



## Full Length Research Article

### GLOBALIZATION, MARKETS AND JUST GROWTH IN INDIA

\*Seema Mallik

Department of Political Science, Utkal University, Bhubaneswar-751004, India

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#### ABSTRACT

Globalization is one of the most controversial topics of the twenty-first century. It can be broadly defined as the “widening, deepening and speeding up of world-wide interconnectedness in all aspects of social life” However, it is economic globalization which lies at the heart of the broader meaning of globalization. Economic globalization can be traced to the development of a regional international market in Europe as foreign trade grew following the commercialization of agriculture, the rise of capitalism and its penetration from the economic core to the regional economies of the periphery around the world. However, contemporary globalization burst on the world scene with the collapse of the Soviet Union in 1991 and has since dominated academic debates as a determinative of humanity’s future. The supporters of globalization like Friedman, Fukuyama, Gilpen and Ohmae argue that globalization has made a monumental break in history, by elevating the market to a dominant position in human affairs. As a result, the state, takes a backseat, while the market moves the world towards economic prosperity. However, critics like Stiglitz, Chomsky, Klein argue that the profit-driven approach of globalization will result in the exploitation of less developed countries (LDC) and damage to the environment. Thus contemporary economic globalization whether good or bad, is undoubtedly of immense importance, under which the international economy has integrated as never before. In this process the state continues to remain central and its role to promote equitable growth, involving all sections of the society becomes even more crucial. State intervention is further required not only in supporting emerging market but also for building up basic socio-economic capabilities and infrastructure like health and education. Therefore the state and market need to work together to ensure just growth. It is in this direction this paper attempts to examine globalization in India and its impact on economic growth and equity with reference to forceful land acquisitions in the country in the name of development.

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#### INTRODUCTION

Inequality in various realms –economic, political, and social – appears to be an enduring feature of human societies. The world today has witnessed several challenges to extreme forms of inequality for example, democratization movements have challenged dictatorship and various forms of political exclusion; movements have campaigned against economic inequality, strongly highlighting on living wage and social protection and social exclusion of various groups. While all forms of inequality have persisted, particularly in developing countries, analysts argue that this is through the processes of corporate globalization.

#### GLOBALIZATION: A CONCEPTUALIZATION

Globalization is one of the most controversial topics of the twenty-first century.

\*Corresponding author: Seema Mallik

Department of Political Science, Utkal University, Bhubaneswar-751004, India

There is no generally accepted definitions of globalization and most concentrate on the economic components. An exception is that of James Rosenau who says: “ Globalization is a label that is in vogue to account for peoples, activities, norms, ideas, goods, services and currencies that are decreasingly confined to a particular geographic space and its local and established practices( Rosenau, 1997:360). It can be broadly defined as the “widening, deepening and speeding up of world-wide interconnectedness in all aspects of social life” However, it is economic globalization which lies at the heart of the broader meaning of globalization. Economic globalization can be traced to the development of a regional international market in Europe as foreign trade grew following the commercialization of agriculture, the rise of capitalism and its penetration from the economic core to the regional economies of the periphery around the world. However, contemporary globalization burst on the world scene with the collapse of the Soviet Union in 1991 and has since dominated academic debates as a determinative of humanity’s future.

The supporters of globalization like Friedman, Fukuyama, Gilpen and Ohmae argue that globalization has made a monumental break in history, by elevating the market to a dominant position in human affairs. As a result, the state, takes a backseat, while the market moves the world towards economic prosperity. However, critics like Stiglitz, Chomsky, Klein argue that the profit-driven approach of globalization will result in the exploitation of less developed countries (LDC) and damage to the environment. Thus contemporary economic globalization whether good or bad, is undoubtedly of immense importance, under which the international economy has integrated as never before. Thus, globalization is simply modernization writ large. As Giddens(1990:63) describes, “modernity is inherently globalization”. Infact the triumph of globalization represents the defeat of pro-socialist dependency theory (refer Cardoso and Faletto,1978; Amin,1974), which had risen to challenge modernization theories. The critiques of globalization strongly echo dependency’s attack on modernization. However, this is an impractical prescription, which has few takers, globalization provides a possible redemption for less developed countries (LDCs), where the tremendous pressure to industrialize by local effort is reduced. Today, China is able to rely heavily on foreign direct investments (FDI) for investment instead of imposing heavy taxation on the people.

#### **GLOBALIZATION AND LESS DEVELOPED COUNTRIES (LDCs)**

Since developed countries are the regime –makers in respect of globalization and also they have the national capacity to cope with the stresses and strains that may be generated by globalization, attention is therefore focussed on LDCs.

