socio-economic equality. The departure from this, in all probability, would contribute to the ongoing process of polarization of the Indian society and brewing up of the social tensions in it. Some disquieting trends, which do not seem to augur well for the Indian society, have already started becoming discernible. In the absence of the introduction of appropriate remedial correctives, these avalanches of growing frustration might turn into snowballs and thrusting of the spearhead then might pose a formidable challenge. In view of the possibility of such an eventuality, both theoretical and empirical work is necessary to answer questions pertaining to the welfare implications of globalization for our people. Such a need becomes still more imperative due to the fact that it is quite likely that a sizeable chunk of our socially and economically deprived population gets excluded from the ongoing process of socio-economic modernization and thus becomes the loser in the wake of globalization. In view of this likelihood, there is thus imperatively an urgent need for putting adequate effective safety nets in place. Appropriate labour market policies such as minimum wages and government social protection programmes are required to be formulated and implemented to negate the potential increase in inequality associated with globalization.

We should not become oblivious of the fact that globalization today is being looked upon as a way of effecting significant improvements in the well-being of the masses in general and that of the developing economies (including our own) in particular. What must be remembered is that owing to the presence of inherent flaws of the market system, there is need for effective state intervention. We are aware of the fact that the increased production need not necessarily be equal to the economic health of our economy. Concerted efforts are, therefore, required to be made by the government to progressively channel the economy's resources into education, healthcare, public projects and programmes to help the socially and economically deprived sections of the Indian society. In more precise terms, our government must make concerted efforts to protect the poor from the excesses of global capitalism through the incorporation of well-deserved adequate safety nets to help the poor. It is our firm belief that out of the various safety nets such as information campaigns, and redistribution of income and wealth, redistribution is perhaps the most important in the Indian context. The reasoning that underlies such a belief is that so long as severe inequalities persist within our system, the asymmetries of our judgments on outcomes will also continue to persist, and the process of global integration of the Indian economy will continue to be treated with skepticism.

To put the record straight, what we wish to emphasize in the present paper is that there is imperatively a need to be ultra cautious on several counts. The main message from the analysis done in this paper is a cautionary one. The degree of our involvement in globalization must be evaluated against the present as well as the potential costs and benefits. At the same time, the national planners and policymakers should be wary of the impending dangers of globalization because of its potential consequences for socio-economic deprivation. This paper maintains that the tradeoffs can be resolved by formulating and implementing a well-conceived, well-planned, well-implementable and equally well-synchronized development strategy involving adequate safety nets against the impending dangers of globalization. As such, our analysis in this paper contributes to a more nuanced

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thinking about the impact of globalization. This apart, we wish to maintain that in spite of plethora of literature on the theme of globalization, there has been virtually no critical debate as yet over globalization as a means of stimulating or stultifying growth in India which is so vital for our people who have and continue to remain afflicted by mass poverty, unemployment, ignorance, lack of healthcare facilities so on and so forth. There are clearly many more questions that remain unanswered. For instance, what would happen if the perceived gains from globalization do not materialize in actual practice? What kind of options exist for us in that case? Should we allow globalization to penetrate all sectors of the economy or only in a few chosen ones? One hopes that the future debates and discussions would hover around these and similar other questions⁴⁶ in ample measure.

[I feel indebted to Rajesh Gill who weathered my most elementary questions about culture. I also wish to thank Professor G. K. Chadha for some of the intellectual ammunition gone into this paper. The usual disclaimers, however, apply].

