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Impact of Globalization on Indian Public Administration



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Abstract

Globalization means economic globalization of economy of a country. It exerts pressure on the government to become more publicly accountable, competitive and responsive to citizens. The UN document defines globalization as 'increased and intensified flows between countries'. These flows are of goods, services, capital, ideas, information and people, which produce national cross-

border integration of a number of socio-economic and cultural activities and the spread of liberalization, privatization and globalization (LPG) policies, known as a worldwide phenomenon. Among developing countries, India is one of the largest democracy and industrially developing countries. It provides a big laboratory for liberalization, privatization and globalization experiments.

Keywords

Globalization, economy, Indian Public Administration, liberalization, privatization

Research Paper

LPG policies and their Impact on governance is indeed a fascinating theme on three accounts, first it is a dominating but controversial subject of contemporary Social Science literature. Secondly, its multidisciplinary implications are likely to bring social sciences closer to each other. Thirdly, the discipline of public administration is the most suitable intersection of social sciences in this context and can play a historic role in the period of turbulence. This paper attempts to examine the impact of globalization on different aspects of Indian administration and changes introduced at different levels in Indian administration due to globalization. The study is based on primary as well as on secondary data and it is of descriptive type.

Conceptual Framework:

Globalization is the free movement of goods, services and people across the world in a seamless and integrated manner. Globalization can be thought of being the result of the opening up of the global economy and the concomitant increase in trade between nations. In other words, when countries that were hitherto closed to trade and foreign investment open up their economies and go global, the result is an increasing interconnectedness and integration of the economies of the world.

the term globalization implies economic integration through cross country flow of information, ideas, technologies, goods and services. Its seminal features are

- Removal of trade barriers to facilitate free flow of goods all over world
- Generating environment which conduces to the free flow of capital among nation-states
- Facilitating the free flow of technology, and
- Providing opportunities for the free and unfettered movement of labor among various nations.

To put it briefly, globalization leads to economic growth and integration, which can happen through trade in goods and services, movement of capital, and flow of finance through movement of people. But in reality, globalization is a multi-layered phenomenon. Across borders, unity ushered under the impact of globalization has several dimensions - cultural, social, political and economic. That is why, some economists termed it as a process of creation of global economy, whereas others talked of political and social globalization, a globalization of ideas that led to technological changes. Liberalization, privatization and globalization are interrelated. However, liberalization has wider connotation and

the remaining two flows out of it. Liberalization is a summary description of the progressive reduction in regulatory, promotional and entrepreneurial role of government in economic and social development. Liberalization has two dimensions internal (domestic) and external. Internal liberalization consists of relaxing the control of government over domestic industry and other economic and social activities and retreats of government as producer within protectionist regime. External liberalization aims at exposing domestic firms to external competition by drifting away from protectionist policies. It comprises initiatives by nation states in the form of relaxation in regulations governing international trade, investment, finance and technology including services. External liberalization thus provides a route for the domestic economy and economies of the rest of the globe for mutual exchange and integration. The term globalization is a multi-dimensional concept and it incorporates increasing degree of openness between countries in trade flows, investment flows and financial flows and extends to flows of services, technology, information, ideas and persons across national boundaries and to various aspects of industrial relations, exchange of ideology and culture and investments by transnational companies. The effects of

these different forms of globalization have been to create pattern of employment, expectation and demand for technology, skilled labor as well as commodities. A. Sen defines globalization as a movement of ideas, people, technology and goods from one region to others benefiting people at large. Globalization is an umbrella term for external liberalization initiatives. Revolution in information technology particularly internet has speeded up the process of globalization. Thus, privatization and globalization are inherent in liberalization. In most countries, particularly those belonging to the developing world, liberalization policy has not been evolved indigenously. It has been under World Bank IMF that combines conditionality, of which internal and external liberalization policies are integral part.

Governance in India:

Governance is a buzzword these days. Ideas about 'governance' appear in a wide range of context. There is no consensus on the definition of governance. According to Pai Panandikar, two broad strands of approach to defining governance can be identified. One approach is shaped by developmental concerns whereas the other is concerned with the exercise of political power of the state. In the discipline of public administration, the issue of

governance has emerged as one of the key areas of dialogue. The emergence of this issue on the agenda of public administration is motivated by the increasing role of market in the delivery of public services as a consequence of reforming administrative institutions particularly bureaucracy and increasingly enhanced role of indirect administrative saving devices particularly in the form of non-government institutions such as private and semi-private organizations. In the delivery of public services.

Impact on Public Administration:

Globalization means linking the national economy with world economy as an outcome of new economic policy, which has been adopted in 1991, to accelerate the rate of economic growth. The globalization emphasized the removal of restrictions of licensing, quota and tariffs on the export and import of goods across the country. It has brought with it new technologies, quality and quantity of goods, improved and advanced methods of production and increased scope of private sectors, especially the multinational corporations in the country, competitive environment in the national economy as a means to improve the productivity and efficiency of the system. It has encouraged free mobility of the capital and labor with increase in the openness, growing

economic interdependence, deepening economic integration in the world economy. As an outcome of globalization, the Government of India has to minimize the control over the flow of foreign goods, services, capital, and technology investments and has to adopt liberal policies for adjustment of investment. The governmental interference in economic activities has been declining. The integration of the world market and rapid technological change led to efficiency of gains and growth. These in turn increased competition through lower cost and higher market efficiency, higher productivity, lower barriers to entry and new investment opportunities in public sector.

