CHAPTER - IV

EMERGING TRENDS IN
LIBERALIZATION, PRIVATIZATION,
GLOBALIZATION AND ITS IMPACT ON
INDUSTRIES IN MAHARASHTRA STATE

4.1. Introduction:

This research study thoroughly explores that globalization in India is not recent economic phenomenon as it is usually considered; rather it is an ancient one in respect of free trade and free movement of goods and wealth among nations. In fact the present globalization process is a truncated one as it is interested in free movement of capital and commodities through international trade, but at the same time it restricts free movement of labour. While India is now considered as a low income developing economy which controls only a miniscule share (less than 1%) of the world exports, the situation was completely in the era of global trade, only one thousand years ago. India is opening slowly to the current globalization process since 1991, the official year of adapting the globalization policy by India when it went for the strategy of economic reforms. The said chapter evaluates the emerging trends in liberalization privatization and globalization in India. Liberalization, privatization and globalization is a precondition to avail IMF loans to avert an acute Business Process Outsourcing crisis when it reserves declined to a low level which could meet only six weeks value of imports and that too in the face of a strong protest against it from a number of quarters as it is considered harmful for production by masses. It was considered a threat to the domestic interest of the economy and some even have gone to the extent that this process is leading to economic colonization of the
country. In the context of the harsh operation to LPG, people forget the fact that India was not only the pioneer but also the leader of the globalization process in the past. In fact it has been estimated by many that India in her prime time controlled about 20% of the world trade. According to another estimate in 1000 AD India controlled about 34% of the world trade. Even in as late as 1700 A.D. India’s income was 22.5% of the world income\(^{(1)}\). The prosperity of the ancient India rose to its peak during the Gupta period in the 3\(^{rd}\) to 5\(^{th}\) century A.D. and trade really proved to be the engine of the national growth.\(^{(2)}\) this prosperity has been rightly described by A. L. Basham.

However, the most unfortunate thing in this context is the fact that India was always lacking not only in the writing of objective history, but also it failed in the preservation of whatever historical records possessed. Even Indian political history is often obscure. Indian social and economic history is characterized by religious, racial, sexual, textual politics. It is also true that in the II millennium, India had to suffer untold sufferings and loss at the hands of foreign plunderers and rulers, who mercilessly destroyed stores of wealth and knowledge including the libraries and temples as far as they were able to do. In the field of knowledge in particular, India lost its rich unreadable heritage. India also lacked behind in the proper building up of its own heritage India has oral culture. In fact many Indian authors did not even mention their names in their works. This self-effective nature of a very large number of Indian writers did create the acute problem of identification for later researchers. As the libraries in the ancient universities like Nalanda and Bikramsila were ruined, innumerable and invaluable hand-written books and manuscripts were hidden in personal possessions leading to their permanent disappearance due to misuse and non-use. “So far as India’s economic history about trade with other countries of the world in the ancient period is concerned, it is naturally sketchy, incomplete and in some cases conflicting too. One has to depend mainly on indirect sources like archeological inscriptions, ancient coins, travelogues available from Jatakas and other texts”.\(^{(3)}\)
Evidences are also based on discovery of Indian articles and use of Indian names or their variants in distant lands, epic-stories of Indian ancient trade in poems of many Indian languages. Taking into consideration the trade related rituals in many places connected with Indian trade routes of earlier days, it is quite obligatory to analyze the cardinal aspects of international trade in the ancient period between India and its trading partners in the context of India’s pioneering globalization process in the 1st millennium. Therefore, the said chapter analyzes the factors that led India to its prosperity through foreign trade. In the conducting section it has been explored how a complete reversal of this situation took place in the II millennium. There are both political and economic causes and scientific and technological development for the spectacular advancement of trade in the west. India can learn from the experiences of the ancient globalization, when it was a gainer, under the current globalization process, when it is in a disadvantageous position, again for both economic and political causes. The future potential of India’s current shift to look towards the east’ policy has been also emphasized with a plan to revive India’s past economic and trade relations with Asia-Pacific countries.

4.2 Background of Liberalization, Privatization, Globalization and World Trade Organizations:

India has a rich tradition of international trading, industries and related policies. With its LPG friendly policies India may become super power in the world because India has lot of mine wealth, sea wealth, lot of substance of spices, lot of production of raw material, a gift of the nature. Best atmosphere is given to India by the nature, best security by mountain. Buddhism and Jainism were spread over India due to this people were getting best education to live peaceful and healthy life. Emperor Samrat Ashoka had established a trade system in his region. New economic policies were implemented through education system, trading system, with foreign trader were trading through sea rout India has three
seasons: summer, winter and rain. Hence natural atmosphere is in favor of India, right from the beginning. “All resources were available in ancient India and today it is also, but healthy seed time was given by Emperor Ashok. Due to this India was made ‘Suwarn Bhumi’, ‘land of gold’, ‘land of morality’. Liberalization, Privatization and globalization was introduced long back in this golden land in the ancient time. Trade policy was making strong to India. It was good for us and it was good for others. Equality, fraternity, liberty was base of trading. All types of Varna used to run their trade or Industries. There was not limitation of Caste hierarchy (Varn System) Indigenous people (Munivasi) was getting priority to make business” Export Import trading was given important. It all was in fever of India. Small entrepreneurship can be adopted by anyone. but they should be followed with rule and regulation which is made by Emperor Ashoka. Monopoly in trading of a particular few people was destroyed and opportunity was given to one and all. There was no monopoly established by Emperor Ashok. That is why he became great modal and ideal emperor of India. Best Administration-governance with the help of morality was formed. There was democracy. Privatization policy was working under the democratic route.

4.3 Process of Globalization in India: The East (Ancient Period):

However, it is now an established fact that by the time of Buddha (3rd century B.C.), Indian traders could sail the Indian Ocean go to distant lands in the near and far east now Known as Indonesia (Bali, Sumatra, Borneo, Java are now all parts of Indonesia), Myanmar, Malaysia, Philippines, Laos, Vietnam, Kampuchea and also Sri Lanka in the south. This trade relation with East Asian countries India’s cultural, economic and partly political influence on these countries grew so much in later periods that India with many of these countries were referred to sometimes as Bharatvaesha or greater India or Dwikalp Bharat. While India itself was mentioned as Jumbudwipa, there are mentioned of
Suwarnabhumi (Malaya Peninsula), Balidwipa, Bali, Javadwip, Tamradwipa (Srilanka), or Lankadwipa, Indrawipa (Myanmar) and also Sankhadwipa, Narikeladwipa, Nagadwipa etc. All together nine islands including India constituted the area.

The early connections of India with East Asia helped the Indian merchants to have a near monopoly control over the trade in spices, which grew in large quantities in Bali, Java, Sumatra and other nearby islands. This trade in spices was so lucrative and profitable for Indian merchants that it led to huge inflow of gold to India as a result of trade surplus and perhaps this feature played its part to name the East Asian island as Suwarnabhumi or land of gold or sparrow of gold (sonekichidiya).

‘This monopoly in trade in spices and the highly superior quality of Indian textiles like the famous muslin actually led to the Indian dominance in the world trade in the ancient period. This is amply observed from the observations of the Roman historian Pliny that so dearly Rome pay for luxury and our women as in those day Rome suffered an adverse balance of trade as there was dream of gold from Rome to India Rome used to pay every year to India on average a million and Rome suffered financial difficulties after the emperor Nero. They were also deeply concerned about the moral hazards posed by Roman ladies clad in Indian Muslin walking in the streets. The discovery of large number of Roman coins in India in several cities, especially in the south, corroborates the trade surplus enjoyed by India’

‘The ancient period of India-Bali trade in particular and India-East Asia trade in general may be historically divided into the following periods from Indian point of view: Pre- Christian era, Early Chrichan era, Gupta era, post gupta era e) in the first period of remote past with very scanty evidences one is unable to find details of this trade which has already taken roots specially through the spread of Buddhism from India to Sri Lanka, Thialand, Combodia, Indo China, and other south east Asian countries mainly through sea routes. Available names
of the India ports in this period are Barukakachchha, Roruva, Kaviripettinum, Champa and other. In the next period of early Christian era, ships sailed from a large number of ports along the eastern and southern coasts of India starting from the mouth of the Ganges Tamralipa to the Cape Comorin Kanyakumari in the south. The Cholakingdom of south India established direct sea links to the far eastern countries as chronicled by the Chinese writers. There was also a trade route from Palura near Gunjam district of Orissa to all these places.

‘There was an island called Iabidios in this region, which produced gold and silver and its capital was called Argyre, which meant the silver town\(^7\). All these point clearly explains the fact that India merchants braved the high seas in the quest of gold and gems and called these islands by names such as Swurnadwipa, Suvarnakuta, or Suwambhumi all meaning land of gold. Alternatively to may so happen that the Indian traders could acquire huge amount of gold through trade surplus from the East Asian countries and used to name them in this way. The third phase of Gupta era (240-495 A. D.) may be considered as the peak of Indian trade and commerce with the countries of Greater India in the far East. In this period Indian trade relations were extended from Bali in East to Rome in the west with Sri Lanka occupying in between position in this sea route. India’s leadership and dominance in the then prevailing globalization process touched the zenith and the all-round prosperity that India enjoyed in this period so it is called the golden period of Indian history. The Chinese traveler Fa-hien came to India in the 5\(^{th}\) century, sailed in an Indian ship from Tamralipti in Bengal to Java via Sri Lanka and then from Java China was included in this inter oceanic trade linking all these islands to India and Sri Lanka up to Persia, Ethiopia and Rome including other European countries. The large number of important ports operating from India’s east west coasts in this period was Puri, Chicaculi, Banpur, Rameswara in addition to the most important ones, Tamralipti in the eastern coast and Quilon, Mangalore, Thane, Sopara, Kambay,
Sindan, Debal and Bhrigukachchhha in the west, most of which were operative on this trans-oceanic trade route through India.

In the heydays of Indian trade relations with the Asian islands, several Indian kingdoms flourished in Bali, Java, Sumatra, Borneo and a few other regions. Though most of them were converted to Islam in the 15th century, only Bali could retain his Indian character till now and that too being a province of the largest Muslim country (Indonesia) of the world. According to the Chinese history, Indian kingdom under the family name Kaundinya was established before 6th century, which was influential throughout the region and in 518 A. D. a royal envoy was sent to China.


The emergence of the Roman empire in the western world and the invasion of India by Alexander the great brought impetus to the Indian trade to the west. Mauryan policy of friendship with Hellenistic world during Chandragupta and his son facilitated this process. In the yearly centuries of the Christian era maritime trade with the West became vigorous when people of the Roman empire demanded the luxuries of the East in great qualities. These included not only spices, perfumes, jewels and fine textiles muslins but also ivory both raw and finished, sugar, rice, ghee, Indian iron for its purity, hardness and probably of stainless nature, dyestuffs like lac and indigo, live animals buffaloes, lions, tigers, elephants for the wild beast shows in Rome and other Roman provincial capitals and monkeys and birds parrots, peacocks, pheasants etc. for being used as pets of Roman ladies. Again these exports, India imported from the West items like pottery, glassware, wine, tin, lead, coral and slave girls. But as we have noted earlier, India enjoyed huge trade surplus in this globalization process where India took a leading and pioneer role.
‘The global trade in those days was largely free barring some tariffs in the ports and entry points as much trade were conducted both through land and sea routes\(^8\). Gradually Indians were becoming aware of these routes and also the trading centers and ports existing at that time through new discoveries and researchers. In many cases the ancient names of these places have been changed i.e., Alasanda as Alexandria, Sacotra as Aden, etc. and people have forgotten them due to misuse. The name of Sacotra is important in this context as the Indians established a trading center here to meet the competition from the Arab and Roman merchants. Palmyra in Syria was another principal center of trade though it was not a colony of India. The Mauryans developed the internal system of transport through which their capital Pataliputra was linked with Tamralipta in the east and Taxila in the west. Amrtalipta was one of the major ports for ships to Burma and Ceylon-the land routes to sooth India were developed afterwards mainly along the river valleys, the Sea coasts and also through mountain passes. Taxasila was connected with Kabul by road and from there two trade routes were followed. The northern route passed through Bacteria, the Oxus region, the Caspian Sea and the Caucasus to the Black Sea. The southern route was from Kandahar and heart to Ecbatana. From there traders travelled over land to the coast of eastern Mediterranean Sea. Ships sailing from the western parts of India followed the coastal route to Socotra and from there to Red Sea. Goods were then transferred to Alexandria 450 A.D. was an important factor that made the mid-ocean navigation via the Arabian Sea possible.

As mentioned above, the conquest of North Western India by the Greeks, Saks and Kusanas promoted closer contact to India with western and Central Asia the famous Silk Route connected China with the West Asian provinces of the Roman empire. The Indian merchants of North – western and southern India acted as intermediaries in the silk trade of China. The merchants from western southern concentrated on trade with South Arabia, the Red Sea and Alexandria. However Indian merchants maintained their ancient trade monopoly in the west
also. In addition to this physical obstruction to foreign trade, there were also instances of dumping. Thus, ivory trade of India with Egypt suffered a setback when Ptolemy II poured enough African ivory into the market to secure the control of traffic. Indian traders however, could make up the loss by increasing the ivory trade in another region, Seleucia through the Persian Gulf.

### 4.5 Decline of Globalization in India:

The decline in the prosperous trade relations between India and the East including Bali started from the 8th century onwards and became almost insignificant in the course of the next 300 years or so. This decline of India’s globalization in the past is due to both economic and non-economic factors. From the 8th century A.D., the Arabs became the most important maritime power and Indian foreign trade to west Asia, Africa and Rome were gradually lost to them. In the east also, though India’s supremacy continued for a few centuries more, the Arab and Chinese competition gradually led to reduction of India’s trade with east and south east Asia. The advent of Islamic rule in India in the 2nd millennium also contributed to the loss of India’s control over the far eastern countries. It has been rightly mentioned a greater India was established by a gentle fusion of races, which richly endowed the original inhabitants with the spiritual heritage of India so long as Hinduism was in full vigor at house, Hinduism in the colonies was also a vital force, but the downfall of the Hindus in India also led to the decay of their colonial supremacy. The fountain having dried up, the streams fed by it were also gradually choked, leading to their ultimate disappearance. It is no more accident that from A.D. 1100 to 1200, Manuism has spent its force in the colonies and indigenous element began gradually to assert itself till Islam was finally planted in the 15th and 16th centuries A. D..

Thus India’s dominant position in the global economy did not continue anymore in the 2nd millennium as (1) it shares in international trade slowly declined for reasons which were economic, political and also geographic. Many rivers ports had to be deserted due to sailing and shifting of rivers), (2) loss of
competitiveness of its product due to inferior technology (ships competitors were improved both in terms of their built, size speed and also armory) and non-economic factors like inability to protect her trading infrastructure from foreign invaders which resulted in plunder and destruction. The superior production technology of a number of exportable items were lost as the techniques were not disclosed outside the finally as evident from the Gharana systems and lack of education in general which was confined mainly among the higher castes only. In some case India’s traditional export markets (eg. Live animals for the Roman Empire) also were lost but she could not discover alternative markets for those items.

