CHAPTER - VI

CONCLUSIONS

Politics is a part of collective activities of every society. It is not only associated with government, but also it occurs in all organizations in the society. After the World War II many underdeveloped countries regarded 'socialism' as an attribute of sovereignty and badge of modernisation which would become an effective instrument of economic development. India, under Jawaharlal Nehru, was no exception to this. But in the name of socialism state intervention in the Indian economy went on increasing.

India should have learnt from what happened in the western countries a little more than hundred years ago. There was, however, a fundamental difference in initial conditions. The relatively high level of integrity in politics and administration was achieved during a period when state activity was reduced to a minimum. When the state again intervened in the economy on a large scale, it had a political and administrative system whose high quality only needed to be protected and preserved. The developing country like India today, on the contrary, has to fight
rampant corruption when almost everything that happens tends to feed corruption.

Nehru took the challenge of industrialisation of India. Industrialisation in the modern age means heavy investment of capital, which India would not afford in those days. Some people regard that Nehru committed a mistake in his economic policy by concentrating only on industrial revolution rather than agriculture. Nehru's mixed economy model allowed obstructive bureaucracy to weaken industrial revolution at birth. In the post-Nehru era the Congress introduced a number of changes in the economic policy according to the requirements of Indian society.

During the period of Indira Gandhi socialist policies of the Congress did not work effectively in India, which made her to think of introducing changes. Ultimately it tended to some implicit initiative to introduce liberalisation of Indian economy. But she did not rollback socialism when the time for it passed.

During the period of Rajiv Gandhi initiative to liberalise Indian economy continued more openly than the period of Indira Gandhi. Ultimately this led to intra-party differences, which may be called politics of the Congress party about economic policy. This made him to think of reaffirming himself to socialism.
The study identifies that Nehruvian model did not seem to be relevant to meet the requirements of India in the era of globalisation. Serious efforts were made to consider the alternatives to Nehruvian model or modifying the Nehruvian model in the 1990s. As a result of this, the policy makers attempted to bring changes in the Nehruvian model and implemented policy decisions taken in the wake of developments and situational compulsions that occurred in the 1990s.

The announcement of liberalisation of Indian economy came in the summer of 1991 by the minority government of P.V. Narasimha Rao. It was the balance of payment crisis that forced the government to introduce economic liberalisation. The Congress government opened the economy to foreign investment and trade; it dismantled import controls, lowered custom duties, and devalued the currency; it virtually abolished licensing controls on private investment, dropped tax rates, and broke public sector monopolies. But the process of liberalisation was opposed by the BJP and the Left parties. Here position of parties and response to changes in the economic policy involved politics. Implicitly or explicitly, supporting or opposing, the economic policy was a part of politics among parties. This is evident in the
interactions among parties on issue like liberalisation of Indian economy inside the parliament and outside the parliament.

In 1998, when the BJP assumed office for the second time, rather surprisingly, it continued the liberalisation policies of Manmohan Singh with more intensity than that of the Congress. All these constitute a major part of politics of liberalisation of Indian economy.

The First General Elections of 21st century in India witnessed the return of the Congress in the Centre under the banner of UPA, with outside support from the Left parties. The present UPA government has competent policy makers holding the key posts namely, the Prime Minister (an architect of India's liberalisation), the Finance Minister (an HBS Alum) and the Chairman of the Planning Commission. Despite opposition from the Left parties, the UPA government has continued reform-process ahead.

Parties in power and parties in opposition play politics about public policies including Indian economic policy. Obviously, we find politics of liberalisation of Indian economy. In the game of politics, the parties are players and liberalisation of Indian economy becomes a tool to capture or to lose power.
Here, what is important is which parties will lose or gain by using issue like liberalisation of Indian economy.

The findings of this study are as follows:

(1) (a) In this study it is found that by and large all the three hypotheses have been confirmed. The Congress, the BJP and the Left parties attempt to minimize the differences with the opposition parties when they are in power. And they attempt to widen the differences with economic policy makers when they are in opposition. This becomes an obstacle for revolving consensus on liberalisation of Indian economy. Therefore, it is generally found that the position of these parties on liberalisation of Indian economy appears to be contradictory.

(b) This study reveals that second hypothesis has been proved to a greater extent. The Congress, the BJP and the Left parties evaluate the issues and problems of liberalisation of Indian economy based on their partisan considerations. Objectivity in evaluating the problems of liberalisation of Indian economy takes back seat. In fact, in the interest of the people issues of liberalisation of Indian economy should be kept above party politics. This will certainly constitute to make the interactions between policy makers and opposition party or parties
meaningful, and strengthen democratic ways of dealing with problems of the country.

Liberalisation provides opportunities as well as challenges to every country. The challenging task of policy makers is to ensure benefits of liberalisation to reach all sections of society, especially the common people. Therefore, the meaningful interaction of policy makers with opposition parties on liberalisation policy, would help to identify the ways and means of promoting the interest articulation and interest aggregation. This study finds that the interactions among parties on issue like liberalisation appears to be not influential in terms of debating the possible policy alternatives effectively.

(c) This study indicates the confirmation of the third hypothesis. Generally it is found that partisan consideration to perceive and evaluate the issues and problems of the liberalisation of Indian economy tends to dilute parties' ideological concern. This also contributes to the contradictory position of parties on liberalisation of Indian economy. Perhaps, this may be due to commercial approach of parties in terms of image building for strengthening their electoral support base or it may be a part of vote bank politics.
The Congress, once the champion of socialism after liberalisation of Indian economy now hesitates to use even the word socialism. The BJP, which itself calls 'Swadeshi', has forgotten the mantra of Swadeshi. The Left parties seem to have forgotten that they are the supporters to a ruling alliance in the Centre, as they are opposing the reform policies. But in the State of West Bengal, the Chief Minister holds a view that Communists cannot speak any more about old dogmas. He even said that they had to reform their old policies otherwise they would not be able to survive.

