CHAPTER – I

Introduction

A- Definition, Nature and Background of Globalization:-

Globalization is made up from the word Global means covering or affecting the whole world\textsuperscript{1}. Sometimes derives its sense from the term global village means the whole world, looked at as a single community. It can be better expressed as "The intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice-versa\textsuperscript{2}.

In a broader sense, globalization is the expansion and intensification of connections and movements of people, goods, capital, ideas and cultures between countries. A more integrated global system has increased consciousness of such shared problems as pollution, disease, crime and terror which many have come to believe can only be dealt at a global level. Most broadly, globalization is the expansion and intensification of linkage and flows across borders\textsuperscript{3}.

Globalization is flows of ideas, capital, commodities and people. Its scale and speed of these flows varies from society to society, country to country and most importantly time to time. Globalization has strong historical background.

Whenever any new discovery has taken place, it has claimed that this is the advent of globalization. This has happened many times in the history. When telephone was invented by Graham Bell it was claimed that the world has become small, where anyone can talk any other in the world who is

[1]
using this technology. Then with the invention of aircraft which facilitates the rapid transit from one place to another, again it was claimed that the world has shrunk and era of globalization began.

Thus the globalization is not entirely a new phenomenon; it has its long historical background. However it is also true that globalization was never discussed as it is being discussed today. In this way, it can be said that it is a new phenomenon. By linking it with Liberalization and Privatization, the globalization has become broader based.

Globalization is a multidimensional concept. It has political, economic and cultural manifestations. The same forces that allows business to operate also allows social activists, labor organizers, journalists academies and many others to work on a global stage. However, technology and trade are considered the two leading forces in globalization. Technology provides the mechanisms that make globalization possible and trade is globalization applied. It means technology is vehicle of globalization while trade is application portion of globalization.

Prof. S.K. Verma has more clearly defined the features of Globalization. He says “Globalization is primarily a removal of national barriers to trade and investment. It is associated with contemporary phenomenon of privatization, de-regulation, the expanded provision of incentives for entrepreneurial behavior, structural adjustment programmes and related pressures on developing countries to open up their markets for international financial institutions and developed countries. Globalization in economic terms is opening up of the markets which will operate “under market forces, where state will have a very little role to play.”

[2]
According to International Monetary Fund "Globalization is characterized by increases in flow of trade, capital and information, as well as mobility of individuals, across borders." 

Along with Liberalization and Privatization, globalization makes full sense of modern economic activity prevailing in past 1990 India. Liberalization implies freedom to the entrepreneurs to establish any industry, trade or business venture. It insists on free capital markets which are open to private as well as foreign enterprises. It means economic activity is fully decontrolled and open to market. Privatization means that majority of economic activities will be conducted by private sectors. Under LPG era foreign capital has more access.

Ruben Ricupera, Secretary-General of UNCTAD has following view about the Globalization, "Globalization is the integration of the world economy as the result of three main forces: (i) increase in trade in goods and services, (ii) the increase in the investment of transnational companies i.e., MNCs and the consequent changes in the nature of production. Production becoming no longer national but as a process that place in different countries; and (iii) International financial and exchange rate transactions." 

Features of Globalization:- 

The specific characteristics of Globalization are as follows:

(i) Integration of domestic economy with global economy.

(ii) Opening up of the economy to foreign capital, foreign investment, foreign technology and free competition.
(iii) Free international trade with liberalized approach towards exports and imports. Removing of all tariffs and non-tariff restrictions (quotes).

(iv) Expansion of multi-national corporations (MNCs).

(v) Free flow of international capital and other economic transactions across the political boundaries of the nations.

(vi) Information technology (IT) is integral to the process of globalization. “IT and globalization are like two rivers that have joined, creating an ever larger, faster torrent, busting down dams and overflowing the riverbed that once contained it. The question is, will you go with the flow, or drown?"

(vii) The scope of the process of globalization seems to be increasing rather than narrowing over time, taking on cultural, political, social and environmental dimensions in addition to the economic.

(viii) Several international institutions including the World Trade Organization (WTO), the World Bank, the International Monetary Fund (IMF) and UN agencies such as the International Labor Organization (ILO), the United Nations Development Programme (UNDP), the United Nations Conference of Trade and Development (UNCTAD) etc. play an important role in the process of globalization.

(ix) Thus, globalization is characterized by “shrinking space, shrinking time and disappearing borders.” It has swung open the door to opportunities.
Factors Responsible for Globalization:-

There are several causes for the emergence of globalization as mentioned below:

1. **Policies of Liberalization:** Adoption of policies of liberalization by most countries of the world account for the growth of globalization. As a result of these policies restrictions on international economic transactions were removed. With the removal of these constraints, road to globalization was all clear. First impact of openness was witnessed in world trade (in goods and services). It was followed by foreign direct investment (FDI) and financial sector.

2. **Recent Development in Research and Technology:** Revolution in the spheres of transport and communication has converted the world into a global village. Jet aircrafts, computers, satellites, internet, e-commerce, e-mail, and information technology all have served to remove frontiers of time and space. Besides the cost transmission and reception of information has fallen considerably.

3. **Effects of Industrial Management and Organization:** Development of new management techniques in industrial organization has also accelerated the process of globalization. Owing to technological advancement mentioned above, falling share of wages in cost of production, firms are in a dilemma to
choose between foreign trade and foreign direct investment to participate in expanding international sector.

4. **Failure of Soviet Socialist Model**: in the late 1980s and early 1990s, centrally planned and command economies of the Soviet Union and East European countries miserably failed. By 1991, communist system collapsed in these countries due to dismal economic performance controlled markets and closed door policy. After the failure of Soviet Socialist Model, all these countries also adopted Western Model of free market economy, policies of liberalization and globalization.

5. **Inspirations from Some Developing Countries**: Experience of some Asian Developing countries also promoted the idea of globalization. These countries were South Korea, Thailand, Malaysia, Taiwan, Hong Kong and Singapore who by adopting the policies of liberalization and globalization achieved new heights of economic success. Their economic success story earned for them the name of “Asian Tigers”. China also succeeded in achieving high rate of economic growth by resorting to the process of globalization. These success stories of globalization inspired other countries to globalize their economies.

6. **Role of the Single Power**: the USA: After triumph of the US in the Cold War, it proved to the world that the Western capitalism and liberalism are far superior to socialism and communism. After the victory of capitalism, the US pursued the liberal foreign policy of “enlargement of free-market democracies” more vigorously. Countries of the world started following the bandwagon of the US. Moreover, success of globalization is conditioned by the existence
of a super power whose currency is universally acceptable. Since 1945, America has been emerging as a super power in world polity. Disintegration of the Soviet Union, collapse of communism and triumph of capitalism elevated the status of America to a sole super power. Political supremacy of the US has also been instrumental in hastening the process of globalization. Existence of a super power is essential for globalization. It is the international markets. By playing this role the US facilitated the process of globalization.

7. **Role of Breton-Wood Institution:** as already mentioned, several international institutions namely the WTO, the IMF and the World Bank as well as UN agencies such as the ILO, the UNDP, the UNCTAD etc. have also created an international environment in which the process of globalization may flourish. With the formation of the WTO in 1995 this process was accelerated it is an organization of 14 countries (originally 125 countries) that is the primary rule-making body of the globalization process. Since then it has become one of the most powerful international organizations. The United Nations Organization (UNO) also plays a key role as a central pillar of the international system in the management of global economic integration.

**Effects of Globalization**

Individual, community, society and sub-national community has developed contacts across the borders for the long time. The earlier state centric system gradually received international fervor by global interaction. Even this process is not universal. This process uneven a markedly different
at different places. It asserts in the development complex and powerful interrelation through its scope and accountability\(^9\). The state is not declining but is trying to adapt itself various functions and powers from within and outside. Both the concepts of continuity and change are interwoven.