The impact of this contraction in the globalization process on the Indian economy naturally became serious and disastrous far it existing prosperity. By the middle age, when India lost in competition and in art of ship-building to the Arabs and the Chinese, it became more profitable for the merchants to sell their goods to the foreign middlemen than to take them abroad themselves. Though Indians never wholly abandoned the sea, but by the time of the Muslim invasion, travel to foreign land was believed to incur grave impurity to the members of the upper classes. The religious objection to sea travel was source of the growing fear of and distaste for the sea, considering the dangers and hazards associated with the sea voyages. As a consequence, a large number of cities, ports and trade centers dependent on the overseas trade gradually declined and abandoned. These included Purana Quila (Delhi), Mathura, Hastinapur (Meerut), Sravasti(U.P.), Kausambi(near Allhabad), Rajghat, Chirand (Saran district), Vaisali, etc. Naturally artisans and merchants living in those towns of Gujarat and Maharashtra were totally dependent on commerce and trade. These people dependent on this sector had to leave their traditional occupation. By the middle of the 2nd millennium India, once rich, industrialized, outward looking and commercially vibrant became agricultural, inward looking, poor and underdeveloped in world trade according to modern terminology.
India after gaining Independence and practicing an inward looking strategy for its development for nearly four decades started to open up since 1985 and officially started her current globalization process in 1991 with the adoption of economic reform policies consisting of liberalization, privatization and globalization (LPG) strategies and accelerated it since 1995 when it joined the world trade organization (WTO). Moreover, the current perspective of the type of globalization process of which India is a part, is entirely different from that existed in the past when India played the leader’s role. Thus, India at present is not only a low income country, she controls only a miniscule share of world exports (less than 1%) and thereafter is not in a position of influencing the existing rules of the international trade. Nor India adopted globalization process voluntarily, but it was compelled to accept it as one of the conditions to obtain IMF loan to tide over an acute business outsourcing process crisis in 1991. Further, India is in a disadvantageous position as the current globalization process is really a truncated one as it does not allow free movement of labour, a factor in which India enjoys comparative advantage. The international economic situation also is not favorable for India as it is one of the polar world order dominated by MNCs most of which belong to the single super power of the world, which can bypass even the UN. What is practiced today in the name of free trade is far from fair trade. It is also extremely difficult for countries like India to compete with the technologically advanced countries due to its inability to invest in research for lack of fund and also because of the continuous brain drain from these countries to the advanced North. We should analyze the present issue of LPG in this context.

The trade relation between India and east Asian countries is especially important for both as the developing countries can at least partially protect their economic interests if they move jointly while dealing with the economically strong western countries as individually they are amply demonstrated in the Doha and Cancun ministerial meetings of the WTO. The western countries have
become further strong by forming country groups like the EU among themselves. To protect their own interest in this situation, there are proposals to form an Asian Economic Community among the countries of South Asia, South-East Asia, and China, so that in future the developing countries are able to take on the present challenge of the rich countries to control the world economic order. This proposal appears to be particularly beneficial for India considering the age old economic relations between India and South east Asia and the comparative advantages that India enjoyed in the past while trading with the countries of this region.

Similar arguments one can forward also for encouraging the India – Bali trade in particular. Any outsider can easily feel the very strong religious affinity of the people of Bali with India. On every opportunity they declare proudly that they are Hindus and belongs to the holy river Ganges. India should honor this sentiment and should negotiate with Indonesia the name itself comes from Indian Asia to promote both to start heritage tourism from India to visit places like (in addition to Bali) Borobudur and Prambanan (Indonesia), Ankorvat (Camuchea), Batu Caves (Temple of lord Muruga in Malaysia) and similar other places strongly connected with India.

Here it is noted that in spite of India’s age-old relationship with South east Asia, in modern times India never paid adequate attention to this region. It is a fact that Indian historians and consequently the textbooks of history have focused more on the political and economic history of heart land India consisting of northern and central India and less on southern India. Naturally the great achievements of the south Indian states in the area of international trade and specially India’s influence of East Asian countries have not been thoroughly explored, critically researched and not documented adequately. Even after the independence in 1947, India has always looked towards the West for aid and guidance as a legacy of her colonial heritage and has rarely tapped the eastern centers of cooperation and collaboration in various economic areas including foreign trade ultimately leaving the benefits of economic ties with these states to
be enjoyed by others. Very recently, after more than fifty years since independence, India is speaking about looking to the east policy, which should also the Pacific-rim countries. But one should wait and see how far India can implement such policies in the economic areas for one, it is now too late as other powers are already filling the space and foe another, how far India can free herself from her colonial hangover practiced so far. But if she can do so, at least in the long run, surely it will be a great thing for boosting economic prosperity of India and other countries of this region and putting India in the driver’s seat of political leadership in south and south east Asia.

4.6 Trend in Liberalization, Privatization and Globalization:

The World Trade Organization is an international organization. Near about 148 countries has become member of WTO. International monetary fund are one of the part of the process of liberalization, privatization and globalization. The WTO came into being in 1995 but it has evolved over the past 50 years as the successor to the General Agreement on Tariffs and Trade (GATT). At the end of the Second World War, it was decided that international institutions were needed to assist in the process of economic recovery. Negotiators at that time were conditioned by the experience of the 1930s worldwide depression that had been associated with extreme measures of trade protectionism. At a 1947 United Nations Conference on Trade and Employment in Havana, Cuba, a proposal was discussed to create an International Trade Organization (ITO) to complete the construction of a post-war multilateral economic regime which in fact begun several years earlier. At that time, the regime consisted of the International Monetary Fund and the World Bank. The ITO was to be the third pillar and be equipped with strong decision-making and dispute settlement powers to oversee the multilateral trading system. No major trading country ratified the ITO charter and it never became into existence. As part of the ITO negotiations, various countries had begun discussing the process of lowering trade barriers, mainly tariffs, among themselves. In Geneva in 1947 these 23 countries adopted a
provisional agreement, the GATT, which was then carried forward when the ITO and the Havana Charter failed.

The GATT from 1947 was two things: (1) an international agreement that sets out the rules for conducting international trade, and (2) an informal structure to administer the agreement. The text of the agreement could be compared to law, the structure and dispute settlement process to a combination of parliament and the courts. The term GATT was applied to both the agreement and the structure. Over time more countries signed on to the agreement. A version of the GATT exists today as part of the WTO.

The WTO is the GATT plus a lot more, but before a thorough exploration of the WTO since 1995, it is useful to take a critical review of what happened between 1947 and the start of negotiations in 1986 leading to the WTO. There have been eight rounds of trade negotiations since 1947. The first five rounds were of relatively short duration and dealt mainly with tariff reductions. The sixth, the Kennedy Round (1963-67), achieved deeper and wider tariff cuts, especially in industrial tariffs, and brought concerns of developing countries concerns to the fore. The seventh, the Tokyo Round, which lasted six years (1973 - 1979), cut tariffs substantially but also introduced a series of codes on non-tariff barriers (NTBs). These codes were only binding on the countries that signed them and were criticized by some as being “GATT à-la carte.” The WTO was the result of the eighth round of negotiations, known as the Uruguay Round (1986-93). It was named for the country, which held the conference (at Punta del Este) leading to the decision to proceed. By the 1980s, a number of problems with the world trading system needed to be addressed: certain areas such as agriculture were exempt from GATT rules or were managed under separate agreements such as textiles; trade in services and intellectual property were largely remained outside the GATT norms.

The WTO, established in 1995, administers the trade agreements negotiated by its members, in particular the General Agreement on Tariffs and
Trade (GATT), the General Agreement on Trade in Services (GATS), and the Trade Related Aspects of Intellectual Property Rights (TRIPS) agreement. These and other major WTO agreements are contained in the CD-ROM “Applied Trade Policy.” The WTO builds on the organizational structure that had developed under GATT auspices as of the early 1990s. The origins of the GATT were in the abortive negotiations to create an International Trade Organization (ITO) following World War II. Negotiations on the charter of such an organization were concluded successfully in Havana in 1948, but the talks did not lead to the establishment of the ITO because the U.S. Congress was expected to refuse to ratify the agreement. Meanwhile, the GATT was negotiated in 1947 by 23 countries, 12 industrial and 11 developing, before the ITO negotiations were concluded. As the ITO never came into being, the GATT was the only concrete result of the negotiations. Since 1947, the GATT has been the major focal point for industrial country governments seeking to lower trade barriers. Although the GATT was initially largely limited to a tariff agreement, over time, as average tariff levels fell, it increasingly came to concentrate on nontariff trade policies and domestic policies having an impact on trade. Its success was reflected in a steady expansion in the number of contracting parties. By the end of the Uruguay Round (1994), 128 countries had joined the GATT. Since the entry into force of the WTO, membership has grown to 144, as of the end of the year 2001.

The WTO differs in a number of important respects from the GATT. The GATT was a rather flexible institution; bargaining and deal-making lay at its core, with significant opportunities for countries to “opt out” of specific disciplines. In contrast, WTO rules apply to all members, who are subject to binding dispute settlement procedures. This is attractive to groups seeking to introduce multilateral disciplines on a variety of subjects, ranging from the environment and labor standards to competition and investment policies to animal rights. But it is a source of concern to groups that perceive the (proposed) multilateral rules to be inappropriate or worry that the adoption of specific rules
may affect detrimentally the ability of governments to regulate domestic activities and deal with market failures. The main function of the WTO is as a forum for international cooperation on trade-related policies.

4.7 The World Trade Organization and its structure, functions, objectives and principles:

The establishment of the WTO is probably the most tangible outcome of the Uruguay Round negotiations. Its structure, functions, etc. are regulated by the Marrakesh Agreement Establishing the World Trade Organization. ‘The WTO has it self-functions, objectives and principle it is given further’. (9)

- Administering the WTO trade agreements
- Forum for trade negotiations
- Handling trade disputes
- Monitoring national trade policies
- Technical assistance and training for developing countries
- Cooperation with other international organizations.

The WTO is run by its member governments. The chief administrator is the Director-General.

The highest decision-making body of the WTO is the Ministerial Conference. So far six Ministerial Conferences have been held which are as follows:

The First Ministerial Conference in Singapore, 9-13 December 1996
The Second Ministerial Conference in Geneva, 18-20 May 1998
The Third Ministerial Conference in Seattle, 30 November – 3 December 1999
The Fourth Ministerial Conference in Doha, 9-13 November 2001
The Fifth Ministerial Conference in Cancun, 10-14 September 2003
The Sixth Ministerial Conference in Hong Kong, China; 13-18 December 2005.

The World Trade Organization is playing an important role for administering the new global trade rules in the following ways:-
4.7.1 Trade Agreement:- The WTO administers, through various councils and committees, the 28 agreements contained in the final act of the Uruguay Round, plus a number of plural lateral agreements, including government procurement.

4.7.2 Tariffs Rules:- The WTO also oversees the implementation of significant tariff cuts (averaging 40 percent) and reduction of non-tariff measures agreed in the trade negotiations.

4.7.3 Trade Watch Dog:- The WTO is a watchdog of international Trade, regularly examining the trade regimes of individual members. In its various bodies, members’ flag proposed or draft measures by others that can trade conflicts. Members are also required to notify in detail various trade measures and statistics which are maintained by the WTO in a large data base.

4.7.4 Various Conciliation Norms:- The WTO provides several conciliation mechanisms for finding an amicable solution to trade conflicts that can arise among members.

4.7.5 Trade Disputability Settlement:- Trade disputes that cannot be solved through bilateral talks are adjudicated under the WTO Dispute Settlement Court Panels of Independent Experts, established to examine disputed in the light of WHO rules and provide rulings. This tougher streamlined procedure ensures equal treatment for all training patterns and encourages members to live up to their obligations.

4.7.6 WTO is consultant body:- The WTO is a management consultant for world trade. Its economists keep a close watch on the pulse of the global economy and provide studies on the main trade issues of implementation or Uruguay Round results through a newly established Development division and strengthened technical co-operation and training division.

4.7.7 Checks of Trade Barriers:- The WTO is a forum where countries continuously negotiate exchange of barriers all over the world. The WTO already has a substantial agenda for further negotiations in many areas.
The World Trade Organization is an organization that intends to supervise and liberalize international trade. The organization officially commenced on January 1, 1995 under the Marrakech Agreement, replacing the General Agreement on Tariffs and Trade (GATT), which commenced in 1948. The organization deals with regulation of trade between participating countries; it provides a framework for negotiating and formalizing trade.

4.7.8 Dispute Settlement Mechanism of WTO:
The WTO presently offers a far more powerful mechanism in order to resolve disputes over trade, arising out of growing competition for markets among the members. Under the present situation facing frequent quarrels and disputes among the trading partners a trade-dispute settlement mechanism is very much required. WTO in now changed with the responsibility to provide such mechanism.

A recent report of WTO observed that developing countries are emerging more as active user of the multilateral dispute-settlement mechanism than the developed nations. Such a move has been notice of more so in the World Trade Organization than the General Agreement on Tariffs and Trade. On March 5, 1996, the Dispute Settlement Body (DSB) established two panels at the request of Philippines and Costa Rica.

4.7.9 Most Fevered Nation:
Reciprocity is a fundamental element of the negotiating process. It reflects both a desire to limit the scope for free-riding that may arise because of the MFN rule and a desire to obtain “payment” for trade liberalization in the form of better access to foreign markets. As discussed by Finger and winters in Chapter 7 of this volume, a rationale for reciprocity can be found in the literature of political-economy. The costs of liberalization generally are concentrated in specific industries, which often will be well organized and opposed to reductions in protection. Benefits, although in the aggregate usually greater than costs, accrue to a much larger set of agents, who thus do not have a great individual incentive
to organize themselves politically. In such a setting, being able to point to reciprocal, sector-specific export gains may help to sell the liberalization politically. Obtaining a reduction in foreign import barriers as a quid pro quo for a reduction in domestic trade restrictions gives specific export-oriented domestic interests that will gain from liberalization an incentive to support it in domestic political markets. A related point is that for a nation to negotiate, it is necessary that the gain from doing so be greater than the gain available from unilateral liberalization. Reciprocal concessions ensure that such gains will materialize.

### 4.7.10 Binding and Enforceable Commitments towards Liberalization:

Liberalization commitments and agreements to abide by certain rules of the policy have little value if they cannot be enforced. The nondiscrimination principle, embodied in Articles I (on MFN) and III (on national treatment) of the GATT, is important in ensuring that market access commitments are implemented and maintained. Other GATT articles play a supporting role, including Article II (on Schedules of concessions). The tariff commitments made by WTO members in a multilateral trade negotiation and on accession are enumerated in schedules (lists) of concessions. These schedules establish “ceiling bindings”: the member concerned cannot raise tariffs above bound levels without negotiating compensation with the principal suppliers of the products concerned. The MFN rule then ensures that such compensation usually, a reduction in other tariffs extends to all WTO members, raising the cost of reneging. Once tariff commitments are bound, it is important that there be no resort to other, nontariff, measures that have the effect of nullifying or impairing the value of the tariff concession. A number of GATT articles attempt to ensure that this does not occur. They include Article VII (customs valuation), Article XI, which prohibits quantitative restrictions on imports and exports, and the Agreement on Subsidies and Countervailing Measures, which outlaws export subsidies for manufactures and allows for the countervailing of production subsidies on imports that materially injure domestic competitors. If a country perceives that actions taken
by another government have the effect of nullifying or impairing negotiated market access commitments or the disciplines of the WTO, it may bring this situation to the attention of the government involved and ask that the policy be changed. If satisfaction is not obtained, the complaining country may invoke WTO dispute settlement procedures, which involve the establishment of panels of impartial experts charged with determining whether a contested measure violates the WTO. Because the WTO is an intergovernmental agreement, private parties do not have legal standing before the WTO’s dispute settlement body; only governments have the right to bring cases. The existence of dispute settlement procedures precludes the use of unilateral retaliation. For small countries, in particular, recourse to a multilateral body is vital, as unilateral actions would be ineffective and thus would not be credible. More generally, small countries have a great stake in a rule-based international system, which reduces the likelihood of being confronted with bilateral pressure from large trading powers to change policies that are not to their liking.