‘Cause and effect’ relationship exists between liberalization, privatization and globalization on the one hand and governance on the other. That is the success or failure of LPG policies, in part, depends upon quality of governance and in turn quality of governance affected by the LPG policies. There are a large number of studies, which postulate that the outcome of LPG policies, development, is significantly influenced by the quality of governance. In another set of studies, governance is treated dependent variable, and liberalization as independent variable.

Changing contours of Governance in India:

Changes in governance in India in response to liberalization, privatization and globalization policies have been uneven both in pace and distribution across fields, ministries, departments and the organizations such as finance, industries, commerce, planning commission etc. have witnessed fast and many changes. Other ministries have experienced very slow and only a few changes in response to LPG.

Changes in Economic Administration:

Economic administration as a specialized field of government activity has marked a significant turning point in response to the liberalization policy. Many economic acts and regulations have either been amended or are in process of amendment for example the industrial monopolies and restrictive trade practices Act 1970, has been drastically amended in Sept. 1991 in tune with liberalization. The Foreign Exchange Regulation Act, 1973 has been replaced by foreign exchange management Act 1999. Similarly the Import and Export Act 1947, has been substituted by Foreign Trade Act 1992. The Patent Act 1930, Copyright Act, 1957 are being amended in tune with the World Trade Organization (W.T.O.) agreement. The Indian Companies Act 1956, has also been amended in the light of changed economic

environment. The ministries governing economic policy-making have experienced considerable changes. The planning commission, once known as 'super-cabinet' has experienced erosion in its role in policy-making. In the union budget making, the contribution of the planning commission has declined over the time. Ministry of finance has emerged as super ministry in the liberalization era. The setting up of expenditure commission has further strengthened its stronghold over the ministries. Creations of new institutions/ authorities dealing with matters relating to economic administration is another outcome of liberalization. Ministry of Disinvestment, Disinvestment commission, foreign investment promotion Board has been set up in response to LPG policy. In the liberalized era with a view to protect interests of consumer in areas such as telecom, insurance and power opened to the private sector, the government has constituted regulatory authorities, namely, Telecom Regulatory, Authority of India (TRAI), Insurance Regulatory and Development Authority (IRDA) and the Central Electricity Regulatory Commission (CERC). The role of the capital market has increased during the liberalization era. For exercising control over the capital markets and ensuring its proper growth, the Security Exchange

Board of India (SEBI) has been accorded a statutory status under SEBI Act 1992. The Government of India has also put institutional arrangement in place to deal with issues arising from W.T.O.

Changes in General Administration:

General administration restructuring has never been on the top on the agenda of the Indian government during liberalization period till 1996 when reform issues concerning administrative Institutions came on the scene in chief secretaries conference on action plan for effective and responsive administration held under the chairmanship of the Prime Minister on 1997. In response to the chief ministers' conference and resolution adopted therein, various initiatives have been taken by the Ministries of GOI and by the States and Union Territories. The new initiatives concerning general administration are recent origin. Their response to L.P.G. is very slow. Perusals of the change in governance, which either have been experienced or proposed or followed the stage mode of the U.K. type. This suggests that only limited success is in store for these initiatives. Further, these initiatives have covered mainly those services and areas, which cater to the elite. The areas of social concern such as poverty, unemployment, regional disparities and scrotal imbalance, which have borne the

blunt of liberalization policy have been kept out of these initiatives. This combination of coverage and neglect, if continued on the one hand would help the elite to consolidate its advantaged position and become partner of the ruling coalition of politicians' and bureaucrats. On the other hand, it would alienate further the disadvantageous groups, sectors and regions from the institutions of governance. This style of treatment of institutions of governance may hamper the process of liberalization.

Conclusion:

L.P.G. policies have been exercising considerable influence on governance across the globe. It has been found that in advanced capitalist economies, liberalization policy has been changed the contours of governance very promptly and evenly across various sectors. However, in developing countries like India, governance has responded both slowly and unevenly to economic liberalization. It is mainly due to the fact that liberalization policy in India has not evolved indigenously through the participation of political, bureaucratic and other institution of governance. The liberalization policy is mainly adopted under the influence of World Bank IMF combine. In case of India, the institutions of economic governance have responded very quickly

to economic liberalization. The post liberalization phase has witnessed amendments in many economic laws as well as introduction of economic laws to deal with changed environment. In order to make reforms feasible and sustainable both political and bureaucratic institutions, should be reformed simultaneously. It is even more necessary because liberalization policy is not formulated indigenously. For

this strong political backing is prerequisite. In this regard, politically tall leaders from various political parties can give a lead. The NGOs, intelligentsia, seasoned and honest administrative institutions would provide an environment for constituents of civil society to play constructive role in the process of governance.

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