The process of global integration has left far behind the concept ‘Global Village’ of Marshal Mac ham. In the world anybody & everybody and from anywhere, has got connected to anybody else citizen of a country may live in a different country it makes differences. Likewise individuals and groups, private and public organizations keep in touch on the issue of common interest of different places. Thus, it increases intensity of contacts and does not care for obstructions caused by variations and languages, regions, nations or cultures. Revolutionary steps like contacts and increasing cooperation between individuals and groups are bringing governments closer to each other. Both positive and negative effects of globalization are now visible. In positive sense, it relates to open economy, increasing economic interdependence and interaction of world economy. Though considered mainly as an economic process, it has many other dimensions like technology, communication, polity, culture, ecology and society\(^10\). All these dimensions are inter-related and some dimensions are fragmented into sub-dimensions having several branches that represent a network of interdependence. In negative sense it can be seen as the increasing dominance of developed countries over developing countries\(^11\).

The process of globalization entails a chain of actions through which every region is affected by the activities of other decisions. Trade of country affects labor market, government and culture at the global level. Technology has changed the methods of trade. In today’s world of communication, trade
has strong network that affects social and cultural activities a across the boundaries. Society itself is connected to the totality of human actions relating to quality, administration, economy and culture. Administration infects at global level various human and social activities including culture. Integration of economics across the national boundaries is related to production, trade and investment all over the world. It is also related to various organizations like ASEAN, SAARC, OAU and European Union. The spread of globalization has brought fundamental changes in global economy.

This process also includes trade, production, investment by multinational companies (MNCs) and market. MNCs have reoriented their organizational structure because of the global network of production. The price of concerned has come down because of the cut down off the cost in opening the offices in different countries and related areas. Developing countries are associated with these MNCs as supplier of raw materials and labor. Investors of world market are interested in investing through Bretton wood Institutions. It increases the flow of private investment in developing countries because of faster transfer of finance and free trade; investors and global market system get integrated.

The process of globalization has created conditions for direct foreign investment. The annual report of WTO released on August 14, 2007 claims that increase in merchandise trade is not merely restricted to developed countries. Developing countries also witnessed increase in exports by 0.9% which is largest since 1980. American trade deficit in June 2007, was estimated at $823.4 billion, is rising because imports to America have increased significantly. The impact of globalization on developing
countries is being seen in terms of modernization of industries as well as urbanization. It has resulted in economic growth as well as social problems. It cases problems in market, business, and service sector. New demands have come up in business world. Attracting investors and raising competitions about various products has become new trend in international economic system. It is essential for business concerns to sustain in contemporary world environment.

Information and communication have boosted the process of globalization. In mid 1998 the number of Internet users was 140 million it rose to 700 million in 2001. Today, more than a billion people surf daily. American economy, which had started shrinking in 1990, is world’s largest economy today. The use of Internet generated the revenue of 830 billion in year 2000, which was 30 percent more than the previous year. It promoted production and employment. Globalization has caused greater awareness in common man. The role of citizen, civil society and even the administration has undergone considerable changes in traditional as well as modern democracies people’s participation in operation of organizations. Earlier, the role of national government was quite limited. Now government are performing the role of economic deciders rather than economic actors.

Socio-economic globalization enriches the political-cultural environment. Technology provides information related to economic activities that produce new markets operating beyond geographical and political limits. Globalization in social, political and cultural field curtails the barriers at global level. This process of development created consumer culture to encourage the broad objectives. It provides a mosaic view of the filmy culture of Hollywood and Bollywood, fast food culture of West,
China, Japan, Korea and South East Asia. The materialistic consumer culture of Disneyland and superhighway culture of Sony and M-TV can be easily seen. This culture is unaffected by family tradition and religious bond. Everyone is free from the obligation of religion, traditions, family and the class, everyone is independent in himself more or less\textsuperscript{17}. Today, different languages and culture in India have come close than ever before.

**Positive Impacts of Globalization**

Sometimes, globalization is viewed as a process that is beneficial to world economic development and is inevitable and irreversible, while sometimes it is believed that it increases inequality within and between nations, threatens employment and living standards, increases dependency, expands neo-colonialism and thwarts social progress.

Globalization has proved to be very beneficial to all countries and especially to developing countries. Its merits are as under:

1. **Beneficial to Developing Countries:** The globalization has promoted economic equality and reduced poverty. The integration of poor economies with richer ones has provided many opportunities for poor people to improve their lives. Globalization has helped reduce poverty in a large number of developing countries. According to a World Bank Report: Globalization, Growth and Poverty: Building an Inclusive World Economy, 24 developing countries that increased their integration into the world economy over two decades ending in the late 1990s achieved higher growth in incomes, longer life expectancy and better schooling. These countries, home to some three million people,
enjoyed an average five percent growth rate in income per capita in the 1990s compared to two percent in rich countries. Many of these countries—such as China, India, Hungary and Mexico—have adopted domestic policies and institutions that have enabled people to take advantage of global markets and have thus sharply increased the share of trade in their Gross Domestic Product (GDP). These countries have been catching up with the rich ones—their annual growth rates increased from one percent in the 1960s to five percent in the 1990s\(^\text{18}\).

2. **Entry of Multinational Corporations:** Globalization encourages entry of multinational corporations. These corporations have unique and empirical capacity to increase production and distribution. Wherever they go they make radical changes in the existing production system of that country, their superior technology, professional, managerial competence and quality are of paramount importance to the country. These corporations bring modern technology with them. They can offer investment on research and development (R and D). as a result process of research is initiated. These corporations apply innovations to underdeveloped countries through their subsidiaries.

3. **Flow of Foreign Capital:** Globalization encourages, flow of foreign capital in the form of direct foreign investment, commercial borrowings, collaborations, etc. Transference of capital from developed to underdeveloped countries will be mutually beneficial. The developed countries have surplus capital. Globalization helps in flow of surplus capital of developed countries to underdeveloped countries. As a result of this
transference of resources, developed countries earn profit and in case of underdeveloped countries, investment in productive activities increase.

4. **Technology and Marketing:** Modern technology and managerial services are made available to enterprises established in different parts of the globe by the multinational corporations. As a result the productivity of these enterprises increases and resources are optimally utilized. It is due to globalization that technology has been transferred from developed countries to developing countries. The multinational corporations which flourished in this era of globalization make available marketing services; especially export related marketing research, advertisement, spread of marketing information, storage facilities, transport, packing design etc.

5. **Increase in Knowledge:** Rapid increase in knowledge through Globalization provides a new potential for developing countries to grow faster. The knowledge explosion is driving technical change; which is changing the nature of global interaction and competition. Unless the developing countries move rapidly to join the fast moving global economy, and the information net work that supports it, the gap between rich countries and the poor countries would grow wider. The developing countries must develop a strategy for using effectively the growing knowledge base which must be; tapped internationally. In short Globalization results in the diffusion of knowledge for the benefit of all the multinational corporations which are the important organs of Globalization impart training, to local employees in respect of modern techniques of production, marketing, financing, exports, etc.
6. **Beneficial to Consumers:** Globalization promotes competition. Under the pressure of competition human being will strive to give best of their effort. There is no denying the fact that competition brought the world economic order many benefits in terms of a very efficient economy at a very low cost. Global competition puts an emphasis on consumer concern, delivering the consumer the very best quality and variety of goods. This helps to bring down prices because consumers have a choice is an attempt to get consumer support that results in continuous global on how to produce and deliver the best product. It aims at maintaining quality control in the competitive market.

7. **Socio-economic Transformation:** Globalization is not only an economic phenomenon. It is also a cultural and social phenomenon. It is found that due to globalization, personnel in management and other superior positions will come to underdeveloped countries with their own life styles which will have good influence on these societies. If those attracted by Euro-American life styles also adopt some good features of these societies-such as dignity of labor, responsibility for neighborhood or community welfare, respect for law and order and respect for knowledge and character, there would be positive advantages in terms of social change. If these virtues spread to the rural areas, then the rural people will also be benefited and liberated from wrong and blind Reliefs.

8. **Develops World Trade:** Globalization has extended world trade. The establishment of World Trade Organisation in 1995 aimed to discourage bilateralism and encourage multilateralism.
Globalization is reflected in the rising share of international trade in world output. The volume of world merchandise trade is estimated to have increased at an annual rate of more than 6 percent, compared with an output growth of less than 4 percent. This means that each 10 percent increase in world output has on average been associated with a 16 percent increase in world trade. On account of globalization, world trade and investment barriers fell rapidly. There was dramatic decline in transportation and communication costs.