4.7.11 Moral Rights: The person who creates the property should have the right to own and control it. Art, 27 (2) of the Universal Declaration of Human Rights provides: “Everyone has the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author”. The question here is what is the nature of the right? How long should the protection last and under what circumstances should the protection be granted? If rights and responsibilities go together then the rights and obligations of individuals and society must be factored into the right as well as obligations of nations of each other. The counter covering human right is the right of all human beings to a standard of living that affords adequate health and medical care as per the Universal Declaration of Human Rights Art 25. Abbott (1997) notes that whilst to some commentators, IP rights are a “right of nature” to others they are “purely a product of government.” He states that whatever the fundamental basis of IP rights ownership, it has long been accepted that the scope of the protection
must be defined by the concerned government. Moreover, the scope is defined under a public welfare analysis that balances the interests of IP owners and the public, just as government decides the extent of ownership rights afforded by title to land. Global governance bodies are now increasingly deciding the scope in the international arena.

**4.7.12 Rewards:** IP rights are an incentive for the time and money put into the research and development taken to produce the inventive work. The owner should get the recognition and benefit of the revenue generated by the exploitation of the intellectual property created and “free-riding” should be prevented. As against this is the argument that actual individual inventors rarely do so for the money. It is the major corporate owners of the work who have the time and money to produce the work and to patent it. Obtaining the patent is expensive both in research and development and in filing an application. However the reward over 20 years may often be excessive and the cost to the purchaser of the IP is a major part of technology transfer. Whereas free riding may be “unfair”, so too are some licensing fees that require poor nations to pay dearly for essentials.

**4.7.13 Economic Growth:** Recognizing and rewarding innovation stimulates further creativity and innovation and this in turn stimulates economic growth. TRIPS protection enhances the security of capital of IP rights holders. However economic studies since the 1980s have not been able to determine or measure the relationship between IP protection and international economic development.

**4.7.14 Dissemination of information and ideas:** Protecting intellectual property encourages the dissemination of the ideas and contributes to the knowledge base system e.g. patents are published and provide a valuable source of technical knowledge. However, the cost may be out of reach of many countries, which need technology and essential medicines and food. Many argue that access to such essentials is a common heritage of humans especially given intellectual property. Industrialization of a country and in improving the health of its citizens is made prime objective. The new inventions and innovative researches are corporations
simply patenting what may have formerly been regarded as community property in developing countries, for example seeds and plant varieties.

4.7.15 Economic Efficiency: Recognizing intellectual property rights, like any other property rights, results in an efficient use of resources. One could also argue that the creation of monopolies (which intellectual property protection does) results in inefficient use of resources.

There is no international competition law to balance and contain anti-competitive practices. Rather the wealth of developed countries is protected and the right of the international community to share the benefits accruing from the advancement of science and technology is denied.

4.7.16 Consumer protection: Consumers are able to make informed choices about products and services. Brand names simply make products more expensive. Consumers pay for the name not necessarily a better product and big brand names are often produced in overseas third world countries in sweat shop conditions where the workers earn a fraction of the price that is ultimately charged for the product.

4.7.17 Technology transfer: Intellectual property systems facilitate the transfer of technology through foreign direct investment, joint ventures, licensing, franchising, turnkey arrangements and other business applications and agreements.

4.7.18 Barter market system:

The WTO can be seen as a market in the sense that countries come together to exchange market access commitments on a reciprocal basis. It is, in fact, a barter market. In contrast to the markets one finds in city squares, countries do not have access to a medium of exchange: they do not have money with which to buy, and against which to sell, trade policies. Instead they have to exchange apples for oranges: for example, tariff reductions on iron for foreign market access commitments regarding cloth. This makes the trade policy market less efficient than one in which money can be used, and it is one of the reasons that
WTO negotiations can be a tortuous process. One result of the market exchange is the development of codes of conduct. The WTO contains a set of specific legal obligations regulating trade policies of member states, and these are embodied in the GATT, the GATS, and the TRIPS agreement.

4.7.19 Basic Principles of World Trade Organization

The WTO establishes a framework for trade policies; it does not define or specify outcomes. It is concerned with setting the rules of the trade policy game, not with the results of the game. Five principles are of particular importance in understanding both the pre-1994 GATT and the WTO: Nondiscrimination, reciprocity, enforceable commitments, transparency, and safety valves. These five principles can be elaborated as follows:

4.7.20 Nondiscrimination:

Nondiscrimination has two major components: the most-favored-nation (MFN) rule, and the national treatment principle. Both are embedded in the main WTO rules on goods, services, and intellectual property, but their precise scope and nature differ across these three areas. This is especially true of the national treatment principle, which is a specific, not a general commitment when it comes to services. The MFN rule requires that a product made in one member country be treated no less favorably than a “like” (very similar) good that originates in any other country. Thus, if the best treatment granted a trading partner supplying a specific product is a five percent tariff, this rate must be applied immediately and unconditionally to import of this good originating in all WTO members. In view of the small number of contracting parties to the GATT (only 23 countries), the benchmark for MFN is the best treatment offered to any country, including countries that are not members of the GATT. National treatment requires that foreign goods, once they have satisfied whatever border measures are applied, be treated no less favorably, in terms of internal indirect taxation than like or directly competitive domestically produced goods (Art. III, GATT). In other worlds goods of foreign origin circulating in the country must be subject to taxes, charges, and
regulations that are ‘no less favorable’ than those that apply to similar goods of domestic origin. The MFN rule applies unconditionally. Although exceptions are made for the formation of free trade areas or custom unions and for preferential treatment of developing countries, MFN is a basic pillar of the WTO. One reason for this is economic: if policy does not discriminate between foreign suppliers, importers and consumers will have an incentive to use the lowest-cost foreign supplier. MFN also provides smaller countries with a guarantee that larger countries will not exploit their market power by raising tariffs against them in periods when times are bad and domestic industries are clamoring for protection or, alternatively, give specific countries preferential treatment for foreign policy reasons. MFN helps enforce multilateral rules by raising the costs to a country of defecting from the trade regime to which it committed itself in an earlier multilateral trade negotiation. If the country desires to raise trade barriers, it must apply the changed regime to all WTO members. This increases the political cost of backsliding on trade policy because importers will object. Finally, MFN reduces negotiating costs: once a negotiation has been concluded with a country, the results extend to all. Other countries do not need to negotiate to obtain similar treatment; instead, negotiations can be limited to principal suppliers. National treatment ensures that liberalization commitments are not offset through the imposition of domestic taxes and similar measures. The requirement that foreign products be treated no less favorably than competing domestically produced products gives foreign suppliers greater certainty regarding the regulatory environment in which they must operate. The national treatment principle has often been invoked in dispute settlement cases brought to the GATT. It is a very wide-ranging rule: the obligation applies whether or not a specific tariff commitment was made, and it covers taxes and other policies, which must be applied in a nondiscriminatory fashion like domestic and foreign products. It is also irrelevant whether a policy hurts an exporter. What matters is the existence of discrimination, not its effects.
4.7.21 Principles of the multilateral trading system

The multilateral trading system (MTS) embodies the following main principles:
1. Universal, rule-based and open system
2. Non-discrimination
3. Freer trade
4. Predictability
5. Transparency
6. Fair trade and competition
7. Encouraging development and economic reform

4.7.21.1 Universal, rule-based and open system

Before the WTO, only the GATT regulated international trade but was flawed. Without rules, international trade would proceed according to the laws of the jungle. Weaker countries have access to rules which apply to all Members, big and small, and can sue other Members in case of violation of the rules. The establishment of rules for international trade is the principal function of WTO (i.e. its Members through negotiation) rather than trade liberalization per se. Trade liberalization deals with the reduction and simplification of international trade rules. Rules are required for stability, while liberalization ensures the efficiency of international trade. The challenge is to find a suitable balance between those two concepts. The dispute settlement mechanism ensures that the rules are enforced and therefore have credibility and are taken seriously. The multilateral trading system MTS is open, i.e. each economy identified as customs territory, can join.

4.7.21.2 Non-discrimination

The principle of non-discrimination is embodied in the principles of MFN and national treatment and can be found in all three main agreements.

4.7.21.3 Free trade

As long as there are nation-states with their own sovereignty, there will probably never be truly free trade. However, the WTO strives towards free trade in order to
ensure efficiency gains which translate in a rise in global welfare. The WTO is less concerned with the distribution of those gains as it is not a development agency but a body concerned with the establishment of international trade rules through negotiation by its members. A major achievement is the abolition of quantitative restrictions and the application of more transparent tariffs as the only form of protection in most cases.

4.7.21.4 Predictability
The MTS has greatly improved predictability through the binding of tariffs. While countries can still raise tariffs they cannot go beyond a certain ceiling without offering compensation to their trading partners.

4.7.21.5 Transparency
Through a system of notification obligations for WTO members on changes in their trade regime, the transparency of the MTS is greatly enhanced. In addition, through the WTO website and other modalities, the public at large has access to most matters related to WTO (exceptions being the closed-door stages of the negotiation process at the request of WTO Members). In addition, the Trade Policy Review Mechanism provides for regular review by the WTO of individual countries’ trade policies. The objectives of this process are as follows:

- To increase the transparency and understanding of countries’ trade policies and practices, through regular monitoring
- Improve the quality of public and intergovernmental debate on the vital issues
- To enable a multilateral assessment of the effects of policies on the world trading system

4.7.21.6 Fair trade and competition
WTO Members strive towards establishing a level playing field in international trade transactions but recognizes that some countries are more powerful than others (i.e. the playing field is not level) and could therefore benefit more than other countries. While it is recognized that the concept of “fair” is relative and not
subject to a generally accepted interpretation, the MTS has made great progress compared to the situation before the establishment of the WTO. The establishment of common rules and principles of nondiscrimination have contributed to make trade at least fair than before.

4.7.21.7 Encouraging development and economic reform:

World Trade Organization provides membership and obligations to implement WTO agreements; many countries have received a major boost and more legitimacy to their reform process. In recognition of the problems and disadvantages of developing countries, special and differential treatment provisions exist for especially and exclusively for these countries while the General Agreement on Tariffs and Trade (GATT) has a large part devoted to development concerns. Indeed, there are many exceptions for developing countries in the WTO, in particular for LDCs which the routinely exempt from reduction commitments. Through the WTO, technical assistance schemes exist for these countries, while the Doha Round is meant to pay special heed to the concerns of developing countries and is therefore formally known as Doha Development Agenda.

The General Agreement on Tariffs and Trade (GATT) really denotes the agreement on trade in goods only and no longer means the organization which is replaced by WTO. The GATT contains the basic principles and rules for trade in goods which are elaborated and further refined in a set of understandings and complementary agreements. The complementary agreements are as follows:

The multilateral agreements on trade in goods, The General Agreement on Tariffs and Trade 1994 and its Understandings, Agreement on Agriculture (AoA), Agreement on the Application of Sanitary and Phytosanitary Measures (SPS), Agreement on Textiles and Clothing (expired 1 January 2005), Agreement on Technical Barriers to Trade (TBT), Agreement on Trade-Related Investment Measures (TRIMS), Agreement on the Implementation of Article VI of the GATT 1994 (Anti-dumping), Agreement on the Implementation of Article VII of the
GATT 1994 (Customs Valuation), Agreement on Reshipment Inspection, Agreement on Rules of Origin (ROO), Agreement on Import Licensing Procedures Agreement on Subsidies and Countervailing Measures (ASCM), Agreement on Safeguards, Schedules of concessions for each WTO Member.

Above objectives, principles, activities etc. all are related to enhancement of economy. But traditional impact of religious, culture Varna system and its modern mechanism are powerful in India even today. And it is working with traditional way. Indian religious structure and its modern mechanism and WTO’s mechanism towards liberalization, privatization and globalization are putting far common man as well as indigenous people.

4.8 Impact of Liberalization:

Liberalization it was really most benefitted to the Indian trade policy and new establishment towards emerging trends in Indian industries. Due to liberalization following industries tried to enter in Indian market. From these industries, 11, 11,319 peoples have got the employment. Near about 260,000 crore Rs. have been invested in Indian industries from 1991. The policy of liberalization has reduced rules and regulations of government, due to which investment and employment will increase. In industries of India, there are limited salaries, which cannot provide good standard of living. Multinational companies get employees in low salaries.

4.8.1 Countries weak under liberalization privatization and globalization

1) Countries drained: In 1996, Finance Minister Mr. M. M. S. has given two hour long speech on benefits of LPG in which he dedicated 20 minutes to explain the progress made by South Korea by LPG. He called South Korea as Asian Tiger but the reality is otherwise.

President of South Korea Ki Mil sung has placed a white paper on LPG on the fourth day the Korean share market collapsed. Then after one week he declared that the South Korean market is not performing because LPG has destroyed Korea economically and it cannot repay loans of WB IMF. He said that
the Korean coffers are totally empty because of implementing LPG for last seven years. He further pleaded to the Parliament for giving him permission to write to WB and IMF for writing off the earlier loan or asked for new loan to pay the interest on earlier loan. On asking the loan WB agreed but this time they placed new condition that South Korea should mortgage their natural assets to WB. The President agreed. Entire country as of today is mortgaged to US. Hyundai the biggest industry naturally became an American Company with this mortgage along with all the Korean companies. Hyundai is taken by General Motors.

70 lakh workers and 100 big Korean companies are now American companies. Korean President now says that LPG in reality is economic colonization. The damaged done by LPG in South Korean would take 20 years for reconstruction.

i) **Indonesia**: There is stable Government for last 45 years. From last 35 years same President gets selected. He implemented LPG in 1986. SAP conditions were put on this country. Before SAP 1$ was = to 40 RUPIAH. After 20 years 1$ = 17000 RUPIAH. President said that he made blunder by implementing LPG asked his countryman to forgive him.

ii) **Thailand**: This country became so poor within 10 years of LPG that the President has to declare that the prostitution is realized. He warned other Asian countries against implementing LPG where he said that because Iceland was small country they could not refuse IMF but large country like India can always refused them.

iii) **Brazil**: Implemented LPG in 1988. Till 1995 entire Brazil collapsed. Then a factory worker Lula D’Silva travelled entire country and explained the people about the damages of LPG for 5 years. He contested election and became President in 2002. He defined IMF and WB. He challenged WB that as Brazil has already paid the interest on loans which is three times the loan amount. So, his country is not liable of any repayment and he himself declared that his country is not in debt to. He refused to take any further loans of WB. He challenged US for
war and keep out all multinational companies from his country. He challenged the
devaluation of his currency and declared that 1 Riah = 1$ and within 3 years
Brazil economy boom. He made a parallel GAPT with Latin American
companies. Today Brazil is the strongest economy after China.

iv) India: India faced recession in 1991 but the 1997 recession was 10 times
bigger than the earlier. In 1991, foreign exchange rate (Forex) was $ 8B and in
1997 foreign exchange rate (Forex) was $ 36B. This increase is not due to export
but the external deposits and deposits by financial capitals. In 1991, $1 = ₹ 18. In
1997 $1 = IR 38 and by 2012 $1 = ₹ 56.

