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## GLOBALIZATION, INDIAN STATE AND QUEST FOR SOCIAL JUSTICE

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### Abstract

*The paper seeks to examine the working of the Indian state in the era of globalization and its consequences for the poor and marginalized sections of the Indian society. Since 1991 when India adopted the free market economy model and integrated its economy with the world economy the state is more inclined towards protecting the interests of the few rich people. A large section of the society received less attention from the state resulting into the shrinkage of the educational, health, employment and other facilities for the poor classes. The claim of the neo-liberals that economic growth automatically benefits the poor sections of the society has stood discredited in the Indian case, giving huge setback to the social justice.*

*Keywords: Globalisation, Social justice, Economic growth, Capitalist forces, Private sector, Human Resources, Subsidies, Land reforms.*

The term globalization has become a buzzword in the academic circles all over the world. The integration of the economy of a state with the world economy is considered now as the only *mantra* (source) for economic and industrial development. The globalists claim that the process of globalization unleashes the forces of economic development and consequently reduce poverty. They believe in *Trickle Down Theory* which implies that as and when economic development takes place, its benefits would automatically percolate down to the impoverished classes. However, such claims have proved wrong at the global level including India. The process of globalization has benefitted only a small section of the different societies, at the same times, leading to social and economic disparities.

At the time of independence, India inherited several socio economic problems like extreme poverty, unemployment, malnutrition and poor health care facilities. The economic growth was almost negligible. The condition of the marginalized sections of the society like small farmers, Scheduled Castes and Scheduled Tribes and other socially and economically deprived groups was far from satisfactory. The big problem before the Indian state was how to bring compatibility between the urge for fast economic growth and realize the objective of social justice. To overcome this problem, first Prime Minister Jawaharlal Nehru neither chose capitalist model nor socialist model for the economic growth of the country. He adopted middle path in the form of mixed economy model with highly centralized planning. The state was assigned predominant role in the process of economic growth and redistribution of resources. Nehru believed that only this type of economic model could remove social and economic disparities among the Indians and realize the ideal of social justice. He sought to establish a type of just social order in which wider inequalities on the basis of social and economic status could not be found; where the basic needs like food, shelter and cloth for all the people were fulfilled. So, Nehruvian economic model was closely related to the realization of the ideal of social justice and human welfare.

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To give concrete shape to the ideal of social justice, our Constitution makers included Directive Principles of State Policy in the Indian Constitution. These directives fixed certain socialistic goals for the Indian state which could have proved instrumental in realizing the ideal of social justice, if implemented in a strict manner. The state was required to provide adequate means of livelihood; to provide minimum conditions of subsistence and survival; to raise the nutrition level of its citizens; provide adequate wages and good working conditions to the workers and laborers; to take special care of the old age and sick people; to promote the educational and economic rights of the weaker sections of the society especially the SCs and STs; to secure the improvement of public health; to provide opportunities to the children to develop in a healthy manner; to secure right to work for every citizen (Pylee, 1994, p.135). To achieve these goals, the state was to own and control the material resources and redistribute the resources for the common good. The economic system was to work in such a way that wealth and means of production would not be concentrated in the hands of a few people. Apart from this, the provisions of reservation in jobs were made for the SCs, STs and later on for the Other Backward Classes. The Avadhi session of the Congress Party in 1955 sought to establish socialistic pattern of society in which means of production would be under social ownership (Narang, 2000, p.493). Nehru believed that the goal of social justice could be achieved only with the establishment of a society based on socialistic principles. Despite such tall claims and promises, little could be achieved in promoting the ideal of social justice and a large number of people continued to remain in inhumane conditions. State continued its intervention in the economic activities during the reign of Indira Gandhi. However, her slogan of *Garibi Hatao* during the 1971 parliamentary elections remained a hollow. In 1973, after two years of the catchy slogan, 54.9% of the total population of India was still living below the poverty line (Dutt and Mahajan, 2008, p.400)