9. **International Division of Labor**: Globalization implies the functional integration of internationally dispersed activities. It causes a new type of international division of labor. It is manifested in the ability of producers to slice up the value chain. That is breaking up the production process into many geographically separated steps. A good is produced in a number of stages in different countries. Producers locate the different stages such that it improves access to resources and capabilities and facilitates penetration of newly expanding markets. This process of slicing up of the value chain provides greater room for developing countries to specialize in the labor intensive stages of the manufacturing process of a commodity which as a whole might be capital intensive. This increases opportunities for developing countries to participate in and gain from trade. Geography and national boundaries are no longer constraints. A United States of America (USA) toys manufacturer sets up a purchase contract with a firm in Hong Kong (China) which establishes a Joint venture to manufacture labor intensive toys elsewhere in China, using plastics

[15]
shipped from Malaysia and ships the final product to the United States. The new logic is to supply every national market by sourcing from whichever country in the world, which could ensure supply.

**Negative Impacts: Neocolonialism and Dependency**

On the one hand supporters of the globalization complement it by emphasizing that it has made the world more interdependent and integrated; promoted faster growth and reduced poverty; raised the productivity and living standards of people in countries that open themselves to the global market place. On the other hand its critics did it as the main source of growing dependency and neo-colonialism. Developing countries are increasingly becoming more and more dependent on developed countries and their MNCs. Along with the MNCs, international institutions like the IMF, the World Bank and the WTO are becoming instruments of neocolonialism. All these are tightening the noose of developing countries. By expanding their tentacles, they are promoting neo-colonialism and dependency. The following demerits of globalization may e enumerated to prove this criticism:

1. **Harmful to Developing Countries:** The UNDP’s Human Development Report (HDR) of 1999 states that the benefits of globalization in the past decade have been unevenly shared between countries, regions and social classes in individual countries. Many countries have experienced negative growth and a declining standard of living despite being well integrated into global economy. Apart from the danger of financial volatility and
the resulting job and income insecurity, the HDR 1999 points to other forms of insecurity, viz., health, environmental, personal and political\textsuperscript{21}. In short, Globalization for the Third World countries simply means loss of economic independence, mortgaging economy to foreign capital, and subjugation to the industrial countries.

2. Diminishing Role of the State: In recent times, state sovereignty in many developing countries in the South has been severely reduced under the influence of globalization and of increasingly detailed prescriptions from the International Financial Institutions (IFIs) and other external actors. Under the pressure from the IFIs and the new dispensation of the WTO, liberalization, privatization and structural adjustment policies have been imposed or adopted by many countries in Africa, Asia and Latin America, thereby diminishing the economic role of the state in framing its policies or setting its development goals. State sovereignty is no more absolute and non-state actors are playing significant role in the national politics of states as well as in international politics.

Economic policies of developing countries are being dictated by IFIs or by donor (developed) countries. These developments have resulted in dependency and the international marketisation of domestic economies wherein the movement of capital, goods and services are made dependent on the exterior factors as national barriers to investments and trade have been removed. Doornbos criticizes, “If sovereignty and autonomy are in question today, this is probably due as much to the massive external inroads into the
polarity-making arena than to the loss of control over their own territory as suffered by states."

3. Means of Neo-Colonialism: With the collapse of Cold War related support structures as maintained by the superpowers, the room was now wide open for global forces of various kinds-financial (IFIs), institutional (WTO), commercial (MNCs)- to claim direct access to countries especially developing, many of them quite vulnerable. Developing countries are becoming more and more dependent on these global forces who are also acting as facilitators of neo-colonialism. These global forces are adopting the following means to establish neo-colonialism:

(i) In the discourse of globalization, new key terms in vogue are ‘civil society’, ‘democracy/human rights’, ‘multipartyism/economic reforms’ which do not only ignored State Sovereignty but also de-throned the state from its dominant position in the thinking about development issues and strategies.

(ii) Removal of dominant parties from the national political scene not because they were undemocratic but because they were perceived as major obstacle to the kind of reforms demanded by the IFIs and major donor countries.

(iii) The conditionalities prescribing donor-dependent states how to (re-structure their internal organization and management procedures are tuning independent state status into dependent status. The trend of setting political-
economic conditionalities is against the concept of State Sovereignty and for neo-colonialism.

(iv) Active encouragement is given to the promotion of autonomy/sovereignty elsewhere, i.e. vested in non-state institutions with substantial powers to intervene within specific sectors or sub-sectors.

(v) The reduction of the ability of formally independent states to do their own policy thinking, planning and formulating to an absolute minimum: donor-dependency in many cases has come to imply becoming subject to numerous criteria and demands developed elsewhere, and having to accept many ready-made packages of policy and project proposals.\textsuperscript{22}

4. **Globalization and Terrorism**: Globalization involves not only free flow of goods, services, capital, labor and finance but also ideas, information, drugs, arms and even terrorists across the globe. The networks of transnational terrorists are also operating in the context of globalization. Such networks are also beneficiaries of information revolution. By transferring arms and drugs across the borders the terrorist groupings can sustain themselves in the remotest corners of the world through international underground movements. Terrorism, indeed, has become a global phenomenon. The policy of US led imperialism towards the West Asian region and the tensions between Islamic countries like Iraq and US proved to be a catalyst in mobilizing the radical Islamic grouping such as Al Qaeda and Islamic Front against the West. These terrorist
groups challenge the dominance of the West, in general, and the US, in particular.

5. **Impact on Religion:** The discourse of globalization is no longer confined to economics and politics but to culture and religion. In the contemporary globalized world, one witnesses within each of the world religion a double transformation- a progressive, practical and dialogical transformation on the one hand and a conservative fundamentalist on the other. The first one refers to ethical and aesthetic mobilization and the mobilization of a practical spirituality. While ethical mobilization makes religious responsible for ameliorating the condition of suffering in the lives of others, aesthetic mobilization focuses on appropriate self-cultivation and spiritual transformation in the life of the actors. In the mobilization of a practical spirituality, the followers of religious movements realize that spiritual realization is possible only through addressing the concrete problems of men and women who live in their midst. The second transformation is more prominent in this globalised world i.e. the globalization of politically motivated fundamentalism and militant religious movements. The world has seen the globalization of Islamic fundamentalism- from Afghanistan to Chechnya, there are instances of globalization of fundamentalism projected by Christianity and Hinduism as well. The conservative New Christian Right in the US under the leadership of evangelists such as Jerry Fallwell has been globalised and any visitor to the US and UK can easily notice the intense mobilization of Hindu fundamentalist movements such as Visva Hindu Parishad (VHP) and Rashtriya Swayam Sevak Sangh (RSS)
and of Sikh militant movements such as Babbar Khalsa, Khalistan Liberation Front etc.²³

6. **Causes Economic Inequality:** It has further been criticized that globalization will lead to economic inequality. Globalization leads to the growth of multinational corporations. ‘These corporations have proved harmful to the goal of economic equality, in more than one way.’ (i) Regional inequality has further aggravated because of them. MNCs are interested in setting up industries in particular regions and hence those regions develop very rapidly and other regions remain undeveloped, (ii) MNCs pay more salaries and perks to their employees than other employees. This widens the gap between the incomes of the laborers, giving rise to economic inequality, (iii) these corporations give more importance to the production of luxury goods than the production of mass consumption goods. Reason being that it is more profitable to produce the former than the latter. Thus the scarce resources of the country are not put to optimum use. (iv) these corporations further accentuate rural and urban disparity. By setting up their industries in urban areas they encourage villagers to leave their villages and settle down in urban areas. In short globalization leads to inequality and exploitation.

7. **Cut-throat Foreign Competition:** The critics are of the view that globalization will lead the foreign countries to cut throat competitions. It will weaken political, social and economic independence. Multinationals might be in a position to manipulate things to their advantage, which will prove detrimental to the interests of the poor nations. By making use of improved
technology in their production system these corporations fix lower price of their products and thus compete out local producers. Once the indigenous industry is completely destroyed by this competition, multinational corporations have full control over the market. By virtue of their competitive strength they elbow out indigenous producers from highly profitable, progressive and developed sectors. It is difficult for local industries to stay in the market for long in the face of huge capital resources, high technology, competent management possessed by these corporations. Competitive market has offered several opportunities but its proper exploitation is only possible when developing economies realize the fact that the rich take away from the poor more than they give. The rich are rich at the cost of the poor and the development is always at the expense of cut throat competition with the underdeveloped.