Table No. 4.1
India’s share in export at international level

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Year</th>
<th>Indian share in % of world export</th>
<th>Year</th>
<th>Indian share in % of world export</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Pre-East India Comp.</td>
<td>33%</td>
<td>1970</td>
<td>0.7</td>
</tr>
<tr>
<td>2</td>
<td>East India Comp.840</td>
<td>3.6%</td>
<td>1975</td>
<td>0.5</td>
</tr>
<tr>
<td>3</td>
<td>1938</td>
<td>4.5%</td>
<td>1980</td>
<td>0.1</td>
</tr>
<tr>
<td>4</td>
<td>1950</td>
<td>2.2%</td>
<td>1990</td>
<td>0.05</td>
</tr>
<tr>
<td>5</td>
<td>1955</td>
<td>1.5</td>
<td>1992</td>
<td>0.42</td>
</tr>
<tr>
<td>6</td>
<td>1960</td>
<td>1.2</td>
<td>1994</td>
<td>0.138</td>
</tr>
<tr>
<td>7</td>
<td>1965</td>
<td>1</td>
<td>2008-09</td>
<td>0.05</td>
</tr>
</tbody>
</table>

Copm. = Company
(Source: Compile from different books -2013)

Table number 4.1 shows Indian share of export at the global lave. Before
east India Company, 33% share of export was being made in Pre east India
company. 3.6% export share was being made by east India Company. 4.5%
export share was being done in year 1938. After independence, percentage of
export of India at the global level was reduced and come down up to 2.2% in 1950. From the year 1950, the percentage of export of India is reducing year by year. 0.1% share in world export was done. After adopted policy of liberalization, privatization and globalization in 1991, 0.05% share in export was made in 1991. Next year 1992, 0.42% share in world export was made. 0.13% in the year 1994, and 0.05% share was made in the year 2008-09. It means liberalization privatization policy do not increase share of export at global level.

Export import is the one of the best parameters to find out status of economy of India. today’s economy has become given important to of global market, multinational companies, foreign currencies etc. exact scenario of economy in global world can be evaluated by the export import transaction. Following table number 4.2 helps to analyses all these.

Table No. 4.2
Year Wise Export and Import of India at a Glance
(From 2001-02 to 2009-10 in $- American dollar)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Year</th>
<th>Export</th>
<th>Import</th>
<th>Balance of trade ( Positive+ and Negative-)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2001-02</td>
<td>44,703</td>
<td>56,227</td>
<td>-11524</td>
</tr>
<tr>
<td>2</td>
<td>2002-03</td>
<td>53,774</td>
<td>64,464</td>
<td>-10690</td>
</tr>
<tr>
<td>3</td>
<td>2003-04</td>
<td>66,285</td>
<td>80,003</td>
<td>-13718</td>
</tr>
<tr>
<td>4</td>
<td>2004-05</td>
<td>85,206</td>
<td>1,18,908</td>
<td>-33702</td>
</tr>
<tr>
<td>5</td>
<td>2005-06</td>
<td>1,05,152</td>
<td>1,57,056</td>
<td>-51904</td>
</tr>
<tr>
<td>6</td>
<td>2006-07</td>
<td>1,28,083</td>
<td>1,91,254</td>
<td>-63171</td>
</tr>
<tr>
<td>7</td>
<td>2007-08</td>
<td>1,58,461</td>
<td>2,48,521</td>
<td>-90060</td>
</tr>
<tr>
<td>8</td>
<td>2008-09</td>
<td>1,62,584</td>
<td>2,82,581</td>
<td>-1,19,997</td>
</tr>
<tr>
<td>9</td>
<td>2009-10</td>
<td>1,94,848</td>
<td>3,91,753</td>
<td>-1,96,905</td>
</tr>
</tbody>
</table>

(Sources: Economic Survey, Government of India -2010)
Table number 4.2 deals with expert import business of India from 2001-02 to 2009-10. There is lot of differences between export and import that too negative. Year wise export and import business is not in good position. Every year negative balances are coming. In the year 2001-02, there were 44,703 American dollar export and 56,227 American dollars. Import business was more than export business i.e. 11524 American dollars. Negative balances are continuously occurring year by year. There are no any positive balances during the period. In 2009-10, negative balance was 1, 96,905 American dollar.

The performance of export and import business is not in good position. Import business should decrease that shows the strong position of India. But here is not reduction in import.

Table No. 4.3
Export Import and Deficit of India (for the year 1991 and 2011)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Trade</th>
<th>Year 1991</th>
<th>Year 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Import</td>
<td>28 Billion Dollar</td>
<td>381 Billion Dollar</td>
</tr>
<tr>
<td>2</td>
<td>Export</td>
<td>19 Billion Dollar</td>
<td>250 Billion Dollar</td>
</tr>
<tr>
<td>3</td>
<td>Deficit</td>
<td>09 Billion Dollar</td>
<td>131 Billion Dollar</td>
</tr>
</tbody>
</table>

(Source: International research journal- Arthasanvad -July 2013)

Table number 4.3 highlights the export import and deficit of India for one decade. This table clearly states the import export business of India in 1991. Export business was 28 Billion dollar and import 19 Billion dollar. Deficit in same year 1991 was 09 Billion dollar. After one decade in 2011, there was 381 Billion dollar and 250 Billion dollar import export business respectively, and deficit has been increased up to 131 Billion dollar. Deficit was increased fifteen times during the period in the era of liberalization, privatization and globalization.
Table No.4.4
Exchange rate of Indian Rupees (from 1947 to 2013)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Year</th>
<th>Exchange rate (rupees per US $)</th>
<th>Year</th>
<th>Exchange rate (rupees per US $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1947</td>
<td>1.000</td>
<td>2009 (Oct.)</td>
<td>46.37</td>
</tr>
<tr>
<td>2</td>
<td>1952</td>
<td>5.000</td>
<td>2010 (Jan. 22)</td>
<td>46.21</td>
</tr>
<tr>
<td>3</td>
<td>1970</td>
<td>7.576</td>
<td>2011 (April)</td>
<td>44.17</td>
</tr>
<tr>
<td>4</td>
<td>1975</td>
<td>8.409</td>
<td>2011 (Sept. 21)</td>
<td>48.24</td>
</tr>
<tr>
<td>5</td>
<td>1980</td>
<td>7.887</td>
<td>2011 (Nov. 17)</td>
<td>50.97</td>
</tr>
<tr>
<td>6</td>
<td>1985</td>
<td>12.369</td>
<td>2011 (Nov. 24)</td>
<td>52.11</td>
</tr>
<tr>
<td>7</td>
<td>1990</td>
<td>17.504</td>
<td>2011 (Dec. 14)</td>
<td>53.65</td>
</tr>
<tr>
<td>8</td>
<td>1995</td>
<td>32.427</td>
<td>2011 (Dec. 15)</td>
<td>53.7147</td>
</tr>
<tr>
<td>9</td>
<td>2000</td>
<td>45.000</td>
<td>2012 (May 21)</td>
<td>55.03</td>
</tr>
<tr>
<td>10</td>
<td>2006</td>
<td>48.336</td>
<td>2012 (May 22)</td>
<td>55.3950</td>
</tr>
<tr>
<td>11</td>
<td>2007 (Oct.)</td>
<td>38.48</td>
<td>2012 (May 23)</td>
<td>56.25</td>
</tr>
<tr>
<td>12</td>
<td>2008 (June)</td>
<td>42.51</td>
<td>2012 (June 22)</td>
<td>57.15</td>
</tr>
<tr>
<td>13</td>
<td>2008 (Oct.)</td>
<td>48.88</td>
<td>2013 (June )</td>
<td>63.11</td>
</tr>
</tbody>
</table>

(Source: compile from various resources-2013)

Table number 4.4 deals with exchange rate of Indian Rupees. Dollar of United States had same value with Indian rupees 1947. After independence it increased up to ₹ 5. Dollar value was increasing slowly up to 1990. For purchasing $1 we had to give 17 rupees and 50 paisa. After entering in liberalization privatization and globalization in 1991, Indian rupees got down compare to dollar. For $ 1, India had to pay 32.42 rupees. It was a large devaluation of Indian rupees. It was continuously remained in devalue position up to 2013 June. It was ₹ 63.11 for $ 1 dollar.

The policy of 1991 of LPG does not give good performance in terms of comparison with dollar. From 1947 to 2013 it is very long period. From 1947 to 1990 it has 43 years periods. During this period, only seven times devaluation of
Indian rupees was made. From 1991 to 2013 it has 43 years periods, and in this duration the Indian rupees has been devalued 19 times due to the policy of liberalization, privatization and globalization. Indian rupees are not in strong position in international market.

**Table No. 4.5**

**Trade Deficit of India at a glance**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Year</th>
<th>Trade deficit in ₹ Crores</th>
<th>Year</th>
<th>Trade deficit in ₹ Crores</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1991-92</td>
<td>3,809</td>
<td>2005-06</td>
<td>1,91,532</td>
</tr>
<tr>
<td>2</td>
<td>1997-98</td>
<td>20,103</td>
<td>2006-07</td>
<td>2,77,440</td>
</tr>
<tr>
<td>3</td>
<td>2000-01</td>
<td>27,302</td>
<td>2007-08</td>
<td>3,56,449</td>
</tr>
<tr>
<td>4</td>
<td>2001-02</td>
<td>36,182</td>
<td>2008-09</td>
<td>5,38,568</td>
</tr>
<tr>
<td>5</td>
<td>2002-03</td>
<td>42,069</td>
<td>2009-10</td>
<td>2,66,169</td>
</tr>
<tr>
<td>6</td>
<td>2003-04</td>
<td>65,741</td>
<td>2010-11</td>
<td>5,03,625</td>
</tr>
<tr>
<td>7</td>
<td>2004-05</td>
<td>62,463</td>
<td>2011-012</td>
<td>10,46,175</td>
</tr>
</tbody>
</table>

(Source: RBI web site and other economic magazine web site -2013)

Table number 4.5 highlights the trade deficit of India from 1991-92 to 2011-12. Trade deficit was ₹ 3,809 crore in 1991-02. After seven years, trade deficit was decreased up to 20,103 in the year 1997-98. Trade deficit was remained increase up to 2011-12. Trade deficit was ₹10, 46,175 crores in the same year. Deficit is one of the criteria to find out national international status of country in the global world after 1991. To promote the trade of India, Indian government implemented policy of 1991 of liberalization, privatization and globalization, it does not show the good performance or in progress.
Table No.4.6

External Debt Indicators

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Year</th>
<th>External Debt (US$ billion)</th>
<th>Foreign Exchange Reserves to Total Debt</th>
<th>Total External Debt to GDP</th>
<th>Interest paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1990-91</td>
<td>83,801</td>
<td>7.0</td>
<td>28.7</td>
<td>25000</td>
</tr>
<tr>
<td>2</td>
<td>1991-92</td>
<td>85,285</td>
<td>10.8</td>
<td>38.7</td>
<td>30000</td>
</tr>
<tr>
<td>3</td>
<td>1995-96</td>
<td>93,730</td>
<td>23.1</td>
<td>27.0</td>
<td>60000</td>
</tr>
<tr>
<td>4</td>
<td>1996-97</td>
<td>93,470</td>
<td>28.3</td>
<td>24.6</td>
<td>58500</td>
</tr>
<tr>
<td>5</td>
<td>2000-01</td>
<td>94,470</td>
<td>41.7</td>
<td>22.5</td>
<td>100667</td>
</tr>
<tr>
<td>6</td>
<td>2001-02</td>
<td>101,326</td>
<td>54.7</td>
<td>21.1</td>
<td>107257</td>
</tr>
<tr>
<td>7</td>
<td>2005-06</td>
<td>98.843</td>
<td>109.0</td>
<td>16.8</td>
<td>130032</td>
</tr>
<tr>
<td>8</td>
<td>2006-07</td>
<td>139,114</td>
<td>115.6</td>
<td>17.5</td>
<td>146192</td>
</tr>
<tr>
<td>9</td>
<td>2009-10</td>
<td>172,360</td>
<td>106.8</td>
<td>18.0</td>
<td>192200</td>
</tr>
<tr>
<td>10</td>
<td>2010-11 June</td>
<td>261,170</td>
<td>102.0</td>
<td>16.0</td>
<td>219500</td>
</tr>
<tr>
<td>11</td>
<td>2010-11 Sept.</td>
<td>270,332</td>
<td>101.4</td>
<td>16.5</td>
<td>-</td>
</tr>
<tr>
<td>12</td>
<td>2010-11 Dec.</td>
<td>297,511</td>
<td>99.9</td>
<td>16.9</td>
<td>248700</td>
</tr>
</tbody>
</table>

(Source: web site- www.finmin.nic.in -2011)

Table number 4.6 shows external debts of India. This was manipulated growth rate by many thinkers. Pranab Mukharjee declared that, the growth rate for the year 2009-2010 is +7.9%, whereas Professor Surjeet Bhalerao and Prof.
Iyer have calculated in consideration of production, education, health and other parameters that the growth of India is 0.36% & -1.37% respectively”, (11) So hare is unreliable that the growth rate declared to the nation is to 9.2 units more than it actually is. This is done because, if they declare that the growth of India is always negative, then they themselves would declare that they are incapable to run the Government.

Table No. 4.7
Past three years budget of India

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total Receipt</td>
<td>8,31,400</td>
<td>10,27,100</td>
<td>11,08,700</td>
</tr>
<tr>
<td>2</td>
<td>Revenue receipt</td>
<td>5,40,300</td>
<td>5,77,300</td>
<td>6,82,200</td>
</tr>
<tr>
<td>3</td>
<td>Total tax receipt</td>
<td>6,05,300</td>
<td>6,33,100</td>
<td>7,46,700</td>
</tr>
<tr>
<td>4</td>
<td>Net market borrowings</td>
<td>2,33,600</td>
<td>3,98,400</td>
<td>3,45,000</td>
</tr>
<tr>
<td>5</td>
<td>Disinvestment of PSUs</td>
<td>600</td>
<td>26,000</td>
<td>40,000</td>
</tr>
<tr>
<td>6</td>
<td>Interest payments</td>
<td>1,92,200</td>
<td>2,19,500</td>
<td>2,48,700</td>
</tr>
<tr>
<td>7</td>
<td>Tax Exemptions to Industrialist</td>
<td>5,40,269</td>
<td>5,40,269</td>
<td>4,50,000</td>
</tr>
<tr>
<td>8</td>
<td>Gross fiscal deficit</td>
<td>3,37,000</td>
<td>4,41,000</td>
<td>3,81,000</td>
</tr>
</tbody>
</table>

BE: budget estimate, RE: revised estimate.
(Source: Government of India -2013)

Table number 4.7 highlights the past three year’s budgets. In this budget, there is stress on privatization and tax exemption to capitalist. The external borrowing (from IMF/WB) for this year is Rs. 3,45,000 crore and the interest to be paid to IMF/WB on earlier accumulated such loans is Rs. 2,48,700 crore. Borrowing includes the loan amount. While giving new loan to India, IMF/WB
will deduct interest amount from and give only Rs. 96,300 crore, but on paper, total loan will increase by Rs. 3,45,000 crore. While requesting this amount, India has to submit details on the implementation of SAP conditions which are scrutinized by IMF/WB and if found satisfactory to their agenda of debating the country, then only the fresh loan is disbursed.