Notes

1. Many studies in the recent past have pointed towards the ill effects of Privatization, Liberalisation and Globalisation. For the detailed viewpoint on such counts see, Mallika Hegde (2002), "Globalization Issues: Opportunities & Threats to India and Other Countries", in D. G. Girdhari, G. A. Nikam and W. K. Sarwade (eds), "Globalisation and Indian Economy: Issues, Strategies and Perspective", Apratim Publication, Aurangabad; also see, M. R. Khurana(1999), " Swadeshi, Economic Growth and Distributive Justice", in P. P. Arya and B. B. Tandon (eds.), *Multinationals versus Swadeshi Today : A Policy Framework for Economic Nationalism*, Deep and Deep Publications Pvt. Ltd., New Delhi; and (2003), " Privatisation, Liberalisation and Globalisation: An Anatomy of Contemporary Indian Development Experience", in P. P. Arya and B. B. Tandon (eds.), "Economic Reforms In India : From First to Second Generation and Beyond", Deep and Deep Publications Pvt. Ltd., New Delhi.
2. Originating in famous classical economist Adam Smith and graduating at the hands of the famous economist Hla Myint 'The Vent-for Surplus Theory' of international trade states that the opening up of world markets to developing countries through international trade provides them with the opportunity to take advantage of formerly underutilized land and labor resources to produce larger primary-product output, the surplus of which can be exported to foreign markets. Such economies will usually be operating at a point somewhere inside their production possibility curves so that trade permits an outward shift of this production point, and hence is beneficial for such economies.
3. It is important to mention that between the close of the 16th century and the middle of the 18th century, several mercantilist writers (such as Sir Josiah Child, D'Avenant, Barbon, Thomas Mun), and the Founders of Political Economy (like Sir William Petty, Sir Dudley North, John Locke, David Hume, Richard Cantillon, and James Steuart etc.) to mention a few, notwithstanding their intra-group differences, were emphasizing the gains emanating from favourable balance of trade which, in their opinion, was the primary source of inflow of precious metals like gold and silver. On close examination of the mercantilist viewpoint, however, one can observe that the mercantilist writers were propagating restrictive trade policy in that such a policy involved retaliation. For authoritative details, see Eric Roll. 1993. *A History of Economic Thought*, Fifth Edition, Rupa & Co. New Delhi.
4. Several classical scholars such as Adam Smith, David Ricardo, J.S. Mill, G. Haberler, D.H. Robertson, A.K. Cairncross, C.P. Kindleberger and Bruce Herrick have lent unqualified support to the expansion of international trade. In view of the static and dynamic gains of trade, they have treated international trade as an engine of economic growth.
5. In more recent times, many leading writers of the counterrevolution school including Anne Krueger, Bela

- Balassa, Deepak Lal, Ian Little, Harry Johnson, and Jagdish Bhagwati, and many others have advocated market-friendly approach which underlies the process of globalization.
6. It is being argued by the adherents of globalization that all countries, regardless of their physical size or level of economic development would tend to gain from the ongoing process of globalization. This, in our opinion, is the reiteration of the classical viewpoint that emphasized that all the trading partners benefit from the expansion in trade beyond national frontiers.
 7. Rosa Luxemburg, Hans W. Singer, R. Nurkse, Raul Prebisch, Gunnar Myrdal, Samir Amin, Andre Gunder Frank, Arghiri Emmanuel, Theotonio Dos Santos, and many others have held international trade responsible for the impoverishment of the underdeveloped countries. Besides, some people argue that international trade, though an engine of economic growth in theoretical terms, has not always been benign to the developing economies of Asia, Africa, Middle East and Latin America. It has tended to suck the Third World Economies so much so that they are in wretched state in social and economic terms. In support of this contention, it is generally observed that going in for outward- looking approach necessarily implies lack of confidence in our own-self or own capabilities. Viewed from this standpoint, globalization implies rapid penetration, rise and growth of world capitalism as also the ever- increasing imperialist stranglehold of our economy. The various policies and programmes and the other contemporaneous developments which seem to be accompanying the process of globalization in their various manifestations are, it is apprehended, likely to unleash and perpetuate the rapacious all around exploitation on economies (including our own) and eventually culminate into ever-growing proletarianization of the masses, extreme economic destitution, widening inter-personal and inter-regional socio- economic chasm, helplessness and above all hopelessness. It is pointed out that excessive dependence on foreign trade is capable of creating highly volatile economic situation. As has happened recently in many South Asian countries, the shock waves created by excessive dependence on foreign aid or foreign markets are capable of producing a situation which might prove to be highly detrimental to national economic interests. And given the economic might of gigantic MNCs involved in international trade today, the apprehensions about the possibility of their meddling in the domestic affairs of the countries of their operation are not unfounded altogether.
 8. It has come to be observed that the current phase of globalization is bound to witness intense competition. While some countries would emerge as the winners, the others would end up as losers. The growth and survival of countries and of the people within countries would critically depend upon their respective performances. Since, survival of the fittest is the name of the game underlying the evolving dispensation of globalization, 'perform or perish' is therefore eventually going to be the dictating principle.
 9. It is pointed out that economic, technological, political and cultural changes with far reaching implications for the global community are taking place in the wake of the ongoing process of globalization. For details in this regard, see Anthony McGrew. 2000. "Sustainable Globalization ? The Global Politics of Development and Exclusion in the New World Order", in Tim Allen and Alan Thomas (eds.), *Poverty and Development in the 21st Century*, Oxford University Press Inc., New York, 347.
 10. It is not impertinent to observe here that alongside the socio-economic, technological, political and cultural dynamics of the global economy, environmental concerns also seem to have grown among the national elites and many citizens' groups or social movements. For further necessary details, see Anthony McGrew 2000., *Ibid.*, p.348.
 11. For details about the economic connotation of Globalization, see Jagdish Bhagwati. 2004. *In Defense of Globalization*, Oxford University Press, New Delhi, ix, 3-4.
 12. Named after the famous economist Vilfredo Pareto, the term Pareto optimality or Pareto efficiency signifies a situation in which it is impossible to reallocate production activities to produce more of one commodity without producing less of some other commodity. When extended to consumption, same holds true there also. In the present context, it means the most optimal allocation of the global resources.
 13. For instance, it has been argued by the votaries of globalization that the concerns shown by the opponents are not based on sound reasoning. In the opinion of the former, the process of globalization, far from accentuating