8. **Increase in Debt Burden:** The immediate impact of globalization might be to increase the debt burden of the developing countries which are already under heavy debt. The mounting impact will lend them in a debt trap from which it may be very difficult for them to recover. It has been argued that debt servicing is imposing a real burden on the economies of many developing countries. Since a large percentage of exports are devoted to debt servicing it is to be assumed that the impact of growth in exports on economic growth has weakened. The debt service ration does not affect economic development only, but it also influences the rate at which economic development takes place. Debt servicing is a heavy burden on the balance of payments of the developing
countries. Over 25 percent of exports of developing countries are devoted to debt servicing.

9. **Adverse Effect on Balance of Payments:** Globalization has adversely affected balance of payments position of most of the underdeveloped countries. Their imports usually consist of capital goods and intermediate products. After independence several of underdeveloped countries tried to adopt import substitution as a vehicle for their development. Rather than effectively replacing the imports, their demand for capital goods rose sharply, which required increased amount of foreign exchange. But foreign exchange became scarce due to declining terms of trade for their exports. At the same time import bills went up. The third world countries specialize in the export of primary commodities. The world prices for primary goods have declined and its demand stagnated. In several of these countries food supply lags behind as well due to bad weather, slow or negative productivity growth, decline of investment in agricultural sector etc. the food and foreign exchange constraints interact. Under such conditions if government stimulates agriculture exports, it might adversely affect food production. All these factors combine to have an adverse affect on balance of payments situations. Moreover deterioration in the balance of payments position of underdeveloped countries is also due to the selfish behavior of developed countries. On the one hand the World Bank and the IMF argue that the markets should be allowed to work freely, on the other hand, the most vocal supporter of globalization, the USA itself is adopting protectionist policy and unilateralism which will
not make the USA accessible to developing countries. This policy of protectionism adopted by developed countries also contributes to adverse balance of payments of developing economies.

10. Increased Dependence on Multinational Corporations:
Countries are incorporated in the global economy through a network of international production, trade and finance. An important element of the globalization process is the growth of intra-firm’s trade, which creates barriers to entry for developing countries. This increases the value of bribes with Multinational corporations for obtaining access to world markets/ The key to success in the international market place seems to be in the attitude, I will make what you need and not I will sell what I make. This increases dependence on multinational corporate. The main objectives of these corporations is to earn maximum profit. To achieve this objective they invest their capital in under developed countries. Such an investment proves very profitable. The reason being that labor is very cheap in these countries and trade unions are either non-existent or are very weak. Moreover, these countries provide cheap raw materials for certain kind of production and also profitable market for finished goods for developed countries. These corporations receive from under developed countries more than 50 percent profit every year on the direct capital invested by them. According to one estimate 300 MNCs of America received from under developed countries about $40 billion as profit.

11. Increase in Consumerism: It has further been criticized that Globalization which implies consumerism of the western type, has actually brought about in the nation, a high priority for luxury cars
over mass transport and five star hotels over low cost indigenous housing. The necessities and comforts are sacrificed in favor of conspicuous consumption. This discourages savings and encourages consumption. The increasing trend towards consumerism was one of the causes of economic crises faced by East Asian Tigers like South Korea, Thailand and Malaysia. Moreover globalization will promote demonstration effect. With capital investment from foreign countries, personnel with their life style will also come. In so far as it affects directly and through demonstrate effect, it distorts the allocation of national resources and becomes a means to social discord, it will/ increase social tensions among different classes of people of the society.

12. Dubious Experiments of Policy Reforms: The critics are of the view that on the name of globalization the under developed countries are pushed into doubtful experiments of policy reforms including deregulation and internationalization of financial sector, privatization and elimination of all kinds of restriction. This is offered as solution regardless of country’s institutional and financial background. These reforms may prove counterproductive if undertaken without considering the strengths and weaknesses of a country. These reforms may expose the economy to excessive dependence upon external events beyond its control. The South East Asian crisis is an example evidence of this danger. Economic performance of 50 countries had demonstrated that financial openness usually led to more frequent severe financial crisis and painful adjustment process. Indeed most of the time liberalization has been associated with deterioration of growth. The
liberalization to correct external deficit is carried out through
deflationary measures which further reduce the income of the
working classes. The IMF programme aims at reducing the
government budget deficit by cutting expenditure rather than
raising the revenues through progressive taxation. Spending on
health, education, nutrition and environmental protection and
conservation is severely affected. This adversely affects the poor
sections of the society.

13. Interference of International Institutions: Globalization has
resulted in increasing interference of international institutions like
the World Bank and the IMF in the policy making process of
foreign exchange reserves to cover import bills force a country to
borrow or attract foreign investment. If this continues then after
some time the deficit burdens become unmanageable, and lead to
debt crisis. Under such circumstances the World Bank and the IMF
are portrayed as a rescue for the borrowing countries. The lending
bank's profit and stability depend on their loans continuing to be
serviced. As the crisis grows, reliance on the lending banks
increases, who in turn imposes more conditions to further their
interest. Their interference in policy making increases. Following
their policies means cuts in social spending, wages, infrastructure
and imports. All these measures lead to a sharp decline in prices
exported by them and thus a fall in export income, if the foreign
demand is inelastic. The structural adjustment forces on the Third
World by the IMF and the World Bank to deflate these economies
bring down domestic absorption and generate an export surplus at
any cost, following this will also lead to decline in real wages,
while tax relief is given to rich. This will mean redistribution of income towards the richer income groups, which affect further income contraction. The other income contraction is the decline in terms of trade of the under-developed countries.

14. **Element of Uncertainty:** Globalization is expected to promote the flow of foreign capital. But an element of uncertainty looms large in respect of foreign capital. It may be repatriated at any time. Hence foreign capital can never be a permanent part of an economy. At the time of crisis when foreign capital is needed the most, the availability becomes scarce. The South East Asia’s recent economic crisis is an example testimony in favor of this argument. When the so called economic tigers of East Asia were in direct need of foreign investment of flow of foreign capital was not available. This made their crises even more worse. The workers and trade union leaders fear that globalization will lead to unemployment. This also leads to uncertainty to their work culture.

15. **Depletion of Natural Resources:** The structural adjustment programme of the World Bank also has an adverse impact on the country’s natural resources in many ways. First, there is pressure to increase exports of natural resources and agricultural commodities on large scale. Since external debt has to be repaid in foreign exchange, this requires that country’s exports should exceed its imports. The IMF supported policy reforms put emphasis on the creation of export incentives to facilitate through devaluation. It is said that devaluation increases the demand for exports; which become cheaper and decline imports which become more expensive. The increased demand for export shifts the country’s
natural resources such as land, forests, and minerals into a tradable sector and away from production for local consumption. Thus globalization ignores the long term consequences of the depletion of natural resources.

B- Principles, Objective and Nature of India’s Foreign Policy.

The foreign policy of a country is determined by a number of historical and domestic factors. In case of India also several such factors have been responsible for the shaping of principles and objectives of the foreign policy. These factors are geography, history, and tradition, economic and military factors ideological factors, charisma of Pt. Jawaharlal Nehru and International situation. Here we discuss the objectives set out by the policy makers and the principles on which India’s foreign relations are based. Every head of government and his FM leave an impact of their personality, on the country’s foreign policy. Nehru was not only PM, but also, FM over 17 years which were the formative years of Independent India. Soon after forming the Interim National government, Nehru made his first official announcement on foreign policy in a broadcast to the nation (7th Sep 1946) and laid down the basic principles of Indian foreign policy. There were: i. close co-operation which other nations in the furtherance of world peace and freedom, ii. Keeping aloof from power politics of groups aligned against one another, iii. Emancipation of colonial and dependent peoples, iv. Repudiation of racialism v. friendly and co-operative relations with England and the British commonwealth of Nations, vi. Having good relations with the USA and Soviet Union, vii. Close ties with Asian countries.
The foreign policy of a country is generally expressed in terms of objectives. The Indian foreign policy objectives logically correspond with the principles. These are 1. Maintaining country’s security and its territorial integrity, 2. Prosperity and progress of the country, 3. Establishment of India as a pre-eminent power in South Asia and a great power in Asia, 4. Promotion of strength and solidarity of all Afro-Asian countries so that they may count in the world affairs, 5. Fighting against all types of colonialism, imperialism and racialismo, 6. Avoidance of involvement in poser blocks or military alliances, 7. Solicitation of foreign aid from all quarters for economic development, 8. Playing an active role in the United Nations, 9. Supporting the cause of disarmament, particularly prohibiting manufacture, stock piling and use of nuclear weapons and 10. Supporting the cause of developing nations and the NIEO (New International Economic Order), 11. The Gujral Doctrine named after Prime Minister Indra Gujral i.e., the policy of giving unilateral concessions to neighbors and promoting people to people contact.

