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**Paper: Political Processes in India**  
**Lesson: Globalisation and the nature of Indian State**

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## Introduction

The contemporary political scenario of India is affected by different forces. One such force is the process of globalisation. In this era of globalisation, the national politics is not aloof from world politics. In fact, it is largely affected by world politics. It is the national politics which shapes, reshapes and brings changes in the nature of a particular state. The process of globalisation has wider implications over the national politics and/or state, thereby leading towards understanding the changing relationship between globalisation and the nation-state. Having said that, there was a major shift in the Indian economy from state regulated economy or planned socialist economy to the market oriented economy in 1990s which brought major changes in the structure and functioning of the Indian state. This was popularly known as the 'New Economic Policy' of 1991 which ensured active role of the global forces in India's economy and adoption of liberalisation, privatisation and globalisation (LPG). There are two major factors responsible behind this.

**Firstly**, the internal factor, that is, in spite of reiterating the active role of the state in a planned manner, the state failed to bring development and **secondly**, the external factor, that is, the global economic crisis; especially the oil crisis compelled the Indian state to take such action and initiate reform in the economy. Within this backdrop, this chapter will address some of the pertinent questions, such as, why the Indian state adopted the process of globalisation? How does it affect the state at different levels and what are the positive and negative impact of it? Does the process of interaction between globalisation and the state bring any change in their respective nature? Why the national sovereignty has become a major issue of concern due of globalisation? How the nature of interaction between the globalisation forces and the state brings new problems, prospects and challenges to the Indian state?

Most of the scholars, researchers and analysts, working on globalisation, consider it as an external force that affects and poses challenges on the nature of a particular state. To put it differently, there is an internalization of this global force through our national politics which leads to contradiction, confusion, complexity, inequality, prioritisation and deprioritisation of issues and policies of national concern, which not only affects but brings drastic changes in the nature the state. And this in turn affects the global politics which is described by **Anthony McGrew** (2011) in his writing on "**Globalisation and global politics**" as a source of global friction, instability, enmity and conflict on the one hand and on the other hand, it is a long term historical process that denotes the growing intensity of worldwide interconnectedness, in short, a shrinking world (McGrew, 2011:



15).

Source: "WikiProject Globalization Logo" by John Shandy` - Own work. Licensed under CC0 via Wikimedia Commons -

[http://commons.wikimedia.org/wiki/File:WikiProject\\_Globalization\\_Logo.svg#mediaviewer/File:WikiProject\\_Globalization\\_Logo.svg](http://commons.wikimedia.org/wiki/File:WikiProject_Globalization_Logo.svg#mediaviewer/File:WikiProject_Globalization_Logo.svg) accessed on February 2015

## 1. Globalisation and its Meaning

The multiple processes of globalisation are essentially embedded with the nature, dimensions and implications of globalisation over nation-states across the globe. It is not a single process but a complex of processes, sometimes overlapping and interlocking processes but also, at time, contradiction and oppositional one. James Rosenau considers this phenomenon as a matter of "distant proximities" (Ferguson and Mansbach, 2012: 17).

**Vidhu Verma** says that "Globalisation is difficult to define not only because there are multiple projects in progress but also because it has been explored from a multiplicity of intellectual angles, academic lenses and disciplinary epistemologies. It comes in many different versions"