Prime Minister Rajiv Gandhi brought certain changes in the mixed economy model as conceived by his predecessors. He opened up Indian economy for the private sector in a limited way and allowed this sector to play more active role in the economic growth of the country. The process set by Rajiv was pushed through more vigorously by the Narsimha Rao government in 1991. Undesirable restrictions in the way of free movement of the capitalist forces were dismantled. Finance Minister Manmohan Singh considered liberalization, privatization and globalization as the only solution for the deepening economic crisis of the country. The New Economic Policy of 1991 deprived the state of its role as controller and re-distributor of economic resources, leaving the poor and marginalized classes at the mercy of the market forces. It is widely believed that behind this move of the Rao government, was the pressure of the International Monetary Fund, World Bank and corporate houses within and outside the country. The pro-market reforms continued during the United Front governments (1996-1998), National Democratic Alliance governments (NDA) (1998-2004), United Progressive Alliance governments (UPA) (2004-2014) and the present Narendra Modi led NDA government. The BJP which used to oppose the free market economy model, pushed the agenda of economic reforms rather in a more forceful manner. It shelved away its economic ideology of *swadeshi*. Under the Prime Ministership of Atal Bihari Vajpayee in 1998, the NDA government set up a separate portfolio of Disinvestment to sell the sick Public Sector Undertakings to the private business houses. It even went to the extent of selling income surplus Public Sector Undertakings to the private sector. Now Modi government in its budgetary provisions of 2018 has decided to

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sell Rs 1 lac crore public sector assets to private corporate houses (V. Sridhar, Spectacle Sans Substance, **Frontline**, 2 March 2018, p.7).

### Consequences of the process of Globalization for Social Justice

In the age of globalization, the Indian state has failed to deliver justice to the poor and marginalized sections of the society. The capitalist forces both external and internal, have prevailed upon the state to take less care of such sections. Now state is playing the role of a facilitator of the capitalist class rather than an agency of realizing the goal of social justice. Slowly and gradually the state has dragged its feet from providing social welfare facilities to the common people. Such a tendency, if continued, would leave no hope for the poor and marginalized sections of the Indian society to improve their economic and social conditions. No doubt, in terms of economic growth, Indian State has gained, but this growth has proved meaningless for the impoverished sections of the society. From 2005 to 2010, the scale of poverty continued to increase in India despite 8% growth rate of its economy.

At present, Indian state is engaged in pursuing the economic agenda, being prepared and operationalized by those who have less concern about the society. Since 1991 the governments have shown less interest in spending reasonable sum on the social welfare measures. This is being carried out on the directions of the global financial institutions. These institutions are continuously pressurizing the Indian state to make huge cuts on social welfare expenditure. The result is that poverty continued to haunt the Indian society, despite the tall claims of the government. When the Modi government took office in 2014, 49% of the total wealth of India was controlled by just 1% people (V. Sridhar, "Spectacle Sans Substance", **Frontline**, 2 March 2018, p.7). This small section of the society continued to accumulate wealth despite Modi government's slogan of *Sab Ka Sath, Sab ka Vikas*. The Annual Oxfam Survey (2017) revealed that same number of people now controlled 73% of the total wealth generated in India. The survey also revealed that half of the total population of India witnessed their wealth rise by just 1%. The World Bank data revealed in 2011 that 872.3 million people were living below the poverty line in the World. Out of this the number of Indians, living below the poverty line were 179.6 million, constituting almost 20% of the poor population of the world (Oxfam Report published on 22 January 2018, [www.oxfamindia.org](http://www.oxfamindia.org)). The state has paid scant attention in checking the rising tide of poverty. According to Virjesh Upadhya, General Secretary of Bhartiya Mazdoor Sangh, "India is the sixth richest country in the world where the maximum number of poor people reside" (T.K. Rajalakshmi, "They are trying to eliminate unions" **Frontline**, 2 March 2018, p.28).