On our foreign policy the impact of Nehru’s personality is visualized everywhere. His personality is better summed up by J. Bandopadhyay and Michael Bresher. According to J Bandopadhyay Nehru was a devout nationalist, freedom fighter the lover of the tradition and culture of his own society; he was at the same time a deeply committed nationalist and visualized a unified mankind in a co-operative international order, often referred to by him, as the ideal of the one world. Michael Brecher’s view was different according to him there different cross currents in Nehru’s intellectual make up because of Nehru’s inability to synthesize it into a coherent intellectual pattern.
These features of Nehru’s personality reflects in setting out objective of India’s foreign policy. This deep faith in Indian culture and tradition is reflected in his adopting the policy of Panchsheel which is based Buddhist Philosophy. Similarly his world view about the contemporary world scenario, of domination of two powers resulted in non-alignment. His deep study of Vedanta lead his realism. He once said “it is easy to lead down principles, but the difficulty comes in when high principles have to be acted upon”\(^{27}\). That is why Nehru has adopted the policy which is best suited to the national interest of the country. Since India has recently achieved freedom from Britishers, who has left the country in economic drain, poverty, starvation, under this background Nehru has to determine the objective of India’s foreign policy.

**Objective of India’s Foreign Policy:**

Before proceeding to develop basic principles of foreign policy, policy makers has to set out certain objectives eg. ensuring security of territory, maintenance of peace in neighborhood, prosperity etc. As Muchkund Dubey ex foreign secretary of India has rightly said “the primary purpose of any country’s foreign policy is to promote its national interest – to ensure its security, safeguard its sovereignty, contribute to its growth and prosperity and generally enhance its stature influence and role in comity of nations. A country’s foreign policy should also be able to serve the broader purpose of promoting peace disarmament and development and of establishing a stable fair and equitable global order\(^{28}\). These objectives were set on the basis of experiences gained by policy makers who were also
freedom fighters. They have seen two world wars resulted from armament and rivary over colony and market have affected the development and prosperity of the world. That is why the goals of India's foreign policy are simple and straightforward. International peace and security were prime objective of our foreign policy. These principals were mentioned in our Indian constitution under Art. 51

These objectives are such fundamental that people of the country has accepted naturally. Political parties have also obeyed these principals. Last 68 years has proved that different governments from different ideology have abided by these objectives. They in fact promoted it.

Development and prosperity comes only when there is peace. At the time of independence India is an underdevelopment nation. That is why Pt. Nehru has said "Peace to us is not just a fervent hope, it is an urgent necessity."

Prof. M.S. Rajan has rightly said "for a country like India which is in urgent need of all round development, peace (as much external as internal) is a primary desideratum."

For maintenance of peace in world an international institution is necessary where the problem between any two nations or more can be discussed. So that the peaceful solution based on international law and covenants can be achieved. That is the reason India has provided unqualified support to United Nations of organization. A healthy UNO will effectively maintain peace in the world. It should have the powers and effective mechanism, so that the race for armament can be reduced. India has actively participated different UN missions military and financially both.
Since India was colony of British Empire for centuries, the liberation of peoples i.e., decolonization and elimination of racial discrimination is another objective of India foreign policy. For this purpose (i.e., liberation) of violent methods were adopted, India has not supported. It means India has promoted democratic means of freedom struggle in Asia and Africa. Pt. Nehru has expressed this objective of foreign policy when he said "The great leader of my country, Mahatma Gandhi always laid stress on moral values and warned us never to subordinate means to ends." He insisted that physical force need not necessarily be the arbiter of man's destiny and that the method of waging a struggle and the way of its termination are of paramount importance.\(^3^1\)

Another objective of India foreign policy is removal of starvation, famine, illiteracy and disease. in order to achieve this goal India become member of International organization like WHO, FAO, UNICEF and UNESCO. Since without the financial and technological help of these institutions India can't achieve its objective of removal of famine and starvation, illiteracy and disease. Sarva Siksha Abhiyan, Pulse Polio Abhiyan are some example which are running with the help of these institutions.

India has not only get help from these institutions but with collaboration of these institutions provided help (like providing doctor, nurses and other experts) in removal of these goals. In fact India wants to use these institutions to help the entire world.

India after independence in 1947 became republic in 1950. But India voluntarily accepted membership of commonwealth without accepting
British Queen as its head of republic. In fact India wants to use these platform to enhance its stature and other objectives.

India wants to maintain its friendly relations with its neighbors. India has adopted Panchsheel as its cardinal principle of foreign policy to promote non-interference and peaceful coexistence. India has also adopted path of Non-alignment to keep equidistance from both the powers. By distancing itself from both the powers, it has keep options open to get assistance from both the camps.

Although India is victim of foreign attacks (from Pakistan 1947, 1965, 1971, from China 1962) it has remained committal to the Principal of Non-Alignment and Panchsheel. In the crucial time when situation become very difficult, it has not accepted any condition which curtail its faith in these principles i.e., Non-Alignment and Panchsheel. India still wishes to work in pursuit of world peace and in search of that it has been insisting on complete elimination of nuclear weapons and strengthening of United Nations.

**Principles of India’s Foreign Policy:-**

1- **Non-Alignment:-** Non-alignment is the backbone of India foreign policy. It is the most important gift to international community. It has shown the path to many countries of Asia and Africa to how to keep distance from power politics. Soon after the end of world war second, cold war started. In fact cold war was an extension of European struggles. Nehru ji has talent to judge the international situation very well. He wondered why European conflicts should distract the attention of Asian countries form the main problems through the fussy climate created by cold war. The main problem
centered around development and not communism or anti-communism. "In each country of Asia underdeveloped more or less- the main problem is the problem of food, of clothing, of education, of health. We are concerned with these problems. We are not directly concerned with the problems of power politics", Nehru told the constituent assembly on 8th March 1949\textsuperscript{33}.

Non-alignment policy is in accordance with Indian philosophy and tradition. Non-alignment was also the sister of Non-Violent Satyagrah. In fact at that time when imperialist forces adopting every means to take in their camp to become non-alignment is a tough task. India’s main concern at the time was to consolidate its freedom and pursue independent foreign policy. A former ambassador to India, Chester Bowels has said of Nehru and his policy of Non-alignment: “If Nehru becomes a formal ally of the West in the cold war, he would be going against the whole gain of Asian anti-colonial sentiment. He would be under constant and effective attack as a stooge of Western imperialism, by his independence of either block, he is able to draw on all the pride of Indian Nationalism and to change convincingly that it is the Asian communists who are the foreign stooge\textsuperscript{34}.”

Non-alignment is still the cardinal principal of India’s foreign policy. At the time when bi-polar world not exit, the pursuance of independent foreign policy is tough task. However India is successfully pursuing this policy.

**Panchsheel and Peaceful Coexistence:**

The term ‘Panchsheel’ is found in ancient Buddhist literature, prefers to five principles of good conduct of the individuals. These are truth, non-violence, celibacy, refrain from drinking and now not steal. The Indo-China
treaty 1954, 29th April, regarding trade and intercourse between Tibetan region of China and Republic of India came to be known as five Principles of Peaceful coexistence which famed in history as Panchsheel. These principles mentioned in the preamble of the agreement were:

i. Mutual respect for each other’s territorial integrity and sovereignty.

ii. Mutual non-aggression.

iii. Mutual non-interference in each other’s internal affairs.

iv. Equality and Mutual benefit.

v. Peaceful co-existence.