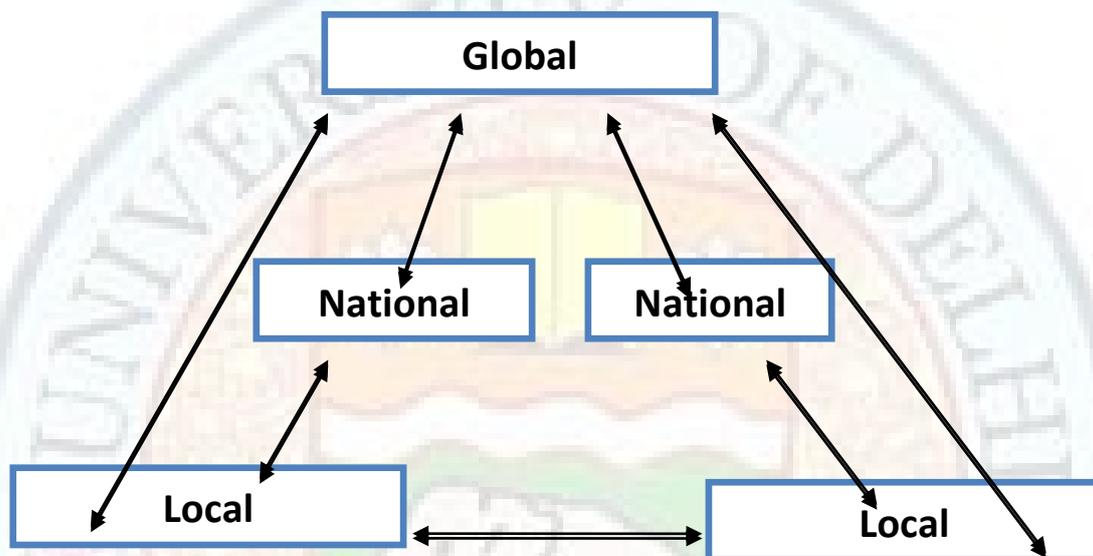
### Value addition-know it more

#### Defining the concept

David Held defines globalisation as "the widening, deepening and speeding up of worldwide interconnectedness in all aspects of contemporary social life, from the cultural to the criminal, the financial to the spiritual."

. Broadly, the term globalisation refers to the intensification of global interconnectedness particularly in trade, capital, technology and information within a single integrated global

market. It also refers to innovations in technologies of communication and transportation, which are reconfiguring social relationships spatially and temporally; and to international divisions of labour operated by multinational corporations that stretch the production and manufacture of commodities across regional and national boundaries (Verma, 2007: 465). In general terms, globalisation is a process which leads to free flow of capital, natural resources, money, information, technology, knowledge, ideas, education, market, labour, political institutions etc. across the border of the nation states.



Source: Andrew Heywood (2002), *Politics*, New York: Palgrave, p. 138

**Richard Folk** argues that globalisation is a two way process: globalisation from above (GFA) and globalisation from below (GFB). The process of globalisation can start either from above or below. When it starts from the above, it is considered as GFA and vice versa. In GFA, the developed countries and international organisations and institutions are interfering in the internal affairs of the country and extract and exploit natural resources from Third World countries. GFA also creates the situation of 'core and periphery'. Here, On the other hand, in some aspect, local markets are also trying to access the global forces and the process is considered as GFB.

## Value addition-Did you know

### Understanding of core and periphery

The 'core' refers to the Western European Countries and the 'periphery' refers to the third world countries, whose resources are expropriated, exploited and extracted by the colonial and neo-colonial forces.

## 2. Characteristics of Globalisation

By taking in to consideration various definitions and explanations of globalization, four important characteristics at the core of globalization has identified by the academicians. Those are;

**firstly**, it involves both the *creation* of new social networks and the *multiplication* of existing connections that cut across traditional political, economic, cultural, and geographical boundaries.

The **second** characteristic of globalisation is reflected in the *expansion* and the *stretching* of social relations, activities, and connections.

**Thirdly**, globalisation involves the *intensification* and *acceleration* of social exchanges and activities.

**Fourthly**, globalisation processes do not occur merely on an objective, material level but they also involve the subjective plane of human consciousness (Steger, 2013: 14-15).

## 3. Three views of globalisation

David Held et.al. (1999) in assessing the debate about globalisation literature puts forward three views of globalisation. Those are;

- (i) Hyperglobalist view of globalisation,
- (ii) Skeptic view of globalisation,
- (iii) Transformationalist view of globalisation.

These three views explain the position and status of the states in the era of globalisation (Myint, 2006: 4).

### **The Hyperglobalists' view**

The Hyperglobalists argue that the process of globalisation is a new stage of human history in which the traditional nation states have become unnatural, even impossible units in a global economy. It led to the emergence of a single global market or "market civilization". The flow of capital across the border of the nation states led to emergence of single global market and the nation states are unable to control the movement of capital. Globalisation is primarily an economic phenomenon for Hyperglobalists. They argue that the economic globalisation is constructing new forms of social organisation which will eventually supplant traditional nation- states as the primary economic and political units of world society (Myint, 2006: 5).

### **The Skeptics' view**

Skeptics argue that the globalisation is neither a new phenomenon nor a historically unprecedented. They argue that the world flow of trade, investment, and labour have been occurring between the economies of nation states from the beginning of the Westphalia state-centric world system. They consider globalisation as a 'myth'. It is no more than integration of national economies that have been happening since the beginning of 19<sup>th</sup> century. Skeptics' world is not a globalised world rather a internationalised world where states still play central role in regulating economic activities and international laws and policies will still be made by the power of sovereign states. The states are the key actors in maintaining world order. The critical aspect of this view is that it has rightly assessed that globalisation is not a new process but they failed to consider the intensity and magnitude of the impacts of globalisation in all domains of human life.