Table No. 4.8
India’s GDP Growth Rate with Other Countries 2013

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of Country</th>
<th>GDP Rate in Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>China</td>
<td>7.7</td>
</tr>
<tr>
<td>2</td>
<td>Philippines</td>
<td>7.0</td>
</tr>
<tr>
<td>3</td>
<td>Japan</td>
<td>6.1</td>
</tr>
<tr>
<td>4</td>
<td>Indonesia</td>
<td>5.6</td>
</tr>
<tr>
<td>5</td>
<td>Malaysia</td>
<td>4.7</td>
</tr>
<tr>
<td>6</td>
<td>India</td>
<td>4.3</td>
</tr>
</tbody>
</table>

(Source: Gordian Sachs/ The Indian Express, daily newspaper 22/11/2013)

Table number 4.8 deals with gross domestic product rate of India with other countries. China is our bordered country. It has 7.7% Gross domestic products (GDP). Philippines is having 7.0% GDP, Japan is having 6.1% GDP. Indonesia and Malaysia are having 5.6% and 4.7% GDP in respectively. And India’s GDP rate is 4.3%.

At the international level, India is having small percentage of GDP. There is not strong position in GDP after accepting the policy of 1991. Country did not get remarkable progress during the period.
### Table No. 4.9
Gross Domestic Product Of Maharashtra State (In crore Rs.)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Year</th>
<th>Maharashtra</th>
<th>India</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>GDP</td>
<td>Growth %</td>
</tr>
<tr>
<td>1</td>
<td>2004-05</td>
<td>413826</td>
<td>N. A.</td>
</tr>
<tr>
<td>2</td>
<td>2005-06</td>
<td>483222</td>
<td>16.77</td>
</tr>
<tr>
<td>3</td>
<td>2006-07</td>
<td>581725</td>
<td>20.38</td>
</tr>
<tr>
<td>4</td>
<td>2007-08</td>
<td>679004</td>
<td>16.72</td>
</tr>
<tr>
<td>5</td>
<td>2008-09</td>
<td>756334</td>
<td>11.39</td>
</tr>
<tr>
<td>6</td>
<td>2009-10</td>
<td>901330</td>
<td>19.17</td>
</tr>
<tr>
<td>7</td>
<td>2010-11</td>
<td>1029621</td>
<td>14.23</td>
</tr>
<tr>
<td>8</td>
<td>2011-12</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
</tbody>
</table>

(Source: Directorate of Economics & Statistics of respective State Governments (2012))

The table number 4.9 deals with Gross Domestic Product of Maharashtra State. GDP growth rate was 16.77% in 2005-06 of the Maharashtra state. Next year growth rate was increase up to 20.38%. Next two year the growth rate of GDP was shown decrease up to 16.72 % and 11.39% in the year 2007-08 and 2008-09 respectively. In the year 2010 -11, there was reduction in growth rate of GDP and it came up to 14.23%.

GDP growth rate of India was as per further. 14.10% in 2005-06, 16.60% in 2006-07, 15.91% in 2007-08, 15.75% in 2008-09, 14.86% in 2009-10, 17.50 in
2010-11 and 15.68% in the year 2011-12. In case of comparatively study, India and Maharashtra are not having so much difference in terms of growth rate.

In terms of gross domestic product of Maharashtra state, is not having good performance in age of global world.

Table No. 4.10
Share in national income of Industries at India Level

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Year</th>
<th>Share in national income of Industries</th>
<th>Decreased and increased in Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2007-08</td>
<td>20.6 %</td>
<td>--</td>
</tr>
<tr>
<td>2</td>
<td>2008-09</td>
<td>20.1%</td>
<td>(-)0.5</td>
</tr>
<tr>
<td>3</td>
<td>2009-10</td>
<td>20.2%</td>
<td>(+)0.1</td>
</tr>
<tr>
<td>4</td>
<td>2010-11</td>
<td>19.9%</td>
<td>(-)0.3</td>
</tr>
<tr>
<td>5</td>
<td>2011-12</td>
<td>19.2%</td>
<td>(-)0.7</td>
</tr>
</tbody>
</table>

(Source: www.rbi.in/scripts/annualreportpublist -2012)

Table number 4.10 highlights the share in national income of Industries at India Level. Percentage of share in national income of industries are reducing year by year from 2007-08 to 2011-12. The share of industries in national income of India was 20.6% in next year it reduced by 0.5% and came down up to 20.1%. In 2009-10, the share of industrial income increased by 0.1% . And in next year 2010-10 and 2011-12, the percentage is reduced by 0.3% and 0.7% respectively.

Overall performance of share in national income of industries is not progressive in the era of globalization privatization and liberalization.

Economist Amartya Sen considered his book that, “the real problems raised by globalization do not in fact, lie globalization parse, but relate in one way
or another to inequality, to disparities in affluence and in political, social and economic power.\textsuperscript{(12)}

Impact of globalization on democracy has been analyzed seriously by some social scientists, even in USA. They say that “truth, justice and democracy are in disarray and in some respects serous decline, for many reasons. In the United States we experienced a clear shift from moving along a path towards relatively informed, pragmatic democracy into a path with a disconcerting mix of theocracy, corptatocracy and crony capitalism.”\textsuperscript{(13)}

“Liberalization strictly oppose any government programmes which target the poor. They also are in favor of abolition of social security, Medicare, welfare public education, tariffs, quality, anti-trust laws pro- Union laws, minimum wages and even prohibition of narcotics. Almost 500 Multinational companies of the world control 1/3 of world GDP, and net worth of almost 358 ultra-rich people of is equal to combined income of the poorest 45% population of the world. 15% of the world population live in 1\textsuperscript{st} world and control 83% of the world’s resources even today; globalization is producing not only inequalities in income and wealth but also inequalities in education & knowledge, leading to inequalities in human capital & technologies. The World Bank has already agreed to the global inequalities in income & wealth in its ‘World Development Report 2006’.”\textsuperscript{(14)}
Table No. 4.11
Year Wise per Capita Income of Maharashtra State and India at a Glance

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Maharashtra</th>
<th>India (base year 2004-05)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Year</td>
<td>GDP (₹)</td>
</tr>
<tr>
<td>1</td>
<td>2004-05</td>
<td>35915</td>
</tr>
<tr>
<td>2</td>
<td>2005-06</td>
<td>41624</td>
</tr>
<tr>
<td>3</td>
<td>2006-07</td>
<td>49568</td>
</tr>
<tr>
<td>4</td>
<td>2007-08</td>
<td>57218</td>
</tr>
<tr>
<td>5</td>
<td>2008-09</td>
<td>62454</td>
</tr>
<tr>
<td>6</td>
<td>2009-10</td>
<td>74027</td>
</tr>
<tr>
<td>7</td>
<td>2010-11</td>
<td>83471</td>
</tr>
<tr>
<td>8</td>
<td>2011-12</td>
<td>N.A</td>
</tr>
</tbody>
</table>

(Source: For Sl. No. 1-32 Directorate of Economics & Statistics of respective State Governments, and for All-India Central Statistics Office (2012))

Table number 4.11 highlights the per capita income of Maharashtra and India. Year 2004-05 was taken as base year. Yearly per capita income was Rs. 41,915 in 2005-06 of Maharashtra state and growth rate was 15.90% in the year 2005-06. 19.09% growth rate was in Maharashtra state. Next year it came down up to 15.43% in the year 2007-08. Again in next year 2008-09, it came down up to 9.15% . in the year 2009-10, growth rate was 18.13% and in the year 2011-12, it again came down up to 12.76%.

Per capita income of India was given year wise. Maharashtra’s growth rate of per capita income is more than growth rate of India. 12.38% growth rate was
appear in 2005-06. 15.02% in 2006-07 14.80% in 2007-08, 13.32% in 2008-09, 13.10% in 2009-10, 15.64% in 2010-11 and 14.33% in 2011-12. There is not progress in growth rate.

Table No. 4.12
Per head income of Maharashtra State (2009)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particular</th>
<th>Per head income( Average in Rupees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Income one person of India</td>
<td>40775 Annual</td>
</tr>
<tr>
<td>2</td>
<td>Income one person of India</td>
<td>3398 per month</td>
</tr>
<tr>
<td>3</td>
<td>Income one person of India</td>
<td>113 per day</td>
</tr>
</tbody>
</table>

(Source: Compile from DES -2009)

Table number deals 4.12 deals with per head income of Maharashtra state. Average Rs. 113 is earned by one person of India per day. Indian society has been divided caste and sub caste. Very few people have lot of resources to earn money. But large scale of majority of people do not have sufficient sources to earn money. So it is difficult to find out that, how much income of casts and sub castes will be in Rs. 113.

World Bank Report (2010) says, ‘only $ 1.45 (Rs.67) is sufficient to survive for one day’. Arjun Sen Gupta Report (2009) says that, 83 crore people are below poverty line, out of which 29 crore people earn Rs. 6/- per day. 26 crore people earn Rs. 11/- per day and 28 crore people earn Rs. 20/- per day. Report says further that, 1 crore Rich in India, 5 crore Upper middle class, then 95 crore in bad state. 25 crore families: out of them 11 crore families do not have toilet. 11 crore people do not have 5 miter cloth. These pictures are created after implemented policy of 1991. It is effect of this policy. Not sustainable development we see in global era.
### 4.9 Industrialization Scenario:

Industrialization has been defined by Sutcliffe “as a process which has invariably been the outcome or accompaniment of economic development”, a set of policies, which more than any other set of policies is seen as a means towards economic development” (15). “Industtrialization in a developing country has become inseparable part of development process. Planners and policy makers have viewed it as the most acceptable it has been argued that in an underdeveloped country with a backward agriculture and vast population there is a little choice but to give priority to the development of industries. The establishment of new kind of society (industrialized) is easier than reformation of old”. (16) It is so because, the Industrial sector is more powerful in innovation which injects dynamism and brings about lasting increase in productivity of labour “Industrialization not only influences the natural life and the social, political and cultural pattern”. (17) Industrialization was sought to bring great relief. “It was hoped that Industrialization would bring social transformation, social equality, higher levels of employment, more equitable distribution of income and well balanced regional development” (18). Industrial development has further been acknowledged as a means to distribute employment, income and consumption between the various regions by giving special emphasis on industrialization of backward regions. In the opinion of Rosestein Rodan, “Industrialization is the way of achieving a more equal distribution of income between different areas of the world by raising income in depressed areas at a higher rate than in rich areas”. (19) In the context of the world economy is also applicable to an individual country, suffering from the problems of interregional as well as intra-regional disparities. It is because; in addition to its innovation and dynamism that it is more flexible than agriculture as far as location aspect is concerned. Manufacturing activity which is not rooted to raw material can be located in any region even in an area with poor natural endowment if it is economically feasible to serve objective. Moreover,
manufacturing activities have better potentiality for generating employment directly and indirectly through their backward forward linkages with other sectors of the economy, most effective in rising productively of labour which is very essential for economic development. Use of local raw material, employment of local labour, skilled, unskilled, would create an impact on income levels and pull the region out its backwardness and promote regional balanced development.

4.10 LPG Trends in Developing Countries:

LPG stimulates the overall progress, development and technological advancement, particularly of the developing countries. The developing countries should, therefore, eliminate the existing barriers to free movement of goods, services, technology, finance, capital and knowledge that come to them from the rich and developed nations. This is possible when these states adopt the principles of free and multilateral trade in the external front and de-regulation, privatization and economic reforms in their domestic policies. Examples of many country have been taken, particularly that of China and Indonesia to authenticate the benefits of globalization. All countries-rich or poor, developed or developing, Asian or European, Latin American or African - are being attracted by globalization policy of WTO. It is perhaps for this reason that Center for International Economics in its studies in 1990 could stress the accrual of benefits to each country from globalization.

This view, however, has been challenged in many of the poor countries including some of the poorest countries as have not been benefited by globalization and that the gains from globalization accruing to the developing country have been exaggerated. Protests and agitations have been organized in developing countries. A protestor, in fact, died in Genoa in 2001. Globalization has become extremely controversial. A sober and guarded assessment of globalization is necessary in the interest of both the developing and developed countries. Therefore, a few vital questions arise in the context of LPG. Where do then the developing countries stand vis-à-vis the rich and developed nations like
the United States, the most important trading nation in the world? How far have they been benefited from increased international trade and globalization? Can the process of globalization be reversed?

Developing countries enjoy better opportunities in exporting a wide range of agricultural products. Some of them also enjoy comparative advantage in the production of textiles, leather goods, and pottery, glassware and consumer electronic products. How much free access do these countries enjoy to the markets in the developed nations for their agriculture, for textiles, for leather goods and for manufactures? How much have they been benefited from globalization in the post-WTO period? Have the advanced countries lowered their tariffs and benefit of the developing nations? Such questions are cardinal in framing the LPG policies.

It is difficult to furnish a simple and categorical view whether and to what extent free and multilateral trade has enabled the poor countries to maximize their gains.

In Geneva (July-2004), the ministers from both the developing countries and developed nations tried their best to bring together a framework for establishing modalities in agriculture. A commitment was made to eliminate export subsidies. Promises were also made to remove other types of export support. The rich countries could also agree to substantial cuts in domestic subsidies, which to say the least, contribute significantly to production, trade and exchange. Higher tariffs imposed on industrial goods were to be reviewed and slashed both by the developed and developing countries. G-90, a group of the poorest countries, could strike a deal with America on cotton. The Geneva deal, which aimed at liberalization of trade by elimination the restrictive trade practices, was hailed by Supachai Panitchpakdi, the chief of WTO as “truly historic” achievement. America’s trade negotiator Bob Zoellick called it a “milestone” in world trade negotiations.
4.11 LPG: Economic Growth & Human Development:

It is difficult to say if there have been any significant changes in the international trade situation and whether the reality is as promising as it was projected to be after the Geneva deal. It is yet to be ascertained if the import quotas on textiles and clothing which have been in existence over more than 40 years in the world have come to an end.