The enunciation of these principles made this agreement a landmark in diplomatic history, as similar declarations were made by many countries as directive principles for relations among countries, eg, these principles were incorporated in the declaration on world peace and co-operation, adopted by the Asian African conference held at Banding (Indonesia) in April 1955, as well as in a resolution of principles of co-existence adopted by inter parliamentary Union at its Helsinki session in Aug 1955. By the end of 1955, many countries including Afghanistan, Burma (Myanmar), Indonesia, Egypt, Nepal, Poland, USSR, Saudi Arabia, and Yugoslavia had endorsed the Panchsheel. In 1959, the UN General assembly also resolved to adopt the five principles.

The term Panchsheel was first used by Pt Nehru in 1954 at a State banquet given in honor of visiting Indonesian President in 1954. The term become so popular that Pt Nehru called it as ‘International coin’. Panchsheel is cornerstone of our foreign policy. It is based on democratic
thought. It promotes peace, equality in the region. Violation of it proved
dangerous to the humanity as reflected in world wars. India however victim
of Chinese aggression (with whom relation the term coined), never left this
principles and shown its commitment from time to time.

**Anti-Imperialism:**

India was victim of British imperialism for long time; therefore it has
decided to oppose any form of colonialism or imperialism. That is why the
Interim government of Nehru has taken first decision so for foreign relation
was concerned to withdraw Indian troops from French and Dutch colonies.
Britishers has sent these troops to suppress freedom, struggle of the colonies
of French and Dutch. India fully supported the freedom struggle of Asian
and African countries eg, Indo-China, Malaya, Libya, Algeria, Tunisia, Gold
coast (now Ghana) etc. It has also opposed the rule & racial government
over Namibia.

Americans thinking was that the communism was bigger threat than
imperialism however the view of Pt Nehru was different. He thought that the
most growing facility of communism among these countries can take root if
imperialism survived for long time. He once said “colonialism represents the
biggest threat to Asia and Africa and leads to communism.”

Colonialism and imperialism seems to be the matter of past. But
recent incidents have shown that it comes in new form normally called neo-
colonialism and neo-imperialism. American and European Onslaught over
Libya, Iraq, Syria for the ‘Oil’ comes in new incarnation. The countries have
dominated in other countries through MNCs and Brettonwood institutions.
India’s policy at freedom of dependent peoples has now acquired new dimensions as it seeks freedom from new form of economic slavery.\textsuperscript{39}

**Opposition to Racial Discrimination:**

Our freedom fighters who were part of constituent assembly have strong opposition to racial discrimination. It find its place in Indian constitution, it was also adopted as basic principles of our foreign policy. That is why the newly government of India has served relationship with racist minority government of South Africa. It has provided all sort of assistance to abolish it in UN. It has supported the UN efforts leading to adoption of covenants of human rights and the observance of fundamental freedoms all over the world\textsuperscript{40}. It was best reflection of Indian commitment against racial discrimination when India has conferred its highest civilian award to Nelson Mandela icon of South African resistance against apartheid policy of the Government in 1990.

**Foreign Economic Aid and India’s Independent Policy:**

At the time of independence mainly raw materials are exported and manufactured items were imported. Therefore it was the major task before policy makers to bring technology, capital, machinery, etc. in our country without inviting these projects in our country can’t be fulfilled. It was generally believed that Russian will provide assistance to a communist country. Since only two major powers USSR and USA were in position to provide assistance only one left i.e., USA. But USA can help India on certain conditions. These were not acceptable to India. Nehru said in 1948 June “we would rather delay our development, industrial or otherwise, than submit to any kind of economic domination by any country\textsuperscript{41}”. India refused
to get economic aid with stings. The communist’s success in China has generated feeling among ruling class in India and US also that without economic progress, the fear of communist movement looming. Therefore US start to provide help. With the passing of time USSR also felt that India was not a pro-west country. Ultimately it ready to provide help. The time came when India has officially aimed to bring socialist economy (by 42\textsuperscript{nd} amendment) and nationalizing of economy in big way, there was fear generating in west that India leaving towards socialist economy.

But with demise of USSR in 1991 this fear vanished and a new charges made by some foreign policy experts view that Indian economy is guided by world bank and IMF suitings to capitalist world\textsuperscript{42}.

\textbf{Support to the United Nations:-}

India is one of the founding members of United Nations of organization. Due to its commitment to international peace and security India has fully supported UNO financially, militarily and other means. India has provided all support to UNO in its effort of demilitarization and deweaponisation. India has opposed effort of any country to achieve nuclear weapons. Despite India has acquired nuclear weapon, it has unilaterally declared moratorium and use against a non-nuclear state. India has provided military support in UN peace mission. Actually is one of largest military supporter of UN peace mission. It has headed several times UN protection force like in Congo in 1960-63 and in Yugoslavia in 1992\textsuperscript{43}. Recently Dalveer Singh Suhag has participated in head of military meeting of UNO who are largest military participants. India has supported new membership of UNO. If any problem comes in the way it has tried its best to remove the

[38]
hurdle. India was one of the first countries to recognize the communist
government in China after the revolution in 1949.

India stand did not vary despite Chinese attack on India on the issue
of application of people republic of China and expulsion of nationalist
China. India stood by its commitment that UN could not really become a
universal organization so long as one fifth of humanity remained out of it\textsuperscript{44}. India has also contributed significantly in the field of health, food, children’s
welfare and improving the condition of working class. Elaborating the India
role in promotion of UNO’s goal professor Satish Kumar says
“notwithstanding occasional lapses, India’s contribution to the promotion of
the objectives of the United Nations cannot be regarded as inferior to or less
valuable than, that of any other member of the United Nations, including any
permanent member of the security council\textsuperscript{45}.” Therefore, we can say that
India is a far fit case to get permanent membership of United Nations.

**Peaceful settlement of International Disputes:-**

The old methods of resolving disputes through war have been
outdated after witnessing harrowing result of world wars. New method
diplomatic as well as legal adopted. These methods are mediation,
conciliation, arbitration and judicial decisions. In the current scenario non-
country is such weaker that cannot produce much effect on stronger. US has
thought Afghanistan much weaker but its result on American economy is
well known. Pt Nehru has rightly said “the world had arrived at a stage when
even if one party was relatively weaker, the effect on both was the same;
they had reached a saturation point in regard to weapons of mass
destruction\textsuperscript{46}.”

[39]
That is why the architect of our constitution makers has under Art. 51 under part IV, of Directive principles of state policy lays down that the state shall endeavor to seek peaceful settlement of international disputes. That is why it is core principle of our foreign policy to promote peaceful settlement of international disputes. Although, India has faced war from Pakistan and China, its resolution on peaceful settlement does not shaken.

**Gujral Doctrine:**

The policy followed by I.K. Gujral who was foreign minister in Devegowda Government and later become Prime Minister in 1997 is known as Gujral Doctrine. However, this doctrine was actually authored by his friend Bhabani Sengupta a ‘Saturday Group’ member.47

This doctrine believes in the policy of giving unilateral concessions to neighbors and promoting people to people contact. It means by friendly gestures improving foreign relations. In post cold war era Gujral doctrine is a completely new principle of foreign policy. This policy benefited in resolving Ganga water dispute between India and Bangladesh resulted in 1977, 30 years treaty on Sharing of the Ganga waters.48

This doctrine also assumed significance when at foreign secretary level talks between India and Pakistan in June 1977, the two countries identified eight areas for negotiation so as to build confidence and seek friendly resolution of all disputes.49

**India’s Options of Nuclear Weapons:**

India has established Atomic research centre early in 1954. India has not aimed at achieving nuclear weapon but never specifically rejects the
idea. After 1971 war with Pakistan and Chinese overtures towards Pakistan lead India to think about nuclear weapon. India had conducted nuclear test in 1974. Later said by the Indian government that it is only ‘Peaceful Nuclear Explosion.’ In 1998 under the Prime Minister ship of Bharat Ratna (2014) awardee Atal Bihari Vajpayee India has conducted five nuclear tests and declared it a nuclear state. Later India declared voluntary moratorium and not use nuclear weapons against a non nuclear state. India has not yet signed NPT and CTBT.