### **The Transformationalists' view**

When Hyperglobalists' largely emphasis on economic aspect and the Skeptics emphasis on the political aspect, the Transformationalists' emphasis on various aspects of globalisation which are the driving forces in bringing multiple changes. They view globalisation as a phenomenon that transforms or serve as a "central driving force behind the rapid social, political, and economic changes that are reshaping modern societies and world order". They do not make any claim like Hyperglobalists and Skeptics about where the future trajectory of globalisation is moving. The transformationalists' neither comprehensively rejects nor accepts the views of Hyperglobalists and Skeptics. They maintain the position that the globalisation is a process which represents the synthesis of both.

#### 4. Different Dimensions of Globalisation

The lack of any concrete understanding of globalisation reflects the notion that it has different connotations. These connotations are widely relied on different dimensions of globalisation, which can be discussed in the following ways.

##### **Economic Dimension**

The economic dimension of globalisation leads to free flow of capital, resources, currency and integration of local market with the global market. All economies have been absorbed into an interlocking global economy. Economic globalisation reduces the capacity of the national government to manage their economies.

##### **Cultural Dimension**

Cultural dimension of globalisation is the process whereby information, commodities and images that have been produced in one part of the world enter into a global flow that tends to 'flatten out' cultural differences between nations, regions and individuals. It is fuelled by information revolution, the spread of satellite communication, telecommunication networks, information etc.

##### **Social Dimension**

Social dimension of globalisation focuses on the impact of globalisation in the social sphere both at the urban and rural areas. The forces of globalisation have increasingly influenced on family, life-style and free flow of ideas across the boundaries of the nation-states.

##### **Political Dimension**

The political dimension of globalisation refers to the impact of globalisation in the political sphere both at the national and international level. Globalisation led to the emergence of International organisations such United Nations and regional organisations such as European Union, South Asian Association for Regional Cooperation (SAARC), Association of South East Asian Nations (ASEAN), OPEC etc. It has a larger impact on nation-states which leads to the rise of the debate on the changing nature of the nation states in the globalisation era. The process of globalisation poses many challenges to the nature of nation states which has extensively dealt with in the context of India state in the subsequent part of this chapter.

Apart from the above dimensions, ideological dimension of globalization largely has impact on the nature of a particular state.

## 5. Why India adopted the Globalisation Process?

The process of globalisation in India is, to some extent, an outcome of the nature of economic system that was adopted in the 1950s. In the 1950s, India adopted the economic system, which is generally considered as state regulated economy. Under the state regulated economy, Indian state played significant role in managing and controlling the economic system of the country. To put it differently, there was an active intervention of the state in the different dynamics of the economic system. The active involvement of the state in the form of licensing system, bureaucratization etc, however, did not contribute much to the economic development of the country. In the 1980s, the economic crisis of the oil produced countries has a major impact on Indian economic situation. Since mid-1980s, India has pursued a policy of economic liberalisation, which was a dramatic reversal of earlier policies of protecting domestic industrial capital (Ganguly and Crase 2003: 545).

## Globalisation and the New Economic Policy of 1991 in India (NEP)



[http://i1.wp.com/insightsonindia.com/wp-content/uploads/2014/12/121514\\_0152\\_EffectsofLi1.jpg?w=720](http://i1.wp.com/insightsonindia.com/wp-content/uploads/2014/12/121514_0152_EffectsofLi1.jpg?w=720) accessed on March 11,2015

There were two important factors which led to the opening up of our economy in 1991; firstly, the licensing system became major impediment/obstacle to economic

growth/development in India. Secondly, the global economic crisis of the 1980s had a major impact on India's economy. That was precisely responsible for manifold challenges that the Indian state was facing from diverse socio-economic and the political fronts and was unable to fulfill the expectations of the large population. Public sectors were failed to meet the challenges in the economic front and the growing expectations of the state. To overcome these situations, the *New Economic Policy of 1991* was adopted by the Government of India (GOI). With the enactment of NEP, India entered into the process of LPG, which opened up large scope for the private players.

### Value addition-Know it more

#### Defining Privatization

Privatization, also spelled privatisation, may have several meanings. Primarily, it is the process of transferring ownership of a business, enterprise, agency, public service, or public property from the public sector (a government) to the private sector, either to a business that operates for a profit or to a nonprofit organization. It may also mean government outsourcing of services or functions to private firms, e.g. revenue collection, law enforcement, and prison management.