The United States and the European Union provide massive subsidies to their agriculture. Because of high subsidies to agricultural goods in international markets their market prices decline and they are available cheap causing great loss to the poor developing countries. Subsidies paid to the cotton producers in the United States resulted in substantially lowering the global price of cotton. African farmers who cultivated cotton and depended on cotton for their living suffered the worst. Rich farmers in developed nations gain at the cost of real suffering of the millions of small farmers in the third world countries. Import of fruit avocados from Mexico to the United States could be banned because the fruits were supposed to have been infected with flies though no such evidence of fruit flies could be found on examination. The American reaction was that the flies were so smalls and therefore hard to see. Similarly Mexican tomatoes, Chinese honey and Ukraine women’s coats could be kept out of the American market. Developing countries find it increasingly difficult to sell their agricultural goods in the world market because of the large subsidies given to agriculture by the European countries. Senegal found it difficult to sell its onions because of the subsidized low prices of imported Dutch onion in the local market. The developing countries in spite of continuing trade negotiations to make world trade free and multinational face tough trade challenges from the developed countries.

In fact, the European Union provides “product-specific and trade-distorting” support to about 50 agricultural products like cereals, tomatoes, apples, cucumbers, grapes, peaches, wine, olive oil and beef etc. It may be mentioned that in 1986, subsidies in the European Community were as high as 50
percent of producers income compared to 35 percent in USA and 75 per cent in Japan and as per the OECD data, per acre subsidy ($34) provided in the European Union ($324 per acre) is ten times more than the per acre subsidy ($34) provided in the United States. It is interesting to note that export subsidies in the European Union accounted for just £3 billion of the £45 billion a year it provides in giving subsidies and protecting the farmers in member countries. It may be revealing to note that an average European cow receives $2 a day in subsidies whereas half the world’s population lives on less than $2 a day.

France, a founder-member of the European Union and an important contributor to the preparation of Common Agricultural Policy (CAP), is also the biggest beneficiary of the farm subsidies. It will not be inclined to agree to the elimination or removal of farm subsidies. It is therefore not surprising that the European Union, to avoid issues affecting their CAP, raised “Singapore Issues” at Cancun. Like the European Union, America may find it difficult to agree to sizeable reductions in its farm subsidies because of the opposition of its politicians and farm lobbies. But what is more disturbing is that imports from poor countries like Bangladesh are heavily taxed in America compared to the imports from a rich country like France. It is reported that on imports of 2.4 billion dollars from Bangladesh, tariffs paid amounted to $331 million compared in a tariff of 330 million against an import of $30.0 billion from France. It is, intact, the poor countries who suffer more on account of discriminating trade practices. It is common knowledge that when the developed countries adopt protectionist methods, this causes loss of jobs and income in the exporting industries in the developing countries.

Apart from the subsidies given to agriculture, the rich nations have been practicing protection against the import of textiles, clothing, shoes and high-tech goods from the developing countries. Not only that, some European Union countries earlier provided direct subsidies to their textile and clothing industries.
The rich and developed nations, which show much enthusiasm for free trade, use different types of non-tariff trade barriers to restrict the entry of goods and services from the developing countries. They may create impediments in giving licenses to import, may insist on filling up complicated business documents and may rise technical barriers for imports from developing countries.

Similarly social clauses relating to workers’ living conditions, working conditions, payment of wages and use of child labor and women labor may be raised to justify refusal of the rich nation to import textiles, carpets and leather products from the developing countries. Such allegations have been voiced against China and India.

The developed nations may use protective trade measures to protect the home industry threatened with dumping. The United States uses the Byrd law for its trade protection when the American firms feel threatened and initiate “anti-dumping and anti-subsidy complaints, Duties are then levied on these products and such proceeds are paid as compensation to the American firms. In spite of the objections of the WTO and complaints by the foreign firms, nothing has happened. In 2002-03, over a sum of $ 700 million was distributed to the beneficiaries in the steel and lumber business under the Byrd law. Such questionable trade practices contribute in the rising trade disputes and tensions among the trading nations vis-à-vis the United States. Thus, the developed country dominates and controls the policies of WTO as rightly stated”,

“The development countries like America of the European Union nations still control the scene of world trade. (20) America is dominant country in the organization of the WTO. Strategic plan of WTO with LPG policy do not completely suitable to India.
4.12 Security to Industries in LPG Era:

The developing countries do not spare either the developed countries or the developing countries in imposing tariffs on their manufactured goods. It has been estimated that the developing countries pay 70 percent of their tariffs on manufactures to one another. American manufactures and trading houses complained about discriminating value-added-tax (VAT) imposed by China on foreign chipmakers. Yet, at the same time, America imposed tariff on imported steel to save its domestic steel industry from foreign competition. The developing countries which expect free access to American and European markets resist the move to keep their markets free for the imported goods.

A policy of discrimination is found to have been built-in into the trade policies of both the developing and developed countries. There are thus numerous difficulties in integrating the world economies, when the developed countries which impress the third world countries about the virtues of free trade and at the same time they themselves put up barriers and prevent the entry of agricultural products and manufactures from the developing nations.

The process of globalization is not an unmixed blessing. Liberalization, privatization, deregulation and rethinking on internal economic policies in the third world countries have created a friendly environment both for foreign and domestic business and investments. Foreign direct investments (FDI) in India have been allowed to many important areas including insurance, banking, housing and infrastructure. The UPA governments in India have further liberalized Foreign Direct Investment policies to attract more capital and investments into the Indian economy. India has also been experiencing a steady and increasing flow of foreign funds to its equity market. China has been greatly benefited from its participation in international trade and globalization. So also Indonesia and India have also been a rising beneficiary in that trade and investments after the reform policies introduced in July 1991. Indian markets are now open to varieties of foreign goods and Indian tariff rates have been substantially reduced. The
developing countries can look forward to benefits from increased trade, and greater access to world markets and technology. The developed nations can enjoy increased access to the markets in the developing nations.

It is true that there is enormous appeal and rationality in the idea of free trade, liberalization and globalization. It is also equally true that developing countries have been facing impediments in their efforts to expand trade and participate in the globalization process. They face considerable risk because of the persistence of protection of the farm sector in the developed countries. There are also many grey areas in the trade policies of the developing countries. It is however the developing countries which have to come together and assert themselves for their just share in the gains from globalization. Progress towards globalization also calls for fair-mindedness and willingness on both the sides the developed and the developing nations to acknowledge each other’s problems, appreciate them and resolve them. Trade has to be free from excessive regulations. The developing countries, because of their special problems, however, have to be shown special considerations.

Let us hope that the important and influential trading nations will have better understanding of the problems of the poor nations and make an effort to reach broad areas of agreement on agriculture, manufactures, textiles etc for the benefit of the developing nations. India and its state come under the underdeveloped or may be developing state. It is new trend to come up our economy with the help of LPG.

WTO plays an important role in integrating the third world countries into the world economy and prevail on the rich and developed nations which still dominate international trade to share the growing benefits of globalization with the developing countries. The world trading system will prove more equitable and sustainable growth and development unto this last.

It is said that fruits of globalization will be shared among all the stakeholders. Growth in the developing countries will become sustainable.
Globalization then may succeed “with a human face”. It is a good hope that gives positive attitude to the country. India and its state have lot of imbalances in all sectors. Rich people are becoming rich and poor people are becoming poor. Policy of liberalization, privatization and globalization looks good for human being but its implementation should not only in the hand of capital class. Otherwise it will be proved worthless.

Maharashtra state is implementing the policy of liberalization privatization and globalization. The policy should have human face but Maharashtra state is very traditional state. Lot of rule and regulation, system of society is established by Maharashtra state. Varna system has been remained base of all sector.

4.13 Background of Industrial Economy:

Industrial economy is a major part to become developed country. India was known as Sparrow of gold in ancient India. Indian Economy was very strong in the world in the period of Samrat Ashoka (Emperor). Lot of Employment, Higher education system, Trade policy, best GDP rate etc. were established. Lot of foreigners runs their government in India. Arya, Portugal, Duch, Franch, British, Mogal etc. foreigners had spread their trade and use raw material of India and made their strong economy with the help of Indian raw material. It ia always called that ‘England became Kingdome of Industries only with the help of India’. Dr. Babasaheb Ambedkar gave important suggestions of Industrialization for becoming strong to India. Indian constitution had accepted socialist policy. And also constitution of India has given more part of socialism compare to capitalism. India became independent in 15th August 1947. Lot of years India was in slavery.

4.13.1 Pre-Independence Industrialization: Prior to Independence in 1947, India was depending on British India, and the Princely States. It encompassed the entire area which now forms the four countries of India, Pakistan, Myanmar, and Bangladesh. The British rule in India resulted in colonization and systematic exploitation of the Indian economy. In their efforts to convert India into market for their manufactures, the British systematically destroyed India’s own
manufacturing industry. Liberal imports of machine-made goods led to the decline of domestic handicrafts, causing unemployment and misery for the native craftsmen. India was gradually transferred into an agricultural society with emphasis on cash crops and agricultural estate. India was typical backward economy in terms of industrialization at the time of Independence in 1947. The stopped industrial development of India during the 19th century and the first half of the 20th century was more a consequence of her political dependency to Britain rather than of her own cultural heritage. While it is true that industries on modern lines were started by the British beginning the middle of the 19th century, the pace of industrialization was not only slow but lop-sided. In short, India’s industrial economy exhibited the following broad features at the end of British rule in 1947:-

1. Industrial structure was weak, character by heavy dependence on imports of manufactures.
2. All industrial activities were confined to the private sector. Government’s initiative was limited.
3. A few business communities were engaged in modern industrial activities’ namely Parsis, Jains, Marwaris, Shidis, Bramhin, Bania and the British themselves.
4. Industrial activities were limited to consumer goods like sugar, paper, textile, and cigarettes. This means the capital goods sector was ignored.
5. Industrial activities were confined to limited areas, particularly to coastal areas, resulting in regional imbalances.

Thus, Indian inherited a dismal economy from the British rulers at the time of Independences. Owing to poor technological and scientific capabilities, industrialization was limited and lop-sided. Agricultural sector exhibited features of feudal and semi-feudal institutions, resulting into low productivity. Means of transport and communications were underdeveloped, educational and health facilities inadequate and social security measures virtually
non-existent. In brief, poverty was rampant and unemployment widespread, both making for low general standard of living. The political system was fragmented and the national unity was in danger. Various factors were responsible for political problems which were threatening the very existence of India as a nation.

During the pre-independence era, industrialization in India revolved around the cities of Bombay and Calcutta. Both are essentially the relation of British rules in India. Bombay witnessed the growth of the Indian capitalists and Calcutta grew into the principal holder of the British interests. During those days, many of the handicrafts yielded in the urban areas of India were out and out striking. Among all those various famous urban handicrafts, the textile handicraft earned a distinct bearing and was also spread over the entire country. ‘During these days, silk sarees of Banaras, Shawls and carpet of Kashmir and Amritsar, the calicos of Bengal, dhotis and dupattas of Ahmedabad, silk and bordered cloth of Nagpur and Murshidabad, etc. were very famous and received better acceptability in international markets’.

4.13.2 Post-independence Industrial Scenario

During the pre-colonial period, India was rich in natural resources which could be lapped for industrial process. But with the establishment of British rule in India, no effort was made the growth and development of small-scale industries. India got its independence on 15 August 1947. Thus, at the time of independence, industrial base in India was very weak. Due to the British rulers destroyed the Indian industries during their ruling. After independence, India has been trying to build up a sound industrial base. But in spite of all its efforts India is considered as an industrially backward country. India possesses a huge reserve of natural resources but in spite of the country could not develop into a sound industrial sector which could contribute a good portion to its national product. ‘During the two hundred years of British rule, no effort was made by the British ruler to develop industries especially basic and heavy industries. During the mid-
nineteenth century, tea, jute, textile and coal industries were mostly developed in India by the British rulers with the assistance of British industrialists’.

India’s independence entailed a spectacular metamorphosis in the industrial sector. The Congress Government came into power against the backdrop of typical post-war inflation. In the meanwhile, the population of India has been increasing to greater extent whereas production is gradually declined. So, to increase in the production and to reduce the inflationary tendencies the developments of small and large-scale sectors become imperative.

4.14 Industrial Policies of Government:

Industrial policy of government of India has adopted since independence. It is a good opportunity that governments at the center and the state have not taken speedy and concretized steps to overcome the limitations and declare a sound, result oriented and balanced industrial policy to achieve the predetermined objectives and targets.

A brief review of the various industrial policy resolutions announced since 1948 would throw abundant light on their aims, objectives and achievements, and as well as the drawbacks and deficiencies. Most of the developing economies are mixed economies, where public sector and private sector play leading roles in the economic development program and policies. In the western economy the role of state is relatively limited, whereas the role of private sector is more. These market economic are opposed to command economies, which exist in some of the communistic and socialistic countries.

India is a largest mixed economic country. Whether an economy is a command economy of a market economy, an industrial policy would be absolutely necessary for the all-round development of the economic structure. The industrial policy document should ensure good relationship between the business sector and government sector, whose participation would be necessary in the total development of the country. The objectives of any industrial policy should have the following basic requirements.
It should ensure balanced development and rectify the imbalance in the development of industries. Diversification of industries in the national interest needs priority. The scarce resources of the country should be pooled together and invested in profitable enterprises eliminating all wastages. The government should recognize the importance of private sector and provide necessary infrastructure for their expansion. A clear cut policy has to be enunciated to ear-mark industries to be established in the public, private, joint and co-operative sectors so as to avoid duplication, overlapping etc. the monetary and fiscal policies have to be coordinated in such a way that monopolization and sabotaging the economic stability of the country. The inflow of foreign investments, science, technology, collaboration and know – how should be encouraged and their effective operation regulated to avoid the discouragement of local skill and talents. Since the country has to march abreast of times, it is necessary that no ambiguous and vague clauses are enshrined in the guiding principles of industrial policy. The small scale industries, which are the back bone of India’s rural sector, should be given its due share from the point of view of employment, export promotion and import substitution. A good management labour relationship has to be established to augment industrial productivity and also to avoid industrial disputes and sickness. The policy should aim at decentralization to remove regional imbalances, since concentration of Industries would only create Socio-economic problems, as we observe today in most of the metropolitan centers.

A study of the various industrial policy resolutions from 1948 to 1991 i.e. given below


After independence, this was the first policy resolution which was adopted. The economy was dismantled and the industrial structure was in a distorted condition, when the British rule ended in 1947. Uncertainly, confusion, decline in production, absence of definite policy were facing the country. Consequently, the government of India came forward with its policy. The policy was of ‘Socialistic
pattern of society’; the government wanted to restructure the industrial map of country. The policy noted the private sector which should be with future plan.

**The objectives of the policy are given below.**

1. To make policy for state monopolies industries.
2. To form basic and key industries.
3. To form private sector industries subject to state control and regulation.
4. To make totally private sector units.
5. Public sector to be secure.

**Findings:** After independence, it was a try to make privatization of industries. Global market was difficult task. It was new experience to run independently industrial policy under own rules and regulations. So it has a struggle of socialist and capitalist. The State’s intervention to nationalize industries in private sector after 8 years only created confusion and discouraged the private sector to come forward to establish new industries. Government and its system could not implement the ‘Socialistic pattern of society’. That’s why the desired result could not be achieved by the 1948 resolution policy.

**4.14.2 Industrial Policy Resolution 1956**(22)

After first industrial policy resolution of 1948, the second industrial policy resolution was introduced in 1956. The first five year plan was completed in this industrial policy.