C- Evolution of India’s Foreign Policy till 1990

Foreign Policy of a country is determined by the times in which it is conducted. It is also affected by its history and geographical position. In other words geopolitics plays an important role in the evolution of its foreign policy. Then there are particular requirement of a country at a given time which cannot be ignored.

The country head has a view of world politics and it is reflected in his/her adaptation of foreign policy. Therefore we can analyze it in better way by categoriging the post independent era under the premiership of Nehruji, Indiraji and Rajiv ji who have enough time to shape the foreign policy of our country. They have adopted the policy which best serve our interest in the prevailing world scenario. They seldom compromise with the basic feature of our foreign policy. Sometimes in the history, the peculiar situation created by world powers and neighbors to choose one of the bipolar world power, but they have demonstrated statesmanship to face the situation.

Nehru Era (1947-1962): Nehru had gave shape to India’s foreign policy, which he believed was firmly rooted in India’s civilizational
tradition, freedom struggle and quest for peace and development. To quote Nehru “It is completely incorrect to call our policy ‘Nehru Policy’…….. I have not originated it, it is policy inherent in the circumstances of India, inherent in the past thinking of India, inherent in the whole mental outlook of India, inherent in the conditioning of Indian mind during the struggle for freedom and inherent in the circumstances of the world today”.

**Nehru’s foreign policy was based on two assumptions:**

1. India’s weakness in the immediate post independence years.
2. India’s potentiality of being a future power opted for the path of economic development to enable India to assert her presence in the sphere of international relations.

The quest for independence in foreign affairs and Nehru’s rejection of fundamentalism gave birth to the policy of non-alignment. The origin of this quest for independent foreign policy can be traced from the resolutions of the Indian National Congress which were drafted by Nehru.

The post world order saw the collapse of imperialism and emergence of a large number of independent countries from colonial rule. Simultaneously the world scenario was changing swiftly, which were broadly of the following nature.

1. Concentration of military and economic power in the hands of United States (US)
2. A United world market emerged with Washington at its centre. Brettonwood and Dumbarton Oakes gave birth to a new world economic system
3. World War II resulted in demise of European military and economic strength.
4. USSR with new ideology emerged as second power which can marginally challenge capitalist camp headed by United States.
5. A new resurgent China emerged on world map having ability to change the course of international politics.
6. A world body United Nations emerged by consensus of world powers and many other states, however dominated by United States and its friendly nations.
7. Nuclear weapons occupy an important place in shaping the cause of international politics.

Under the above situation United States build barriers to spread concept of socialism and determined to destroy Soviet Communism, which resulted in opening of cold war. But Nehru was prudent enough to judge the international situation to keep way from both the powers and get economic and technological assistance from both, which was the need of hour. As he recognized, every paisa he spent on economic development. He want to establish heavy industries which he call temple of modern India. It was possible only by huge assistance and technological help. India’s present strength owes itself to the economic foundation laid in the time of Jawahar Lal Nehru. As nationalism remained the essence of any foreign policy, Nehru used foreign policy as a tool to sub serve the cause of unification and stability in the country. That is why Nehruji always endeavored to insure was that international conflict must not compromise Indian foreign policy priorities. That was possible only through independence in decision making.
The policy of non-alignment which India pursued was a reflection of the independent decision making.

Nehru Era was characterized by two struggles one against colonialism and other for world peace and stability. India therefore, reached out to the struggling countries in Africa and emerged as a leading voice against racialism and colonialism. This paved the way to an increasingly strong and influential Afro-Asian community. India has strongly opposed apartheid policy of white minority government of Pretoria.

This period saw two conflicts one with Pakistan over Kashmir and other, more biggest with China over border issue. Nehru tried his best to ensure that China was accepted into international community with honor and dignity. He calmed the spat on Tibet with China and signed a treaty which came to be known for its five principles of peaceful coexistence. But that was unable to border dispute resulted in Chinese Aggression on India on Oct, 1962. The Chinese policies were not successful and time proved Nehru’s assessment of China was realistic and rationale. Pace with honor with China was at the core of Nehru’s policy which still remains the only valid policy.57

**Indira’s Era (1966-1985):** After death of Nehru, Lal Bahadur Shastri become Prime minister but his tenure was too short to develop footprints on Indian foreign policy. This short period seen first war with Pakistan in 1965, in which Shastri ji shown good leadership quality. India and Pakistan signed Tashkent agreement58 in Sept, 1965. After the death of Shastri ji, Indira Gandhi became Prime Minister (first woman Prime Minister) of India. She has shown her foreign policy priorities by visiting first to Yugoslavia and
United Arab Republic (UAR), to reaffirm India’s faith in Non-Alignment. The principle of non-alignment under her able leadership was impressed on third Tripartite (leaders of India, Yugoslavia and Egypt) in New Delhi in Oct, 1970. She did not even hesitate to criticize US for its excesses in Vietnam even India’s condition at hoe was not goods when drought and flood had ravaged the Indian economy and India was dependent chiefly on US under PL480 for food supplies. India had even devalued its currency. India had even devalued its currency in hope of bettering economy and large scale American Assistance. Even she visited US after Yugoslavia and Egypt to better relationship with US. But she came back considerably chastened. Not with standing, US President Lyndon Jonson’s public effusiveness (give this girl whatever she wants)\(^59\). This behavior of US, had reaffirmed the broad foreign policy principles enunciated and given shape by J.L. Nehru. One of the Indira Gandhi’s greatest efforts was to increase India’s self-sufficiency in food grains through green revolution\(^60\). Through it she tried to reduce India’s dependence on imports of thus stabilize India’s economic condition.

The other most important event took place under her regime was birth of a new state in our neighborhood Bangladesh as a result of India-Pakistan war (1971). In this war US under Nixon-Kissinger team actively cooperated with the government in Islamabad.

China too was turning towards the US to end its isolation, after border dispute with USSR in 1969. Here USA used China against USSR and China used USA against India in Indo-Pak war. This consequently paved the way for Indo-Soviet treaty of peace friendship and cooperation on August 1971\(^61\).
The treaty also praised India's policy of non-alignment. This treaty brought in criticism that India was abandoning the path of non-alignment.

After the end of India-Pakistan war in 1971, Bangladesh created as a new country on world map. This war was also resulted in Shimla Agreement\(^2\) between India and Pakistan which become the benchmark for further discussion on Kashmir between the two countries.

Another important event was the nuclear test in 1974, 18\(^{th}\) May at Pokhran which brought strong reaction from the world community particularly America and its western block. However India has committed a gross mistake at this juncture. If India had declared itself to be a nuclear weapon state, it could have subsequently joined the Nuclear Proliferation Treaty (NPT) as a nuclear state\(^3\). USA also had not yet put domestic laws in place for imposing sanctions against states exploding a nuclear device, as it happened in 1998 when Buddha Smiled second time.

Another major incident happened in Indira's regime was sour revolution led by communists in Afghanistan in 1979. Since this incident turned into Soviet intervention, situation become difficult for India. India has not approved soviet intervention, but not stand by Western Powers too.

After coming to power second time Indira Gandhi had tried her best to develop good relations with America (US), which deteristed after imposition of emergency in 1977, she met first time in a world summit at Cancun (Greece) in Oct 1981 and developed good chemistry with Ronald Reagan and able to convince that India was not a client follower of USSR. She visited US which she call “adventure in search of understanding and friendship” and which elicited a reciprocal sentiment by Reagan as a
“dialogue of discovery”. She maintained economic links with US even during troubled period. She also tried to melt relations with China to make her neighborhood stable and peaceful. Flexibility without sacrificing India’s basic interests was the hallmark of Mrs. Gandhi’s foreign policy. Another key contribution of Indira Gandhi to the evolution of India’s foreign policy was “Look East Policy”, which later Prime Ministers had followed.

She emphasized on the development of economic relations with ASEAN countries. Indira Ganghi had maintained cordial relation with Nepal. Since the relationship between two countries is of lips and teeth, it is need for both the countries to have a good relationship. Indira Ji has maintained the policy to support Nepal in all the way for development in road constructions, power generation, construction, small scale projects, production of cement and sugar etc. in fact India is largest donor of Nepal. Continuity has been one of the hallmarks of India’s foreign policy. That characteristic run in case of Nepal also.