This ensured expansion of a neo-liberal market economy which emphasised on trade liberalisation in India. It is important to mention that the globalisation and liberalisation are the two sides of the same coin (Ganguly and Crase 2003: 545). In this way Indian state was forced to adopt the process of globalisation to meet two purposes; firstly, to bring economic stability in the state which will lead to a shift from deficit budget to the balanced budget, and secondly, to improve the infrastructure facilities that will ultimately lead to the economic growth in India. This led to the emergence of number of possibilities, such as, (i) opening up of the economy, (ii) emergence of private sectors, (iii) relaxation of state regulation, (iv) removal of state barriers on trade and tariff, (v) adoption of new technology in both agricultural and industrial sectors, and (vi) inviting foreign investment etc. In short, the Indian state was deeply impacted by the failure of the public sector undertakings and the growing economic challenges of the world in the 1990s that ultimately led to the adoption of globalisation by the Indian economic system.

## 6. Globalisation and the nature of the Indian state

The discussion about the impact of globalisation on the nature of Indian state brings out different issues that are associated with the political aspect of globalisation. To begin with the discussion on the political aspect of globalisation in Indian context, it is important to discuss about the nature of the Indian state. The study of the nature or

characteristics of the Indian state in the context of globalisation refers to the study of vision, processes and institutions (**political dynamism, nature of leadership, political citizenship, legitimacy, social composition, economic determinants and diverse social, economic and political forces**) which are responsible for bringing changes in the nature of a state. Rajeshwari Deshpande (2005) evaluates the nature of the Indian state institutional domain as a whole, as it took shape in the post-independence Indian polity. She argues that there are **three main phases** of the career in the Indian state in which the state democracy interaction shaped differently.

The state chose to accommodate, repress and manipulate the democratic folds. Strategies of accommodation were mainly used in the **first, inaugural phase** of the state's career- when the legacies of the Nehruvian state unfolded.

#### Value addition-for better understanding

##### Surf and know

To understand more about the nehruvian model and the dynamics of planned economy ,you may read from :[Economy of India - Wikipedia, the free encyclopedia](https://en.wikipedia.org/wiki/Economy_of_India)

[en.wikipedia.org/wiki/Economy\\_of\\_India](https://en.wikipedia.org/wiki/Economy_of_India)

The state chose to process democratic claims institutionally in this phase. It sought accommodative, consultative solutions to the democratic issues entering its fold. The state could not continue these strategies successfully as the democratic pressures on its working became more pressing and more complex.

The imposition of emergency rule marked **the second phase** of the state's career where it used the strategies of repression in dealing with democracy. She argues that it is in the **third or contemporary phase** of the Indian state's working that the state democracy interaction becomes more complicated and the state resorts to manipulative practices to deal with these complications. The strategies of manipulation involve selective processing of the democratic claims- including their selective recognition and de-recognition, encouraging and shaping contestations over these claims rather than resolving, accommodating them and attempts to provide tokenist, symbolic solutions to some of these. Furthermore, she stated that the above three strategies not exclusive in nature and we often witness an overlap of these strategies in each phase of the state's working. Last but not the least is the fourth claim that has remained implicit in the politics of the nineties, but was never systematically articulated, partly because of the caste claims and the communal claims, consists of the claim of the poor for welfare (Deshpande 2005 : 2&19). **The fourth phase** is the contemporary phase which dealt with the impact of globalisation on the Indian state which will be discussed later in the section on globalisation and the challenges to the state welfarism.

The discourse on globalisation and the Indian state has become one of the major concerns among the policy makers, intellectuals and social activists in India. The discourse focuses on the changing relationship between the process of globalisation and Indian state. The relationship raises number of pertinent questions related to the state, such as, what is the impact of globalisation on Indian state? Does it have positive impact or negative impact? Does it pose any challenge to the sovereign character of the Indian state? How do we measure the comparative (negative and positive) impact of globalisation? Since 1990s, the debates have been taking place within the broader framework of the impact of globalisation on Indian state at different levels. These debates reflect diverse positions by the concerned groups, strengthening their positions with the help of facts and issues. These debates are revolving around the pros and cons of the impact of globalisation on Indian state. It is, however, too early to draw inferences about the impact of globalisation. This is essentially embedded with the fact that globalisation is an unending process and various issues and factors are coming to play their respective roles at various points of time in the process of the interaction between the forces of globalisation and the Indian state. However, different views that are emerging out of the debate can be broadly divided into two groups: proponents and opponents of the process of globalisation.