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- the socio- economic problems, would contribute towards their resolution by way of material and non- material abundance. In our opinion, however, the opinion continues to be sharply divided on such counts
14. The globalizers emphatically argue that by laying undue emphasis on the purported evils of globalization, the opportunity to focus on accelerating its achievements while coping with its downsides is getting increasingly missed.
 15. As a contributor to the process of economic growth, globalization has come to be viewed as a force that has unleashed an unprecedented and unparalleled growth of productivity. Viewed from this standpoint of the globalizers, it has a potential abundance unimaginable in earlier epoch of history.
 16. Concern has been expressed about the growing obnoxious markets in the wake of globalization. These markets, it is argued, pose a huge challenge for the authorities in the emerging scenario. For details of these markets, see Ravi Kanbur. 2001. *On Obnoxious Markets: Themes in Philosophy and Economics*, Oxford University Press, New Delhi.
 17. Presently, the number of children engaged in prostitution in India is estimated to be over one crore. Obviously, these children are being denied even their childhood.
 18. It is frequently pointed out that that outward-looking approach is capable of triggering a highly volatile economic situation. The recent East Asian and South East Asian crisis of 1997-98, which was triggered primarily by the shock waves created by the excessive dependence of the adversely affected countries on foreign aid/ investment or foreign markets, amply demonstrated that outward-looking approach might produce a situation which might turn out to be utterly detrimental to the national economic interests. In fact, excessive dependence on foreign aid/investment or foreign markets is capable of making one what it desires, and also as and when it chooses to do so i.e. at times 'tigers' and at others, only 'frogs'. In other words, it can make countries experience enviable growth and it can also contribute towards their economic collapse. Thus the term 'tigers' and 'frogs' has been used in the context of erstwhile Asian tigers.
 19. Though Raul Prebisch and H. W. Singer are said to have propounded their ideas separately, yet in view of the striking commonality underlying these ideas of the two, their views are clubbed together. For details see, Raul Prebisch. 1959. "Commercial Policy in the Underdeveloped Countries", *The American Economic Review*, XLIX(2), May, 251-73; H. W. Singer. 1950, "The Distribution of Gains between Investing and Borrowing Countries", *The American Economic Review*, XL(2), May, 473-485; and also see_____. 1964. *International Development: Growth and Change*, McGraw Hill Book Company, New York.
 20. Through his Circular Cumulative Causation Hypothesis, the 1970 Nobel Laureate in economics, Professor Gunnar Myrdal focused on geographical dualism. For details in this regard, see Gunnar Myrdal. 1957. *Economic Theory and Underdeveloped Regions*, University Paperbacks, Methuen, London.
 21. Fears have been expressed in certain quarters that in view of the fact that Indian economy is characterized by important regional imbalances in the matter of economic growth, going-in for globalization or abandoning of the inward- looking approach under these conditions tantamounts to further accentuating the problem of these regional disparities in the sense that resources (men, money and materials) would tend to move into the areas of high economic growth from such areas where economic growth has remained largely elusive.
 22. The process of globalization, it is feared, would create problems of its own both in areas of inflow and outflow of the resources, culminating thereby into a situation of ever-accentuating geographical dualism. For necessary details in this regard, see Gunnar Myrdal (1957), *Op. Cit.*
 23. In some quarters, it is pointed out that inward- looking approach is an ideal programme for the development of the rural masses in India in the sense that it will help in refurbishing the self-sufficiency of the village economy.
 24. For the majority of the people, on the other hand, the ongoing process is likely to be exclusive in that it is associated with a profound sense of disempowerment as their fate is not going to be decided by themselves. Rather, it is going to get sealed by deliberations and decision-making in chancelleries, boardrooms, and bureaucracies many thousands miles away from them.
 25. G. K. Chadha and P.P. Sahu, "Post- Reform Setbacks in Rural Employment: Issues That Need Further Scrutiny", *Economic and Political Weekly*, Review of Labour, XXXVII(21), May 25-31, 2002, Table 8, 2010.