##### **LDC have traditionally confronted two main constraints:**

- The capital constraint (because of little or no savings for investment)
- The foreign exchange constraint (which hinders obtaining capital goods from abroad for industrialization). Added to this is a third constraint – the market constraint for goods produced on a mass scale by modern factories would have few customers in view of the subsistence –level living standards prevailing in the local economy. Globalization now provides the opportunity to overcome these opportunities to overcome these constraints through capital flows and markets for the new exports. Analytically, the internal structure of a country constitutes of three components, namely the state, economy and society. One can take the arrangement of the three as the three parts of a triangle with the state as the apex, while the economy and society occupy the other two vertices at the base. The triangle represents the LDCs inside a circle which represents the world economy. All the three vertices are interrelated where globalization has a direct effect ( Nayar, 2014:20) .

##### **This has led to four hypotheses that can be taken to represent the position of the critics.**

- If there is globalization, then there is a consequence , in relation to the world economy and the interstate system, the loss of national autonomy in the areas of the state ,

economy and society. With the elevation of the market, the resultant weakening of the state will render it vulnerable to external pressures. The entry of MNCs will lead to loss of economic sovereignty while the cultural hegemony of the advanced countries will result in loss of cultural autonomy in favour of a homogenized culture.

- Globalization will lead to retrenchment of the state in favour of the market.
- In regard to society, globalization will result in the immiserization of the population as it will add to the growing numbers of those living in poverty and unemployment, as a result of deepening inequalities between upper and lower class, and regions, resulting in heightened social tensions and conflict.
- Regarding state, as its authority is weakened, the globalization-driven development will intensify discontent among sub-national and other groups placing it under strain resulting in instability and turmoil, erosion of democracy and shift to authoritarianism.

Nayar has argued that states like Japan in the 19th century, China, former Soviet Union and India felt compelled to take such a recourse for reasons of promoting mass welfare. But this forced-paced development has resulted in tremendous sacrifices by the population in terms of economic deprivation and human life. Both modernization and globalization have led the transformation and overthrow of traditional values and cultures which is heart-wrenching and a psychologically traumatic experience, hence the violent opposition from traditional and vulnerable sections of society. This process of development and conflict is evident in the case of India today.

#### **GLOBALIZATION AND ITS IMPACT ON INDIA WITH REFERENCE TO FORCEFUL LAND ACQUISITIONS**

India, today, has emerged as one of the fastest growing economies. However, its growth is being questioned. Despite a high GDP(gross domestic product) rate, India, continues to fail in human development indices. Since the 1990s there has been a shift from its Nehruvian socialist roots towards a neoliberal state where the State and business groups have solidified their political and economic alliance and observers have characterized India as “India incorporated” (Kohli,2012:3). Kohli argues that it is this alliance between the State and big business set in motion by the neo-liberal policies which is responsible both for releasing economic dynamism and for limiting the spread of its resulting gains. Several groups feel further alienated and marginalized from this developmental process.

Agriculture has taken a beating and its contribution to the GDP has gone down although agriculture and allied activities employ nearly 60% of the population, its contribution to India’s GDP is less than 20%. It will shrink further, as there is a mass movement from rural to urban India (Corbridge, 2009:21). A pro-business model of development, has definitely led to growth acceleration, but has been “accompanied by growing economic inequalities, where the poor have not shared proportionately in the economic gains” ( Kohli, 2012). Access to land and conflicts over its acquisition by the State for “development” purposes has acquired central stage in the development processes set in motion by neo-liberal policies in India.

This has led to growing state-society conflicts across the country and also the marginalization and alienation of local communities which look at the state as a threat. The state-led development policies have therefore raised the question of land rights and ownership, particularly among the landless who do not possess land but have drawn their livelihoods and sustenance from it for long. Large scale land acquisition for industries, special economic zones (SEZs), IT sectors, real estate have not only challenged the agricultural growth but also the poor, who face the threat of losing their lands and their livelihoods to business groups in the name of "development". There are studies recognizing that the changes brought about by neo-liberal global policies have also resulted in the growing self assertion of communities facing the brunt of the market-driven development process (Shah, 2002). Debates on development in developing countries have, however, paid less attention to these conflicts related to struggles of the people affected by the larger development strategies of the state, and the situation in India in this regard is no different. Land acquisition by the state for various "development programmes" has in fact become the bone of contention between local communities and the state, particularly where these communities derive their livelihoods from the land being acquired. Therefore, the viability of these schemes which make the people landless and dependent on the government or industrial houses is being raised. Therefore, the question arises whether this growth is benefiting all sections of the society or is it encouraging disparities in the society? Is it the right direction the country is moving towards?