### **Positive Relationship between Globalisation and the Indian State**

1. At least it gives an opportunity to the state to evaluate its role in international level.
  - It gives an opportunity to become competitive.
  - It helps the state to improve the quality of goods and services.
  - In the era of inter-dependency, it is not possible to function independently and maintain neutral position.
  - It brings economic growth

### **Negative Relationship/Challenges to the Indian State**

The opponents argue that the process of globalisation poses challenge to Indian state. They majority, who were highly critical of liberalization, are concerned about the shift from social citizenship to a market citizenship. For others, the future is uncertain (Ganguly and Crase 2003: 563). While discussing about the political aspect of globalisation, Vidhu Verma argues that it poses major challenges of both an analytical

and normative kind. The analytical challenge centres on the range of misconceptions that have become associated with globalisation which destroys sovereignty, or that it is a recent phenomenon and different from modernity. The normative challenge is in considering the voices and interests that evaluate global processes (Verma, 2007:465). Studies of the Indian economy during the nineties abundantly noted how liberalization added to the scales of poverty, affected the labour market through processes of informalisation, casualisation and feminisation of the work force and resulted in gradual exclusion of the poor from the market as well as the social universe (Deshpande 2005: 19). The major challenge of globalisation to the Indian state can be examined in the following ways.

- Globalisation is a threat to national sovereignty.
- It poses challenge on citizenship.
- It poses challenge on governance system.
- It is a challenge to the welfare state and compels the state to curtail its expenditure in the social sector.
- It leads to the emergence of neo-colonial forces.
- It leads to environmental degradation

### **Globalisation and State Sovereignty**

The sovereign character of the state consists of absolute power over internal affairs within its territory, over its people and freedom from any external interference in the internal affairs of the state. These features, however, are increasingly challenged by the forces of globalisation in Indian context. This is due to the fact that the forces of globalisation urge for a borderless world. It is linked to the growth of supra territorial relations between people, a reconfiguration of social space in which territory matters less because an increasing range of connections have a trans-world or trans-border character.

#### **Value addition-know it more**

##### **Classic notion of sovereignty**

The classic concept of sovereignty entails that there is an authority in a political community that has undisputed right to determine the framework of rules and regulations in a given territory and to govern accordingly.

. Over time, in modern democratic states sovereignty came to mean the supreme law making and decision-making power of a community whose ultimate source of sovereignty lies with the people. The second aspect of sovereignty in the international context means states should be regarded as independent in all matters of internal politics and should in principle be free to determine their own fate within this framework. It implies the assertion of the states of sole rights to jurisdiction over a particular people and territory (Verma, 2007: 466).

Globalisation has larger **implications** for traditional concepts of state sovereignty at **three levels;**

- (a) traditional domains of state activity and responsibility (defense, communications, legal systems) can rarely be fulfilled without collaboration with other states;
- (b) states have to operate within a post-cold war situation where the US has emerged as the sole military superpower in the Western world;
- (c) states face pressure from global civil society organisations on an increasing number of issues (Verma, 2007: 466).

Globalisation affects the state sovereignty in negative ways:

- 1)** It leads to disappearance of state boundaries
- 2)** It has impact on domestic affairs of the state
- 3)** The state is not able to take decision independently

The process of globalisation dramatically affects the autonomy, capacity and sovereignty of the nation-states. The process of globalisation and fragmentation are the two major influences on political community at the present times which raised several questions on the autonomy, sovereignty and independence of the nation states. The fragmentation process is responsible for the division of India and Pakistan in 1947 as well as the creation of Bangladesh in 1971. The process of globalisation leads to the emergence of quasi-states and failed states in most of the third world countries (Linklater, 2011: 534).

#### **Value addition-Understand it more**

##### **Quasi state**

The concept of quasi-state refers to the states which enjoy international recognition as sovereign communities but are unable to protect the needs of their population (for example-the countries like Pakistan and Afghanistan).

The notion of failed state has been used to describe states which are unable to govern their societies without significant external support.

In the age of globalisation, the Indian state has, to some extent, compromised with its sovereign features. The state is no more comprehensively maintaining its sovereignty, autonomy and capacity. In one way or the other, Indian state is affected by the forces of globalisation especially in the context of international organisations, institutions and law. For instance, while formulating and implementing policies and programmes for the protection and promotion of human rights, Indian state cannot simply violate or ignore the different provisions of the Universal Declaration of Human Rights adopted by the United Nations. Similarly, the provisions and laws of International Labour Organization would not go unnoticed while adopting policies and programmes for the promotion and protection of rights of the labour class in India. In addition, the forces of globalisation have forced Indian state to take number of initiatives by formulating adopting New Industrial Policy, New Trade Policy, fiscal reforms, monetary reforms, capital market reforms etc., which have significant influence over the nature of the Indian state.