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26. G. K. Chadha and P.P. Sahu, *ibid.*, 2023, 2025
27. G. K. Chadha and P.P. Sahu, *ibid.*, 2023
28. We are aware of the fact that economics and culture are intertwined. The two tend to impact each other in a significant way. For instance, economic development exerts a significant impact on culture, the latter also impacts the former quite appreciably and also in ways more than one. For instance, culture may impact the economic outcomes of a group in three different directions. It may impact the economic efficiency, equity and social objectives of the group it intends to pursue. For details in this regard, see David Throsby. 2001. *Economics and Culture*, Cambridge University Press, Cambridge, U. K., 63.
29. It is not impertinent to observe here that diabetes has tended to afflict our masses at a very rapid rate in the more recent years. While the exact number of patients afflicted by this terrific disease is not available, the number mentioned by us in respect of diabetic patients and borderline case has been reported in the print media on several occasions. In any case, this number has been on the rise during the past couple of years.
30. AIDS/HIV has tended to experience rapid growth in the country in more recent times. It is observed that if the appropriate timely remedial measures are not put in place, India would soon become the global capital of patients affected by this terrible disease.
31. The Human Development Report 2005 shows that India with an HDI score of 0.602 (on a scale of 0 to 1) ranks 127 in the matter of Human Development Rankings in a group of 174 countries.
32. What we wish to observe is that it was basically with the objective of putting people back at the centre of the process of development in terms of economic debate, policy and advocacy that the first Human Development Report (HDR) was launched by the United Nations Development Programme (UNDP) in the year 1990. Professor Mahbub ul Haq of Pakistan was the chief architect of this report and it employed originally three indices, namely Life Expectancy at Birth, Knowledge and Standard of Living for the purpose of construction of HDI. The level of development of a country was judged on a scale of 0 to 1 in terms of the composite index of development the two extreme values representing the worst case and the best case respectively. Over time, in view of the changing focus of UNDP reports, many other indices have also been incorporated. As indicated by the choice of indicators, the idea underlying this Report was to go beyond income to assess the level of people's long-term well-being i.e. bringing about development of the people, by the people, and for the people, as also to emphasize that the goals of development are the widening of the choices and freedoms of the people. Ever since the publication of the first Report, four new composite indices for human development namely, the Human Development Index, the Gender-related Development Index, the Gender Empowerment Measure, and the Human Poverty Index have been developed by the experts of the UNDP. A distinctive feature of each Human Development report is that it is an independent report prepared by a selected team of leading scholars, development practitioners and members of the Human Development Report Office of UNDP and commissioned by the UNDP. Another important point which needs to be mentioned in respect of these reports is that each Report while focusing on a highly topical theme in the current development debate, also offers path-breaking analysis together with a set of policy recommendations. The Reports' messages and the measures to implement them have gained tremendous popularity appeal in that these have found favour with the people around the world. Today, more than 120 countries around the world are engaged in preparing and publication of national human development reports at the country level.
33. Agricultural trade intensity ratio, as measured by the ratio of agricultural trade to Gross Domestic Product of the agricultural sector GDP has increased. This increase, it is pertinent to observe, is attributed to the rapid growth in the trade of agro- processed products which, in turn, has been mainly on account of income increases and consumption changes and not on account of trade policy reforms over the past two decades or so,
34. The performance of the agriculture and allied sector was noted to be utterly dismal in the year 2004-05. It becomes amply manifest from the fact that while this sector was expected to grow by 1.1 per cent in the said year, its actual growth turned out to be even below 1.0 per cent. As regard the factors underlying the dismal performance of this sector in the said year, see Government of India. 2005. *Economic Survey: 2004-05*, Ministry of Finance, New Delhi, 1 and also ————. 2006., *Economic Survey: 2005-06*, Ministry of Finance, New Delhi, 1.