Access to land and conflicts over its acquisition by the State for "development" purposes has acquired central stage in the development processes set in motion by neo-liberal policies in India. This has led to growing state-society conflicts across the country and also the marginalization and alienation of local communities which look at the state as a threat. The state-led development policies have therefore raised the question of land rights and ownership, particularly among the landless who do not possess land but have drawn their livelihoods and sustenance from it for long. Large scale land acquisition for industries, special economic zones (SEZs), IT sectors, real estate have not only challenged the agricultural growth but also the poor, who face the threat of losing their lands and their livelihoods to business groups in the name of "development". There are studies recognizing that the changes brought about by neo-liberal global policies have also resulted in the growing self assertion of communities facing the brunt of the market-driven development process (Shah, 2002). Debates on development in developing countries have, however, paid less attention to these conflicts related to struggles of the people affected by the larger development strategies of the state, and the situation in India in this regard is no different. Land acquisition by the state for various "development programmes" has in fact become the bone of contention between local communities and the state, particularly where these communities derive their livelihoods from the land being acquired. Therefore, in India, land dispossession today, is increasingly for privatized industrial, infrastructural, real estate projects which a "corporate" state is indulging on. There is a sharp contrast to land dispossession after independence for state-led projects to land dispossession for private projects at present under a neo-liberal growth model. This has led to growing state-society conflicts across India, resulting in the closure of several projects like POSCO in Jagatsingpur district. POSCO, a South Korean iron and

steel giant, is believed to be the largest FDI in the country with US \$12 billion, signed a MoU with the Government of Odisha in 2005 (MoU,2005). Another case is that of London-based Vedanta Aluminium Limited (VAL) which faced stiff opposition in Kalahandi district for mining bauxite from Niyamgiri hills, the home of a particularly vulnerable tribal group (PVTG), the Dongorias, at Langigarh. The Supreme Court ruling in 2012, has denied permission to Vedanta from mining on the hills. The Nandigram resistance in 2007 where 14 people were killed, and Kalinganagar killing of 12 tribals protesting against Tata are other examples of local resistance. This also raised the question of customary rights, particularly among the landless and tribals who do not possess land records but have drawn their livelihoods and sustenance from it for long. Further, in India, as a result of the land grab, there is a gradual decline of the contribution of agriculture to the GDP compared to industry and services. The focus of reforms today, is on non-agricultural economy which is responsible for the increasing pauperization of the rural poor particularly small farmers. When agriculture is being sidelined for industry, there is bound to be increasing poverty related to land and food insecurity.

Thus, India, despite an economic robustness for two decades, still is one of the poorest countries. India has been climbing up the ladder of per capita income while slipping down the slopes of social indicators (Dreze and Sen, 2013:8). Today, the much poorer economy of Bangladesh has caught up and overtaken India in terms of many social indicators (including life expectancy, immunization of children, infant mortality rate, child undernourishment and girl schooling (ibid). The human development approaches as reflected in the works of Amartya Sen (Sen, 1985, 1992), Mahbub ul Haq 1992 and the Human Development Reports of the UNDP call for enhanced dimensions of human development like health, education, infant mortality rates, life expectancy etc as essential features of growth. Economic growth has to be integrated with human development. Hence land rights remain at the centre of a rapidly changing economy across India and needs to be strengthened so as to help the poor rather than making them poorer in the light of the present land grab rush. Therefore it becomes important in a neo-liberal economy like India, where the Land Acquisition Resettlement and Rehabilitation, Ordinance 2015 was being pushed by the Modi government, and was withdrawn on August 31, 2015 due to mounting resistance by farmers across the country. It is on these lines of argument that the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act (RTFCAT-LARR, 2013) and Ordinance 2015 need to be urgently examined to check 'land grabs' from the poor and vulnerable sections of the society in order to bring about inclusive growth in the country.

### Conclusion

Thus in conclusion, it can be said that the present neo-liberal growth model in India under the impact of corporate globalization has increased the rich-poor divide. While under the Nehruvian model dispossession of land was for public purposes (eg. irrigation, industrialization by public sector), the present neo-liberal regime has created an exclusionary process of growth that has further marginalized the marginalized. Land laws in India have so far protected the rich farmers and landlords. The RTFCAT-LARR, 2013 despite several laudable provisions has failed to check land wars across the country.

This has got a push with the LARR Amendments in 2014 and 2015. Thus, instead of building self-sufficiency among the poor and land for food, the government is creating more dependents by depriving people off their lands and means of livelihood. The marginalized are deprived off their land and forests, and livelihoods in the name of development. But the very people who are supposed to be the beneficiaries of development are protesting against the process, then development is questionable. Only when it is inclusive and participatory, involving the poor and tribals, while protecting their land rights, culture and traditional beliefs can there be genuine development. In this process the state continues to remain central and its role to promote equitable growth, involving all sections of the society becomes even more crucial. State intervention is further required not only in supporting emerging market but also for building up basic socio-economic capabilities and infrastructure like health and education. Therefore the state and market need to work together to ensure just growth and reduce economic inequality which has persisted and even increased in contemporary societies.

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