### **Globalisation and Democratic Citizenship**

The classical notion of democratic citizenship, which was essentially linked with the territory of the nation-state, is gradually losing its relevance in the age of globalisation. Prior to the forces of globalisation, the nation state was enjoying autonomy to confer citizenship rights to the individual. But the state is no more the sole authority to define the nature of citizenship. With the emergence of communication and technology in the age of globalisation, different dimensions of citizenship rights are granted by number of international organizations, human associations, literary society, clubs etc. To put it differently, the forces of globalisation has led to the emergence of multiple citizenship at the same time.

### **Globalisation and Governance**

From governance perspective, globalisation brought many prospects and challenges to the Indian state. As far as prospects are concerned, liberalisation process in India asked for administrative and bureaucratic reform and to ensure good governance, government emphasised on the use of technology, science and innovation which in turn asked for the replacement of generalists by the specialists in administrative sphere and more and more use of technology. Many initiatives taken by the government to minimise the gap between the bureaucracy and the common people and initiatives taken to make the administration reach to the grass root level i.e;“ *antodaya yojana*” ( a programme

initiated by the government of India for the development of the people at the margin). But all these initiatives had little impact on the life of the masses.

### Value addition-know it more

#### Surf and know

To know more about the welfare/social security schemes initiated in India ,you may read further from : [National Social Assistance Scheme - Wikipedia, the free ...](#)

[en.wikipedia.org/wiki/National\\_Social\\_Assistance\\_Scheme](http://en.wikipedia.org/wiki/National_Social_Assistance_Scheme)

In this context, Deshpande (2005) and Ganguly-Scrase (2003) argued that the Indian state failed to deliver both from liberal and neo-liberal perspectives. It is important here to discuss the difference between the liberal and neo-liberal policies before discussing the failure of Indian state to deliver the objectives of these policies. While the liberal policy emphasis on the limited interference of state in economic sphere and stick to the *lassie faire theory* (let the individual alone), the neo-liberal policy emphasis on the proactive role of the state in the economic sphere to minimize the gap between the rich and the poor and emphasis on the redistribution of the resources through state intervention. As far as India is concerned, globalisation conceived as an expansion of a neo-liberal market economy. Deshpande (2005) argues that although liberalisation demands for the withdrawal of state control from the economic sphere, this did not happen in the case of India (which is not unique to India but applicable to all third world countries that are essentially state-centric). In accepting the new economic policy the Indian state did not withdraw itself from the economic sphere but withdrew mainly from the welfare responsibilities in the economic sphere. It only led to the ideological legitimization of state power and curtailing the democratic space for the poor. Ganguly-Scrase (2003) argued that the neo-liberal globalisation process in the name of *modernisation*, opening up of economy failed to ensure economic and social participation and development of the larger section of the population. Neo-liberal policies of the state responsible for the expensive livelihood, economic and social insecurity of the people, especially; the women, poor and lower middle class of our state and their life has become more vulnerable which needed to be addressed by the state. In the name of gender equality, gender inequality issues are being ignored.

Another aspect is that the free flow of people across the border of the nation-states led to the large scale migration of refugees and immigrants to the Indian state which poses challenges to governance system in terms of delivering good governance to the citizens and settlers, protecting their rights and handling cross border terrorism.

Large scale development projects are inducing displacement of people which largely affects Adivasis and women of our country. They are forced to live in a state of denial. They lose their livelihood, their culture, their status and in turn their identity. This is a clear case of human rights violation. It is also responsible for the environmental degradation and the health hazard on larger section of the populations who are working at the industrial sector. This is precisely the reason for which the environmentalists and women activists like Vandana Shiva and Medha Patekar etc. raised their voice against globalisation and fighting to protect the rights of the people who are affected by this.

To deal with these challenges which the nation states are facing in this era of globalisation, a middle level of governance is emphasised upon by scholars and analysts who are working on the issues of 'globalisation and governance and that is regionalisation. Regionalisation is seen to provide mediating level of governance between the nation state and the global system, enabling states and non-state actors to collectively deal with a variety of global governance issues on a regional scale whilst not isolating themselves from the benefits of globalisation (Cooper, Hughes and Lombaerde, 2008: xii) and emphasises are given to development with human face.