**Some objectives are given as per below.**

1. To accelerate of the rate of economic growth.
2. To Expand the public sector by developing heavy industries
3. To remove disparities in wealth and incomes.
4. To remove regional imbalances by improving back-ward areas.
5. To prevent monopolies to have an upper hand by eliminating concentration of economic power.
6. To expand cottage and small scale industries lastly.
7. To increased employment opportunities through labour intensive techniques.
8. To raise the standards of living of people.
9. To improve the working conditions of the labor class.

Findings: here was given importance to public sector. The principle of privatization was included in this policy, due to which, the scope of liberalization and globalization was getting from the policy. So many objectives were targeted by this policy, but all were not achieve.


This was third industrial policy resolution which was based on the policy statement of Janata Party. The policy gave importance to small scale sector, management of industrial working committee, proper administrative structure of public sector, technological self-reliance, sick units etc.

The objectives of the policy are given below.

1. To large scale industries from basic industries, capital goods industries and high-tech industries.
2. The large business house, which have grown disproportionately compared to the resources generated by them internally were to be monitored. The policy was against monopolistic supremacy of the large industries. The policy insisted upon these units to rely on their own resources rather than on the financial institutions.
3. The small scale sector providing self-employment to be encouraged. The tiny sector with an investment of ₹1 lakh in equipment situated in towns and ₹ 10 lakhs in ancillaries were to be classified separately.
4. The policy emphasized on invoking the provisions of the MRTP Act to curb monopolistic tendencies and concentration of economic power.
5. To give stress on professionalization of management rather than family-owned enterprises.
6. To recognize the importance of technology transfer and inflow of foreign technology to areas where local infrastructure was not available.

7. To declare rule, majority interest in ownership and effective control should be in Indian hands. In export-oriented industries this rule may be totally relaxed.

8. To bring about good labour – management relationships, the policy resolutions favored participative management.

9. The policy for the public sector was in appreciation of their effort to produce essential consumer goods rather than always concentrating in the production of important and strategic goods.

Findings: It was extension of 1956 policy statement, which was having a thrust on removal of disparities. The policy resolution prevented the large scale industries getting funds from development banks and as such their progress was underdeveloped. Policy tried to give social face and make global attachment. Foreign technologies, majority interest in ownership and its rules and regulations should be in the hands of India. Totally liberalization and privatization were denied by the policy.

4.14.4 The Industrial Policy Statement 1980\(^{(24)}\)

This was fourth industrial policy.

The main objectives were as follows:

1. The capacity utilization of resources to increase productivity received priority.

2. Removal of distortions to achieve regional balance was considered highly imperative.

3. The promotion and development of agro-based industries to receive priority.

4. The export promotion programme and import substitution sectors to receive high encouragement.
5. To educate consumers against low quality products and high prices.
6. The policy statement emphasized on the equitable distribution of investments both in the urban and rural areas.
7. The policy recognized the importance and implementation of professionalism in the public sector to achieve the targeted growth development of management cadres in areas of operation, finance, marketing and information system have to receive priority.
8. The policy statement realized the need to develop backward areas and proposed to set up a few nucleus plants in each backward district to develop small scale units through the upgradation of technology and skill.
9. It was decided to build up buffer stocks of essential raw materials needed by small scale units and as well as decentralizing the market process for these products.
10. In the case of the sick units. It was proposed to identify them well in advance and take necessary steps either to merge them with large scale units wherever possible or to find out early remedial measure to avoid it based on the principle ‘prevention is better than cure’.
11. The policy statement emphasized on implementation of ‘Dispersal of industries’ avoid concentration of industries in the urban and metropolitan areas, as they would breed socio-economic problems and bring about ecological imbalance.

**Findings:** the 1980 policy statement was more practical, because the policy aimed at greater employment generation, more productivity, removal of regional imbalances, boosting exports and promotion of Agro-based, cottage and small scale industries. This policy has scored over other policy statements in view of its emphasis are ecological balance and removal of artificial bifurcation between small scale and large scale units.
4.14.5 Industrial Policy Resolution 1990\(^{(25)}\)

**Findings:** The 1990 policy is not very different from earlier policies relating to the process of liberalization, investment limits, emphasis on technology upgradations, simplifications of procedures in the development of small scale industries, automatic approval of foreign equity up to 40 per cent access to imported raw materials.

4.14.6 Industrial Policy 1991\(^{(26)}\)

The Government of India on 24\(^{th}\) July 1991 announced a New Industrial Policy under the Prime Ministership of Mr. P.V. Narasimha Rao. This policy is known as LPG. This policy has attempted to bring about a radical change in the industrial scenario of the country, especially with respect to the scrapping of industrial licensing and registration policies, end of monopoly powers, invitation to foreign investments and the role expected to be played by the public sector.

**The objectives of the policy are given below.**

1. To make the economy self-reliant, self-sufficient and self-generating so as to reduce economic parasitism.
2. To achieve the target of employment generation, acceleration of productivity and entrepreneurship by the Indian industrial magnets have been emphasized and encouraged.
3. For expert promotion, the need for standardization and greater investments in Research and Development are to be given top priority.
4. Removal of constraints and restrains in respect of technology upgradation and inflow and foreign collaboration have been given a major attention and government support.
5. For the promotion of public sector, it has been made clear that unless they are run on competitive and business lines, their future would be very bleak and discouraging.
6. Employer – employee relationship to be strengthened so as to obtain the maximum benefits to the industry as well as to the work-force.
In the process of achieving these objectives, the Government of India decided to take strict steps and other welcome measures like the

- Abolition of industrial licensing except in respect of strategic concerns, environmental issues etc.
- Abolition of bottleneck relating to approval of foreign investments upto 51 % foreign equity.
- The MRTP Act to be restructured eliminating the legal requirement for prior approval for expansion of present undertakings and establishment of new undertakings, mergers amalgamations, etc.
- To reduce the unnecessary bureaucratic control and protect the industrial economy from slipping into sluggishness.

The policy of liberalization, privatization and globalization of 1991 has changed industrial structure. Fully global attachments have been given by this policy. There are some philosophies that the economy would become submissive to the foreign agency like IMF, WTO and thereby might lose its economic independence.

Liberalization has infused programmatic to our economy. Any transition from one order to another is bound to have temporary reactions. The whole process needs reinforcement, deregulations, self-confidence and all round encouragement both from the public and private sectors. The economy needs a thorough revitalization and a total transformation. Since the gestation period is involved in each project, a sudden change cannot be expected. Sufficient time should be given for the projects to yield anticipated and well desired fruits. The engine of economic democracy should be strengthened to meet the challenges. Population, unemployment, poverty, inequality, inflation, misdistribution are some of the major issues to attended to. Perfect industrialization with the help of modern technology could be a master – key to solve the major problems. Sufficient time should be provided for the various innovating forces to act and
react and to bring about the yield. The 65 years of independence has not done much in this direction.

**Findings:** this policy is very liberal compare to before policies. The economic package released and the concept of economic liberalization is most welcome. The various memorandum of under standings and collaborations have entered into Indian economy. When advanced and highly development countries are traveling in arrow planes and living in the world of information technology, India cannot travel in a bullock-cart age. America Britten Japan Rassia etc. countries are becoming super power countries. One time India was super power at ancient period. There are merits and tremendous advantages in LPG, The policy of BJP and Congress towards liberalization, privatization and globalization are one and same.

The various scams, corrupt practices, bribery at all levels which are not only economic but social evils have to be totally eliminated and up-rooted otherwise, there is great danger for the economy of the country. ‘Corruption has become of late a way of life’ endangering the economic and social fabrication of the country. The liberalization programme could be misused and abused by the industrial magnets and influential politicians. Thus powerful watchdog, free from partisan and parochial tendencies, is the need of the hour to safeguard the benefits of liberalization.

Under the liberalization programme, the private sector has assumed greater role, new projects in the private sector are being set up either under Memorandum of Understanding or with foreign assistance and collaboration. Power generation, petroleum refining and petro-chemicals, telecommunication equipment industry, transport development are some of the important units in the private sector, they have received approval. Even the public sector has been made viable, efficient and revamped. In view of the top-management being too costly, the sector units are asked to reduce their expenditure in that direction. Attempts are being made to co-ordinate both fiscal and monetary policies to achieve growth with stability.
The entrepreneurs, who are anxious to start industrial units not run from pillar to pole to get license and permission. To establish an industry, one requires as per below

a) Letter of intent
b) Technical know how
c) Foreign equity participation
d) Permits from pollution control, both state and Centre
e) Environmental clearance
f) Clearance from the financial institution
g) Transport facilities
h) Energy supply
i) Continuous supply of water
j) Administrative clearance etc.

In this direction, the policy of 1991 has provided ample positive services to reduce the gestation period. Even the bureaucracy has been made to realize the importance of speedy industrialization to increase productivity, employment, and to fill up the gap between supply and demand. If liberalization policy has to achieve the pre-determined objectives and targets, it is absolutely necessary to remove further all restrictions and more deregulations.

4.15 Small Scale - Medium Scale-Large Scale industry:

‘The definition of small-scale, medium-scale and large-scale industry varies depending on a number of factors. There are two key ways the U.S. government defines the size of a business: the number of employees and the amount of revenues. The definition is also dependent on the specific industry. Some industries are a lot more labor intensive, and the definition of "small" may include a large number of employees. Other industries, especially those that rely on technology or specific skills of an individual, may reach only a low employee number before being bumped up into the next size category.’(27)
"Small-Scale Industry: In the United States, a precise definition of small-scale business depends on the sector. In wholesale trade, a small-scale company employs up to 100 workers, while in most manufacturing and mining activities, that number is between 500 and 1,500. In the services sector, a small-scale company is defined also by the annual turnover of up to $7 million."
Large-Scale Industry: Any company exceeding these limits is a large-scale one. For example, multinationals with production facilities in many countries, or big retail chains, such as Wal-Mart. In 2008, there were only 18,000 large companies in the United States, according to the U.S. Office of Advocacy. (29)

“According to U.S. Office of Advocacy, there are nearly 30 million small companies in the United States employing more than half of the workforce in the country. More than 99 percent of all U.S. companies are small-scale ones. Because of their special importance to the industry and lower survival rate---with only five in 10 running after 5 years” (30)

President Barack Obama stated, "Small business owners have always been the backbone of America's economy." (31)

Small-scale industries as defined by the U. S. Small Business Administration (SBA) include everything from one-person cottage industries to businesses employing 1,500 or more employees, although most are in the 500-employee range. Businesses with more than 1,500 employees are usually categorized as medium-scale or large-scale industries.

‘The Small Business Administration classifies industries based on the North American Industry Classification System (NAICS), determining size by revenues or number of employees, depending on the industry. For example, most agricultural industries with annual revenues of less than $750,000 are considered small-scale businesses by the SBA, while most heavy construction industries with annual revenue up to $33.5 million are considered small businesses.’ (32)

Scale refers to the size of a company in terms of employees.

‘The industries which are organized On a small scale and produce goods with the help of small Machines hired labour and power as small scale industries.

‘a precise definition of small-scale business depends on the sector. In wholesale trade, a small-scale company employs up to 100 workers, while in most manufacturing and mining activities, that number is between 500 and 1,500. In
the services sector, a small-scale company is defined also by the annual turnover of up to $7 million.” In the United States, (33)

“Small scale industries (SSI) were originally categorized into two sets, those with fewer than 50 employees and those with 50 to 100 employees. SSIs are also referred to as microenterprises”. (34)

“Small scale industries are those which are run in a small place with a small amount of money and with a few workers”. (35)

4.15.1 Scale of Industries in Maharashtra State

Micro Small and Medium Industries: MSME provide livelihood, check rural-urban migration, generate expert earnings and touch upon the lives of the remotest and most marginalized people. The needs, problems and potential of these enterprises differ not just with the nature of activity (weaving, knitting, wood-carving etc.) but also with the size, geographical location and organizational structure.

Micro Small and Medium Enterprises Development Act was enacted on June 16, 2006. This Act provides the first ever legal framework recognizing the concept of enterprise (comprising both manufacturing and service entities), defining medium enterprise and integrating the three tiers of these enterprises, namely micro, small and medium. The government has given an investment based definition to three terms. While micro enterprises, the lowest segment, have been defined as units with investment up to ₹ 25 lakh in plant and machinery if engaged in manufacturing, and fixed investment up to ₹ 10 lakh (other than land and building) if engaged in service, business and trade. Similarly, small enterprises have been defined as units with investment between ₹ 25 lakh and ₹ 5 crore in plant and machinery if engaged in manufacturing and fixed investment (other than land and building) if between ₹ 10 lakh and up to ₹ 2 crore if engaged in service, business and trade. Medium enterprises have been defined as units having investment in plant and machinery between ₹ 5 crore and ₹ 10 crore if
engaged manufacturing and fixed investment between ₹ 2 crore to ₹ crore if engaged in services, business and trade. It may be mentioned that according to Third Census of SSI 2001-2002, over 99 % of small enterprises were micro enterprises. It is further noteworthy that about 94 % of enterprises had investment in plant and machinery of less than ₹ 5 lakh. It is this segment, whether engaged in modern activities or than ₹ 5 lakh. It is this segment, whether engaged in modern activities or traditional activities, which is most vulnerable and deserves maximum attention.

Scale refers to the size of a company in terms of employees. The definition of large scale industries is industries that employ a lot of people. For example, engineering companies are large scale companies.

Table No.4.13
Scale of Industries in Maharashtra State - I

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Category</th>
<th>Manufacturing Investment in Plant &amp; Machinery (excluding Land &amp; Building)</th>
<th>Service Sector Investment Equipment (excluding Land &amp; Building)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Micro</td>
<td>Up to ₹ 25 lakhs</td>
<td>Up to Rs. 10 lakhs</td>
</tr>
<tr>
<td>2</td>
<td>Small</td>
<td>Above ₹ 25 lakh up to ₹ 5 Crore</td>
<td>Above ₹ 10 lakh up to ₹ 2 crore</td>
</tr>
<tr>
<td>3</td>
<td>Medium</td>
<td>Above ₹ 5 crore up to ₹ 10 crores</td>
<td>Above ₹ 2 crore up to ₹ 5 Crore</td>
</tr>
<tr>
<td>4</td>
<td>Large</td>
<td>Above ₹ 10 crore</td>
<td>Above ₹ 5 crore</td>
</tr>
</tbody>
</table>

(Source :-Industrial state profile of Maharashtra 2012-2013)

Table 4.13 deals with scale of industries as per Industrial state profile of Maharashtra 2012-2013 there are certain limitations to become a particular unit. Up to 25 lakh rupees for Micro units, Above 25 lakh crore up to 5 crore rupees for
small units, above 5 crore up to 10 crore for medium units and above 10 crore rupees for large scale units. These are the certain limit to get scale of particular units.