(2) In the study it is observed that generally policy issues including liberalisation are not seriously discussed within the parties primarily due to lack of intra-party democracy. As a result of this, one or two Congress leaders basically influence and determine the policy position of the Congress party. In case of other parties, the same state of affairs is noticed in one form or the other. The result is lack of refining the complex issues like liberalisation policy.

(3) In this study it is found that the BJP approach to the liberalisation of Indian economy is significantly influenced by its parliamentary strength. The BJP, after coming to power in 1998, changed its position considerably on the various issues of
liberalisation. Political opposition within the BJP could not reverse the policy.

(4) This study indicates that the Left parties, the CPI and CPI(M), are logically inconsistent over economic liberalisation of India. Though they are supporting from ‘outside’ to the ruling UPA alliance, they are opposing liberalisation policies of the government but they have accepted the liberalisation policies in West Bengal where their party is in power.

(5) It is observed that in India political parties do not give top priority for economic issues for mobilising the electorate in the elections. During the elections political parties highlight those programmes that fetch maximum electoral support. In western democracies like USA, and others, the policies and programmes of contending political parties aim at the economic management of the country as they occupy a prominent place in elections. However, barring couple of instances, economic issues do not significantly influence on election outcome in India, particularly in the Lok Sabha elections.

If parties include economic issues in their election agenda, it helps to provide a clear-cut idea to the electorate about the kind of economic policies to be followed by the one, who will come to
power after the elections. The move also helps to spread the message of reforms to the general public, the lack of which makes the implementation of reforms a difficult task. Hence, the best way is to make economic issues as major poll issues.

The study shows that in India liberalisation was introduced without systematic preparations unlike China. Adequate attention was not paid for promoting popular awareness about the benefits of liberalisation of Indian economy. In this regard political parties as a bridge between the people and policy makers are not effective. Therefore, contribution of parties to promote popular awareness about liberalisation policies, is negligible. This may be partly due to lack of interest of people in liberalisation policies. Consequently it has become an obstacle for a common man to get benefit. This also hampers converting challenges into opportunities. In this context we cannot blame the architects of liberalisation of Indian economy because they had no alternative options to consider. and situational compulsions did not allow them to think of preparations for introducing and implementing the liberalisation of Indian economy.

(6) The study reveals that parties do not meaningfully debate to identify the ways and means of making liberalisation of Indian economy beneficial to all sections of people. In the beginning,
there was a lot of opposition to the policy of economic reforms but gradually the resistance melted down. But this does not mean that at present the resistance disappeared completely. Those, who advocate the cause of liberalisation of Indian economy, argue that it is quite beneficial to the people. Opponents argue that the liberalisation of Indian economy has led to an increase in poverty among common people. This is an indicator of the nature of interaction among parties on economic matters marginalizing the objectivity and there is a competition among political parties to practise populist politics.

The study also reveals that economic reforms are regarded as pro-rich. There is a strong feeling that whatever benefits the new economic policy could deliver, it has gone to the rich and the well to do, while the poor have very little to benefit from the policy of economic reforms. It was this thinking that made P.V.Narasimha Rao led Congress to hesitate to link reforms into the party election manifesto in 1996 General Elections. It is this thinking that the BJP leaders from the Hindi heartland scoff at the ‘feel good’ slogan. “It is the phrase that will only be understood by the urban middle class. We cannot even translate it into Hindi – it means nothing to a large number of Indians.”
(7) This study points out that liberalisation of Indian economy is irreversible since it is a prevailing philosophy. It is not a question of liking or disliking of any party. We have to accept the prevailing philosophy. However, the partisan consideration and *ad hoc* responsiveness of parties contribute to hamper the process of converting challenges into opportunities of the liberalisation of Indian economy.

(8) This study reveals that multi-party coalitions become an obstacle for the effective implementation of liberalisation of Indian economy mainly due to divergent approaches of coalition partners. For instance, in case of UPA coalition such divergent approaches are manifested in different forms between the Congress party and Left parties on issues like FDI. This study also indicates that after fifteen years of introducing liberalisation, the political parties have not developed a consensus on the economic policy.

(9) This study reveals that power will make a political party not only accountable but also pragmatic to meet the requirements of the changing situation which ultimately contributes to fulfill the aspirations of the people at least to some extent. In this regard the approach of the BJP and the approach of Communist parties in
West Bengal became more pragmatic in dealing with the problems of liberalisation of the policies.

(10) It is observed in the study that international institutions like IMF and World Bank play an influential role in working out priorities of liberalisation policies and their implementation.

This study points to the need for an extensive and intensive study of the role of pressure groups in the making of Indian economic policy. Besides, there is a room for further research on the role of regional political parties in the formulation of the Indian economic policy. This contributes to the broader spectrum of the subject, provided the researcher has good acquaintance with regional language.

India should have learnt from what happened in the Western countries a little more than hundred years ago. High level of integrity in politics and administration was achieved, when state activity was reduced to minimum. When the state again intervened in the economy on a large scale, it had a political and administrative system whose high quality only needed to be protected and preserved the developing country like India today, on the contrary, has to fight rampant corruption when almost everything that happens tends to feed corruption.