### **Globalisation and the challenges to state welfarism**

Globalisation significantly restricts the role of the welfare state in terms of delivering welfare services and social security. It urgently calls for the reduction of the welfarist role of the state. It increasingly weakens the state of our vision as enshrined on the Indian constitution, where under Article 46, the Indian state is envisaged to protect and promote the interests and rights of all individuals including the marginalised sections of the society. On the other hand, it expects the state to play market friendly role, that is, the role that favours the private sectors and urge the state to cut the expenditure in the social sector which is termed by the economists who strongly favour this as welfare expenditure **Rajeshwari Deshpande (2005)** argues that the claims of welfare, the claims of the poor majority were never seriously articulated in Indian politics. This factor explicitly revealed in contemporary period as a result of the implication of NEP which is termed by **Ganguly and Scrase** as neo-liberal globalisation. What is the difference between the pre-neoliberal globalization and the post-neoliberal globalization phase is, in the earlier phase the state chose to operate in a political culture constituted by discourses on the need of advancement of the poor. In the later phase, economic liberalization seriously challenged this political culture in its several implications. Economic liberalization is often linked to a weakening role of the state. However, it is not so especially in the third world societies that are essentially state-centric. Indian state was no exception to this. In accepting the new economic policy, the Indian state did not

withdraw itself from the economic sphere but withdrew mainly from the welfare responsibilities in the economic sphere (Deshpande 2005: 19). For some, globalisation and modernisation has reduced gender inequalities and enhanced education and employment opportunities. But the study reveals that the poor people's (including women) right to education, gainful employment, and health are all under threat as a result of government cutbacks in these spheres (Ganguly and Crase 2003:545). Furthermore, it enjoins on the state a role of the enforcement agency of the law laid down by the Bretton wood institutions such as International Monetary Fund (IMF) and World Bank. Consequently, the Indian state has established Special Economic Zones (SEZ) and acquired lands for the multinational companies, which has not only affected the livelihood of the people but also impoverished, marginalised and dispossessed them.

### Working of Special Economic Zones



[http://qph.is.quoracdn.net/main-qimg-cb7b599a74d5082356fd9950cd2c4f35?convert\\_to\\_webp=true](http://qph.is.quoracdn.net/main-qimg-cb7b599a74d5082356fd9950cd2c4f35?convert_to_webp=true) ACCESSED ON March 11,2015

#### Value addition-know more about it

##### Special economic zones

To know more about the special economic zones in India ,you may read from: [List of Special Economic Zones in India - Wikipedia, the free ...](https://en.wikipedia.org/wiki/List_of_Special_Economic_Zones_in_India)  
[en.wikipedia.org/wiki/List\\_of\\_Special\\_Economic\\_Zones\\_in\\_India](https://en.wikipedia.org/wiki/List_of_Special_Economic_Zones_in_India)

**Naomi Klein** raised some concerns over the issue of globalisation and questioned the development strategy of the state with the help of the globalisation forces in her work, *The Shock Doctrine* (2008). She argued that the South Asian countries along with India are in spite of having democratic structure, have not initiated economic reform in a democratic manner. On the contrary, they have initiated this in a undemocratic manner without bothering to invite people's response to the process.

## 7. Conclusion

The discourse on globalisation and the Indian state has raised number of issues and concerns, which are not only affected the nature of the later but also has increasing impact on the former. The relative understanding of the process of globalisation is essentially a continuous and unending process and in this context, it is too early to draw inferences about the changing interaction between the forces of globalisation and the Indian state. The interaction, however, affects the nature of globalisation as well as the state. It is not always the state that has been positively or negatively affected by the process of globalisation but the forces of globalisation have also been affected by the nature of the state. For instance, though the process of globalisation affects the autonomy, sovereignty and capacity of the state, these features are not completely overshadowed by the forces of globalisation. The state also plays significant role in promoting or regulating the globalisation forces. The state adopts such features of globalisation which would provide the relative greatest benefit to the state within its social, economic and political environment. In addition, the relative experience of the Indian state also reflects the fact that though the process of globalisation has started much early, India, however, adopted the process in the 1990s due to the failure of the public sectors and severe hit by the global economic crisis. The need of the hour is, we need to have a pro-active role of the state to deal with the problems which will ensure equal participation and development of all in socio-economic and political sphere without necessarily deviating itself from the benefits of globalisation and without compromising with the state sovereignty. Because in spite of being affected by its disadvantages, the common people have not lost their hope on the Indian state and not completely withdrawn. So, before it gets too late the state needs to deliver and live up to their expectations.