**Table No.4.14**

Scale of Industries in Maharashtra State - II

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Category</th>
<th>Investment in INR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Micro Scale Industries</td>
<td>Up to ₹ 25 lakhs</td>
</tr>
<tr>
<td>2</td>
<td>Small Scale Industries</td>
<td>Above ₹ 25 lakh up to ₹ 5 Crore</td>
</tr>
<tr>
<td>3</td>
<td>Medium Scale Industries</td>
<td>Above ₹ 5 crore up to ₹ 10 crore</td>
</tr>
<tr>
<td>4</td>
<td>Large Scale Industries</td>
<td>Above ₹ 10 crore</td>
</tr>
</tbody>
</table>

(Source:- Doing Business in Maharashtra, May 2013, MIDC report)

Table 4.14 shows definition of scale of industries as per MIDC report. There are specific requirement to be micro, small, medium and large unit. For micro units, there should be investment up to ₹ 25 lakh. For small units, above ₹ 25 lakh up to ₹ 5 Crore. For Medium units, above ₹ 5 crore up to ₹ 10 crore. For large units, above ₹ 10 crore

Table no. 4.9 and 4.10 are showing scale of industries. It has been taken from two different sources. That is legalized by Government.

**4.15.2 Large scale industries in Maharashtra**

Large scale industries refers to those industries which require huge infrastructure, man power and a have influx of capital assets. The term 'large scale industries' is a generic one including various types of industries in its purview. All the heavy industries of India like the Iron and steel industry, engineering companies, textile industry, automobile manufacturing industry fall under the large scale industrial arena. However in recent years due to the IT boom and the huge amount of revenue generated by it the IT industry can also be included
within the jurisdiction of the large scale industrial sector. Last but not the least the telecoms industry also forms and indispensable component of the large scale industrial sector of India. Indian economy is heavily dependent on these large industries for its economic growth, generation of foreign currency and for providing job opportunities to millions of Indians

4.16 Impact of LPG on Industries in Maharashtra State:

Study of impact of LPG has required to evaluate. So many types of impact of liberalization, privatization and globalization on industries are needed to find out progress. Policy of liberalization privatization and globalization was adopted by Indian government to develop the industrial sector. It is prime objective of the policy. This policy is implemented in 1991 as a new economic policy. Evaluation of the policy is basic requirement to come to know the impact of LPG on industries. A progress report of Directorate of industries is published. The industries of Maharashtra have been taken from 1991 to 2013, December.

Impact of LPG of 1991 will help to provide new ideas and new planning towards Indian economy which will be related to increase in investment, increase in employment, increase in export, reduction in import, to enter foreign market etc. progress report of government is here to reach final conclusion in terms of industrial progress of Maharashtra state.

Progress Report is available here that provide the sickness and dead Small Medium Industries and large Industries up to Dec 2013, this progress report shows Impact of liberalization privatization and globalization. Impact can be positive or negative. Following tables helped for this.
Table No. 4.15
Small and Medium industries its status from inception to 2013 in
Maharashtra State

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of Industrial Region</th>
<th>Small &amp; Medium Units</th>
<th>Small &amp; Medium Stable Industries</th>
<th>S &amp; M Stable (Sick) Units</th>
<th>S &amp; M Locked (dead) Units</th>
<th>No. of empl. Affected</th>
<th>Cert. issue to Sick Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kokan</td>
<td>57153</td>
<td>100%</td>
<td>34337</td>
<td>60.07%</td>
<td>18976</td>
<td>3684</td>
</tr>
<tr>
<td></td>
<td></td>
<td>33.20%</td>
<td></td>
<td></td>
<td></td>
<td>6.70%</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Nasik</td>
<td>57822</td>
<td>100%</td>
<td>31780</td>
<td>54.96%</td>
<td>21297</td>
<td>4745</td>
</tr>
<tr>
<td></td>
<td></td>
<td>36.83%</td>
<td></td>
<td></td>
<td></td>
<td>8.20%</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Pune</td>
<td>64451</td>
<td>100%</td>
<td>16205</td>
<td>25.14%</td>
<td>46941</td>
<td>1332</td>
</tr>
<tr>
<td></td>
<td></td>
<td>72.83%</td>
<td></td>
<td></td>
<td></td>
<td>2.06%</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>A’bad</td>
<td>40139</td>
<td>100%</td>
<td>17330</td>
<td>43.17%</td>
<td>20766</td>
<td>2043</td>
</tr>
<tr>
<td></td>
<td></td>
<td>51.73%</td>
<td></td>
<td></td>
<td></td>
<td>5.08%</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Amravati</td>
<td>22747</td>
<td>100%</td>
<td>10570</td>
<td>46.46%</td>
<td>10290</td>
<td>1887</td>
</tr>
<tr>
<td></td>
<td></td>
<td>45.23%</td>
<td></td>
<td></td>
<td></td>
<td>8.29%</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Nagpur</td>
<td>38848</td>
<td>100%</td>
<td>25102</td>
<td>64.61%</td>
<td>10309</td>
<td>3437</td>
</tr>
<tr>
<td></td>
<td></td>
<td>26.53%</td>
<td></td>
<td></td>
<td></td>
<td>8.84%</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>438998</strong></td>
<td><strong>281173</strong></td>
<td><strong>128552</strong></td>
<td><strong>29273</strong></td>
<td><strong>159251</strong></td>
<td><strong>407</strong></td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>100</td>
<td>64.05</td>
<td>29.28</td>
<td>6.67</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Empl.= employees, Cert.= Certificate,
(Source: Progress Report: Sickness and dead SM industries, DOI, Uddyog Mantralaya2013)

Table No. 4.15 shows status of small and medium industries in Maharashtra. Stable industries show strong position of industries, running very well its business. Unstable industries shows sick position of industries and locked
industries shows dead position of industries. In Maharashtra State, there are 4,38,998 small and medium industries. Out of which 2,81,173 industries are stable, 1,28,552 industries are unstable, 29,273 industries are locked and 407 industries have got sickness certificate. Small and medium industries of Maharashtra state have created employment, the total number of employees in Maharashtra are 1,59,251.

Graphic No. 4.2

Number of Small and Medium Industries in Maharashtra state and its Status

Chart No. 4.2 shows the status of small and medium industries of Maharashtra State in the LPG era. LPG policy has been working since 1991 to till date. 64.05% Small and medium industries are in good position, 29.28%
industries are unstable or sick industries and 6.67% industries are locked in Maharashtra state. But we can’t say definite that it is due to LPG policy. Lot of rules and regulation, Acts, Laws, industrial policy, government incentives and policy, conservative policies of government were implemented.

Table No. 4.16

Status of Large industries in Maharashtra State
(From inception to 2013)

<table>
<thead>
<tr>
<th>Name of Industrial Region</th>
<th>Total No. of large industries</th>
<th>No. of stable industries (running well)</th>
<th>No. of unstable industries (Not running well)</th>
<th>No. of locked industries</th>
<th>No. of empls.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kokan</td>
<td>614 (100%)</td>
<td>275 (44.79%)</td>
<td>216 (35.18%)</td>
<td>123 (20.03%)</td>
<td>6555</td>
</tr>
<tr>
<td>Nasik</td>
<td>1717 (100%)</td>
<td>848 (49.39%)</td>
<td>804 (46.83%)</td>
<td>65 (3.78%)</td>
<td>18657</td>
</tr>
<tr>
<td>Pune</td>
<td>6975 (100%)</td>
<td>3432 (49.20%)</td>
<td>3407 (48.85%)</td>
<td>136 (1.95%)</td>
<td>21210</td>
</tr>
<tr>
<td>Aurangabad</td>
<td>277 (100%)</td>
<td>99 (35.74%)</td>
<td>162 (58.48%)</td>
<td>16 (5.78%)</td>
<td>3207</td>
</tr>
<tr>
<td>Amravati</td>
<td>111 (100%)</td>
<td>36 (32.43%)</td>
<td>48 (43.24%)</td>
<td>27 (24.33%)</td>
<td>4436</td>
</tr>
<tr>
<td>Nagpur</td>
<td>133 (100%)</td>
<td>72 (54.14%)</td>
<td>44 (33.08%)</td>
<td>17 (12.78%)</td>
<td>3490</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9827</strong></td>
<td><strong>4762</strong></td>
<td><strong>468</strong></td>
<td><strong>384</strong></td>
<td><strong>57555</strong></td>
</tr>
<tr>
<td><strong>Percentage</strong></td>
<td><strong>100</strong></td>
<td><strong>48.46%</strong></td>
<td><strong>47.63%</strong></td>
<td><strong>3.91%</strong></td>
<td>-</td>
</tr>
</tbody>
</table>

(Progress Report: Sickness and dead large industries up to 2013, Mantralya, Mumbai, 2013)
Table No.4.12 shows status of large industries in Maharashtra. Stable industries show strong position of industries, running very well its business. Unstable industries shows sick position of industries and locked industries shows dead position of industries. In Maharashtra State, there are 9,827 large industries. Out of which 4762 industries are stable, 4681 industries are unstable, 384 industries are locked. Total employees are 57,555 in large scale industries.

**Graphic 4.3**

**Stable, Unstable and Locked Industries in Maharashtra State**

(Source: compile from table number 4.16)

Graphic No.4.3 shows the status of large industries in Maharashtra state. Principle of liberalization privatization and globalization is most relating to large
industries. Policy was designed almost for large industries. 48.46% large industries are in good position. 47.63% large industries are sick industries and 3.91% industries are locked industries. It is very wicked position of large industries in the era of LPG in Maharashtra state.

4.17 Impact on Industries:

Here industries are divided into two groups for better findings that are small and medium industries, and large industries.

4.17.1 Impact on Small and Medium Industries

Before accepting any policies, policy maker thinks positively. So many policies are made and implemented. After implementing policies we get some positive and negative result of those policies. Following table number 4.17 is giving information about impact of policies on small medium industries.

**Table No. 4.17**

Position of small and medium scale industries up to 2013

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars</th>
<th>No. of industries</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>No. of small and medium Stable Industries</td>
<td>2,81,173</td>
<td>64.05</td>
</tr>
<tr>
<td>2</td>
<td>No. of small and medium unstable (Sick) Industries</td>
<td>1,28,552</td>
<td>29.28</td>
</tr>
<tr>
<td>3</td>
<td>No. of small and medium Locked (dead) Industries</td>
<td>29,273</td>
<td>6.67</td>
</tr>
<tr>
<td>4</td>
<td>Total Small and Medium Industries</td>
<td>4,38,998</td>
<td>100</td>
</tr>
</tbody>
</table>

Certificates issued to Sick industries | 407

Number of employee affected | 1,59,251

(Source- Progress Report: Sickness and dead SM industries up to 2013, DOI, Uddyog Mantralaya, Mumbai. 2013)
The above figure does not show good progress in small and medium industries of Maharashtra State. 1,59,251 employees has been removed from their jobs. 29.28 % industries has been come under the sick industries by the policy. 6.67% SM units have been given certificate of dead industries. It is happening due to the liberalization, privatization and globalization. There is no other cause to this bad position of small and medium industries. Liberalization, privatization and globalization policy of government policy in 1991 is working till date.

4.17.2 Impact on Large Industries:

Maharashtra state has very small number of domestic large scale industries. Lot of large scale industries in Maharashtra is belonging to foreign countries. The position of large scale industries up to 2013 is given in following table number 4.18.

Table No. 4.18
Position of large scale industries up to 2013

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars</th>
<th>No. of industries</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Number of large Stable Industries</td>
<td>4762</td>
<td>48.46</td>
</tr>
<tr>
<td>2</td>
<td>No. of large unstable (Sick) Industries</td>
<td>4681</td>
<td>47.63</td>
</tr>
<tr>
<td>3</td>
<td>Number of large scale locked (dead) Industries</td>
<td>384</td>
<td>3.91</td>
</tr>
<tr>
<td>4</td>
<td><strong>Total number of Small and Medium Industries</strong></td>
<td><strong>2827</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Number of employee affected 57,555

(Source- Progress Report: Sickness and dead SM industries up to 2013, DOI, Uddyog Mantralaya, Mumbai. 2013)

As per above source, total large industries are 9,827 in Maharashtra State. 48.46% large industries are working but 47.63% large industries are not working, they are in dead position. Out of them, 3.91% large industries has been declared
as dead industries in Maharashtra by the government. It means $47.63\% + 3.91 = 51.54\%$ large industries have been come under the influence of government policy of liberalization privatization and globalization. These industries removed 57,555 employees from their job in Maharashtra State.

Small scale industries, Medium scale industries and large scale industries entered in LPG era and they are trying to face from 1991. But expected outcome is not being achieved.
Conclusions:

Emperor Samrat Ashoka established a trade system in his region. New economic policies were implemented through education system, trading system, with foreign trader. Domestic trade and marketing had been secured by the global trade. All resources had been used to develop the human life and this period was called ‘Golden period’. after the period of Samrat Ashoka, Varna system was become strong and all resources had been turned to 15% people Brahmin, Kshatriya and Vaishya. So many countries attacked on India and run their trade here. British were ruler and they took all raw materials from India and sent it to England for process on it then after British made global business with the help of Indian raw material and became industrial country in the world.

After independence, the trend of liberalization privatization and globalization was continuously going on in India. it was increasing. In the global area, international trade has affected to domestic system. Domestic system is trying to live their domestic industrial system in the world of LPG. World trade organization is international organization and it has its own act, rules and regulation. Domestic Act, rules and regulation has been given second priority by becoming member of the WTO. It has affected to constitutional system of India. Privatization is being increased and public sector is being reduced by the new economic policy of WTO. It is imposed on India.

Industrial policy of government of India has adopted since independence. Industrial policy 1948, 1956, 1977, 1980 1990, and 1991 has been run. All policies have been taken one by one step towards liberalization, privatization and globalization. From public to privatize and domestic to global has adopted by the government and working on it.

World trade organization (WTO) and its member made a common rule for all members, and rule should be implemented by member of WTO. To follow the rule is mandatory to the member of WTO, and India is a member of WTO. There are lots of sources to development and as well as sustainable development.
Liberalization privatization and globalization (LPG) is the one of the sources, which is imposed by WTO. World has become globalize. Foremost countries have adopted the policy of LPG and India is one of them. Some countries are called developed countries. With the help of principle of LPG, the countries are being replaced into developed countries. Their industrial sector are becoming strong and helping to their nation. It means development is becoming. In India, lot of rules and regulation, laws, acts are implemented for sustainable development. Constitution of India, Company Act, Industrial policies, Industrial rules and regulation, Indian government policies to words industries etc. were implemented. Sustainable development is a long way process. Sudden development along with LPG in India is not becoming possible. Lot of industries has shutdown, lot of industries has become sick, and lot of industries are becoming sick in the era of liberalization, privatization and globalization. The policy of LPG is working from 1991 to till date, but developments as well as sustainable developments towards industries in Maharashtra state do not occur. Socio- economic system of India as well as Maharashtra is totally different from developed countries. Indian people are divided into so many caste and sub caste which is indigenous people. The political power, economical power, administrate power, media power etc. are integrated towards very few group of people in India. Whatever benefit of LPG are getting only to such few people. Liberalization, privatization and globalization and its impact on industries of Maharashtra state do not have remarkable point. Socio economic development of employees or human being of Maharashtra state does not get to see along with LPG and objectives of WTO are not being achieved.
References:

11. Ibid.


22. Kalipada Deb (1987), public policies & the industrial economy of India since independence, Sterling publication private ltd, New Delhi, P- 58.


24. Ibid.