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35. It may be noted that incidence of poverty in India is estimated by the Planning Commission on the basis of the large scale quinquennial sample surveys on household consumer expenditure conducted by the National Sample Survey Organisation. The poverty estimates reported by us refer to the year 1999-2000 and are based on the data generated in its 55th round by the said Organisation.
36. For details see. R. R. Nelson, "A Theory of the Low Level Equilibrium Trap", *The American Economic Review*, XLVI(5), December, 1956,.894-908.
37. It has come to be observed that Indian growth experience in the post- economic reforms period resembles a peacock. While some sectors of the Indian economy have tended to experience rapid economic growth with the onset of the process of economic reforms in 1991 and as such resemble the feathers of a dancing peacock, there are other sectors, on the other hand, which have experienced only a lackluster growth. These sectors represent the ugly feet of the peacock. Put together, this can be labeled as 'The Peacock Theory of Economic Development'. G. K. Chadha is the main proponent of this line of thinking in the Indian context.
38. The implementation of adhoc measures is discernible in several manifestations. For instance, while there is imperatively a need of stepping up public sector investment in agriculture, the reality is altogether different.
39. For details in this regard, see Robert M. Solow, " A Contribution to the Theory of Economic Growth", *The Quarterly Journal of Economics*, XLL(1), February, 1956, 65-94.
40. For example, the various versions of Endogenous Growth Theory as propounded by Kenneth J Arrow, Robert. R. Lucas Jr., Paul M. Romer and many others have, in more recent times, focused on the importance of human capital formation for accelerating the rate of economic growth . For details, see Kenneth J. Arrow, "The Economic Implications of Learning by Doing", *Review Of Economic Studies*, XXIX, June 1962, 155-73 (a); Robert, E. Jr. Lucas, "On the Mechanics of Economic Development", *Journal of Monetary Economics*, XXII, July, 1988, 3-42;———. 2002. *Lectures on Economic Growth*, Oxford University Press, New Delhi; Paul M. Romer, "Endogenous Technological Change", *Journal of Political Economy*, 98, 1990a, S 71- S 102; and ————. "Human Capital and Growth: Theory and Evidence", *Carnegie Rochester Conference Series on Public Policy*, 32, 1990b, 156- 286.
41. This point has been emphasized by Joseph A. Schumpeter in his theory of economic development. For details, see Joseph A Schumpeter. 1934. *The Theory of Economic Development*, Harvard University Press, Cambridge.
42. For details, see M. R. Khurana. 1999. *op. cit.*, 359-71; ————. 2003. *op.cit.*, 90-100.
43. In our opinion, the process of globalization ought to be inclusive in that it must ensuring equality of opportunity to socially and economically underprivileged sections of our society so that they effectively participate in the various programmes and also become the co-sharers of the resultant gains percolating from such programmes on a lasting basis. This would, in our considered opinion, give birth to a vibrant and economically active socio-economic and cultural set up in the country.
44. Globalization has attracted tremendous support as well as scathing criticisms. It has generated unending controversy. It has also aroused hostile passions of its supporters and adversaries. Even violent protests have been discernible at times at some of the ministerial meeting of the WTO - a body set up to oversee the developments pertaining to the global trade.
45. For making the face of globalization more agreeable, there is imperatively a need for making it more humane and inclusive. For details, see Jagdish Bhagwati. 2004, *op. cit.*, x.
46. We feel that there are many unanswered but interesting questions for further research. Deeper insights are required to be obtained in many issues such as morality of child labour, sex, body parts, reproductive services, life saving medicines, addictive drugs weapons, etc. to mention a few. Likewise, the impact of globalization on the problem of unemployment, casualization, lower wages, part-time jobs, less or no security in jobs, women empowerment as also on the accentuation of the process of proletarianization of labour needs to be studied in detail in terms of field level studies. It is sometimes argued that globalization has led to informalization of the Indian economy. Since such an issue involves a wide variety of social and economic implications for our economy and its people, it also needs a threadbare discussion for purposes of policymaking for the future. Hopefully, all these issues will form the agenda of future empirical research in India.

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