Indira ji had maintained good relation with Sri Lanka too. Indira ji has even moved one step further by ceding an islet Kacchativu which was bone of contention between the two countries. Here we see the seeds of generating goodwill gesture by offering more latter become popular as “Gujral Doctrine”.

**Rajiv Era (1985-1990):** Rajiv Gandhi took over as the youngest Prime Minister of India in 1984. He was a young man with a modern outlook, Rajiv was a technophile with great faith in modern management ways.
He displayed similar touch of idealism as Nehru coupled with great sense of realism in foreign policy. He was passionate about nuclear disarmament but made his proposals at the United Nations contingent on a gradual basis under a verifiable system, though he was in experienced he preferred to carry forward the traditions of his grand father and mother in consolidating the policy of non-alignment, but tried to give it a contemporary dimension. He was equally indefatigable in the struggle against racialism.

His policy with regard to Pakistan was remarkable. Taking note of Pakistan’s growing nuclear capability Rajiv Gandhi signed a significant agreement with Zia-ul-Haq, as a confidence building measure, by which the two countries agreed not to attack on nuclear installations of each other. Here one point is important that the American ruling elites new about the nuclear proliferating activities of A.Q. Khan but choose to remain quiet about it in the interest of their other objectives. The hallmark of Rajiv Gandhi’s foreign policy was improvement of Indo-Sino relations. Rajiv Gandhi went to China in Dec 1989 and responded warmly by Den Xiaoping Supreme leader. He soon realized that two countries should put aside the border dispute for the time being and concentrate on developing relations in a variety of areas so that a proper environment could be created for settlement of the border issue. The course set by Rajiv Gandhi with regard to China is still working.

He equally concentrated on the two super powers USA and Soviet Union. India signed an agreement with United States in March 1988, for the
transfer of high technology and subsequent acquisition of Super Computers, which India is benefitted too much in coming years.

Rajiv like his mother and grandfather promote the friendship of Russia and took it at new platform. He made his first foreign trip to Moscow (21st to 26th May 1985) and shown his priorities.

During the visit of MIKHAEL GORBACHEV to Delhi, Delhi declaration came as joint statement between India and Russia. New agreements were signed between India and the USSR on economic and technical cooperation. These cooperation mainly centered armed technologies of nuclear power, space technology and high temperature physics. Indo-US friendship helped India to ward off mainly hostile challenges from China, Pakistan, from the west with worm of support to Pakistan. Soviets also benefitted by the friendship to contend the isolation, which west impose due to intervention in Kabul.

Rajiv Gandhi had urged USSR to continue Tangible support to Najib and his party who overcome the sour revolution, due to the geopolitical importance of Afghanistan. But real challenge posed before Rajiv was ethnic problem of Sri Lanka. He had to grapple with the situation in Sri Lanka that had direct impact on Tamil Nadu under such situation Rajiv Government decided to airlift supplies of essential commodities for the people “The Tamil Brethrens” in Jaffna.

This was counted by Sri Lanka as an encroachment of its sovereignty over its airspace. However it induced rethinking in Colombo and brought the India-Sri Lanka accord by Rajiv Gandhi and the President Junious Jayewardene. The accord held on to three basic premises of India’s Colombo
policy. First the unity of Sri Lanka to be maintained and oppose the bifurcation of state, while emphasizing the requirement of the surrender of arms by the LTTE cadres. The second about devolution of Power so that Tamil areas could live in peace with honor and exercise self rule. The third obliged Colombo not to provide bases and allied facilities to any foreign power. Here it is important that the proximity between Sri Lanka and USA led India for providing Indian peace keeping force\textsuperscript{70}. History proved that the Rajiv policy about Colombo was much correct but history has to write different chapters.

Expressing solidarity with Africa Rajiv Gandhi at a ministerial meeting of non-allied bureaucrat in New Delhi in April 1985 spoke strongly against settler colonialism in South Africa and gave a ringing call for defeating racialism and colonialism control over Namibia and South Africa. He announced full diplomatic recognition of South-West African people’s organization (SWAPO) as genuine representative of Namibia\textsuperscript{71}.

He also expressed solidarity with the struggle of Palestinian people for homeland. Indian foreign policy under Rajiv Gandhi not only affirmed India’s tradition, but also reoriented foreign policy in the spirit of enlightened self interest to meet the changing need of time. Here we see that the aspiration of India as emerging power dreamt by Rajiv, seems to come true today. V.P. Singh came to power in 1990 whose government was short-lived and rest the work with regard to foreign policy left to Narsimha Rao.
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50. India’s Foreign Policy, V.N. Khanna, P-40
51. Indian Foreign Policy since Independence, V.P. Dutt, P-1
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54. **Bretton Woods System:** The Bretton Woods Conference held in 1944, was the starting point of a new order. The world economy was to be organized around three cornerstones: the International Monetary Fund (IMF), the International Trade Organization (ITO) and the International Bank for Reconstruction and Development (IBRD) better known as World Bank. The system conceived of during and established immediately after the World War II contained two elements (a) an International Monetary Regime and (b) a Liberal International Trading Order.

55. **Dumbarton Oakes:** a The Washington conversation on International Peace and Security Organization was an international conference at which the United Nations was formulated and negotiated among international leaders. The conference was followed up by the ‘Yalta Conference’ during February, 1945.

56. Indian Foreign Policy since Independence, V.P. Dutt, P-3

57. ibid, P-31

58. **Tashkent Agreement:** Tashkent Agreement of 10\(^{th}\) January, 1966 was a peace agreement between India and Pakistan. In September, 1965 before the two had engaged in the short-run Indo-Pakistan War of 1965. A meeting was held in Tashkent in the Uzbek, USSR (now in Uzbekistan) beginning on 4\(^{th}\) January, 1966 to try to create a more permanent settlement, Soviet Premier Alexei Kosygin mediated between Lal Bahadur Shastri and Md. Ayub Khan.

59. ibid, P-34

60. **Green Revolution:** Green Revolution is a term applied to successful agricultural experiments in many Third World countries. In India, beside increasing economic output and transforming India in to an exporter of food. This has earned the admiration for India in the comity of nations, especially in the Third World. It was greatly contributed to make Indira Gandhi and her party a political force in India.
61. **Indo-Soviet Treaty, 1971:** Specified mutual strategic cooperation. The treaty was a significant deviation from India’s previous position of Non-alignment in the Cold War and in the prelude to Bangladesh War. It was a key development in a situation of increasing Sino-American ties and American pressures. The treaty was later adopted to the Indo-Bangladesh Treaty of Friendship and Cooperation in 1972. The Indo-Bangla Treaty was also known as Indo-Mujib Treaty.

62. **Simla Agreement:** Simla Agreement signed during a Summit conference between Pakistani President, Zulfiquar Ali Bhutto and the Indian Leader Indira Gandhi held at Simla from 28th June to 2nd July, 1972. The broad features of this pact included that the principle and purpose of the charter of the United Nations would govern relations between the two countries. The accord converted the 1949, UN Cease-Fire Line into the Line of Control (LoC) between Pakistan and India.

63. Ibid, P-42

64. Ibid, P-48

65. Ibid, P-55

66. Ibid, P-56

67. Ibid, P-57

68. **Delhi Declaration:** Delhi Declaration was signed in November, 1986 by Indian Prime Minister, Rajiv Gandhi and by the Soviet Leader Mr. Mikhail Gorbachev is one of the most sacred documents for a nuclear free, peaceful and non-violent world. The declaration is based on the historical vision of Jawaharlal Nehru.

69. V.P. Dutt. India’s Foreign Policy since Independence P-60

70. **Indian Peace Keeping Force:** Indian Peace Keeping Force was the Indian military contingent performing a peace keeping operation in Sri Lanka between 1987 and 1990. It was formed under the mandate of the Indo-Sri Lankan Accor and was signed between India and Sri Lanka in 1987 that aimed to end the Sri Lankan Civil War between
militant Sri Lankan Tamil nationalists such as the Liberation of Tigers of Tamil Elam.

71. Indian Foreign Policy since Independence V.P. Dutt, P-68