### 1. Globalisation

In general terms, globalisation is a process which leads to free flow of capital, natural resources, money, information, technology, knowledge, ideas, education, market, labour, political institutions etc. across the border of the nation states.

### 2. Regionalisation

Regionalisation is seen to provide mediating level of governance between the nation state and the global system, enabling states and non-state actors to collectively deal with a variety of global governance issues on a regional scale whilst not isolating themselves from the benefits of globalisation (Cooper, Hughes and Lombaerde, 2008: xii).

### 3. Liberalisation

Liberalisation means the introduction of internal and external checks on government power and/or shifts towards private enterprise and the market. It emphasises on the limited role of the state in the economic sphere and completely emphasises on the *lessaize faire* (let the individual alone) theory.

### 4. Neo-liberalisation

Neo-liberalism is an updated version of classical political economy, dedicated to market individualism and minimal statism. It believes in the proactive role of the state in economic sphere to minimise the gap between the rich and the poor.

### 5. Nation-states

Nation-state is a sovereign political association within which citizenship and nationality overlap; one nation within a single state.

### 6. Sovereignty

Sovereignty is an absolute and unlimited power; sovereignty can imply either supreme legal authority or unchallengeable political power.

### 7. Neocolonialism

Neocolonialism is the control exercised over a foreign territory through economic (and sometimes cultural) domination rather than formal political direction.

## **8. Governance**

Governance broadly refers to the various ways in which social life is coordinated, of which government is merely one.

## **9. Welfare State**

Welfare state is a state that takes primary responsibility for the social welfare of its citizens, discharged through a range of social-security, health, education and other services (albeit different in different societies).

## **10. Neoliberal globalisation**

Neoliberal globalization can be understood as the extension and acceleration of the principles of neoliberalism on a global scale. It refers to the hegemonic domination of the neoclassical economic policies of the free market, reduction of the state's power, and the privatization of capital. The shifts toward noninterventionist approaches of governments in economic and social arenas, in particular the changes brought about by the retreat from state intervention in trade, industrial, and social policies, are constitutive of the process of globalization (Ganguly-Scarse 2003:564).

### **Long Questions**

1. What is globalisation? Critically examine its impact on Indian state?
2. What are the challenges Indian state is facing because of globalisation?
3. Discuss how far the "New Economic Policy of 1991" was successful in ensuring development and equal participation of all?
4. 'Globalisation is a threat to national sovereignty' Comment?
5. Do you think globalisation has led to the withdrawal of the state from the welfare activities? Give your views.

## Practice/Exercise

### Fill in the blanks;

1. Globalisation is a process of \_\_\_\_\_.
  - a) Interconnectedness
  - b) Change
  - c) Localisation
  - d) Regionalisation
2. \_\_\_\_\_ said "globalisation from above and globalisation from below".
  - a) Andrew Heywood
  - b) David Held
  - c) Richard Folk
  - d) Ferguson
3. Globalisation is a symbol of \_\_\_\_\_.
  - a) colonialism
  - b) nationalism
  - c) socialism
  - d) neo-colonialism
4. Globalisation is a threat to \_\_\_\_\_.
  - a) state sovereignty
  - b) global organisations
  - c) society
  - d) none of the above
5. India adopted the globalisation process in the \_\_\_\_\_.
  - a) 1885s

b) 1975s

c) 1990s

d) 1950s

6. Globalisation made Indian state to move from an interventionist welfare State to a ..... State.

7. Globalisation conceived as an expansion of a ..... market economy in India.

8. From 1991, there was a shift from..... to market citizenship in India.

9. Neo-liberal globalization has curtailed the ..... available for the masses.

10. Indian state has failed to address effectively the issue of ..... in the era of globalization.

Give a (✓) mark in an appropriate answer;

11. According to Skeptics' "Globalisation is a myth/reality".

The following statements are **true** or **false**? Write appropriate answer.

12. The proponents of globalisation claim that it gives an opportunity to the states to become competitive. (.....)

13. The opponents of globalisation consider it as a challenge to governance system. (.....)

14. Globalisation facilitates the welfare character of the state. (.....)

15. The Transformationalists emphasise on various aspects of the state. (.....)

### Answers

1 (a), 2 (c), 3 (d), 4 (a), 5 (c),

6 (regulative),

7 (neo-liberal),

8 (social citizenship),  
9 (democratic space),  
10 (gender inequality),  
11 (myth)  
, 12 (true), 13 (true), 14 (false), 15 (true)

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