So far, health and family welfare is concerned, the condition is pathetic. As per the 2018 budget allocation, Modi government has decided to spend 2.5% of the GDP on health and family welfare (T.K. Rajalakshmi, "Health Care Hoax", **Frontline**, 2 March 2018, p.30). This outlay is insufficient for providing quality health facilities to the millions of people. More so, in place of public sector, the responsibility for providing healthcare facilities is being put on the private sector by the state. National Health Policy (2017) revealed that in India expenditure on health by the state is the lowest in the world. It is only 1.15% of the total budget which is much below the global average of 5.99% (T.K. Rajalakshmi, "A Policy let down" **Frontline**, 14 April 2017, p.6). The squeeze on public finance has led to high out-of-pocket expenditure which constitutes 64% of the total health expenditure in India (T.K. Rajalakshmi "Falling Short" **Ibid**, p. 28). According to the "Document on Situation Analysis" (2017), the high out of pocket expenditure has pushed over 63 million Indian

people into poverty each year because of health care cost. In the wake of negligible expenditure on providing health facilities, the people have to move to the private hospitals. These hospitals earn huge profits by exploiting the poor patients. Medical Bills are deliberately inflated to maximize the benefits. Many a times the poor patients are unable to pay such inflated bills. Under the Clinical Establishments (Registration and Regulation) Act 2010 and the Clinical Establishments (Central Government) Rules 2012, clinical establishments in states and union territories are expected to charge the rates for each type of services within the range of rates prescribed by the central government. But the act is applicable in only ten states and union territories (T.K.Rajalakshmi "Health Care Hoax", **Frontline**, 2 March 2018, p.31). The imminent need is to implement the provisions of the Act to check the exploitation of the poor people. Due to poor healthcare facilities, life expectancy rate in India is 68.35 years whereas in America and China which spend more than 5% of their GDP on healthcare facilities, the life expectancy rate is 78.74 and 75.99 years respectively. Closely related with the health sector is the insurance sector. This sector is also being handed over to the private sector. It is estimated that huge sum that government spends on the insurance of the poor people and the farmers, a large share of the sum goes to the private insurance companies. Evidence suggests that claims settled by the private insurance companies are less than the premium paid by the government. Reporting on the failure of the Prime Minister Fasal Bima Yojna, Comptroller and Auditor General of India acknowledged that corporate houses have been profiteering at the expense of the farmers (Vijoo Krishnan, "Illusions of Bounty", **Frontline**, 2 March 2018, p.23).

In the field of education, the situation in India is also grim. No doubt UPA-I government had made education Fundamental Right in 2008, still literacy rate in India is 74.4%. It meaning whereby that even after 10 years of making education as a Fundamental Right, 25.6% Indians are yet to avail educational facilities. The Act created favorable conditions for the private managements to maximize benefits from the education sector. It did not prevent private schools from increasing fees and underpaying the teachers as per their convenience. This was assured by Human Resource Development Minister Kapil Sibal to the gathering of managers of a powerful school lobby in New Delhi in February 2010. The result is that private managements are engaged in exploiting both the students and the teachers. The children are paying hefty fees to the private schools, at the same time, the management is not willing to pay handsome salaries to the teachers (Anil Sadgopal, "Neo-Liberal Act", **Frontline**, 15 July 2011, p.8). The combined expenditure of central and state governments on education has been decreasing day by day. D.S Kothari Commission in 1966 had recommended that the total public spending on education should be to the level of six percent of the Gross National Product by 1986 (Parveen Jha, "Less for the Poor", **Frontline**, 13-26 March, 2010, p.25) The UPA-1 government in its Common Minimum Programme pledged to raise public spending on education to the level of 6% of the GDP with half of this amount being spent on primary and secondary education. The goal was nowhere near being achieved by the UPA-1 government during its tenure from 2004 to 2009. The second tenure of the UPA government (2009-2014) witnessed less expenditure on education sector. Cuba, a socialist state used to spend 18.7% of its GDP on education in 2011, resulting into 99.7% literacy rate. Even the African countries like Kenya and Ethiopia spent more on education than India (Jayati Ghosh, "Funding the Key", **Frontline** 15 July, 2011, pp.11-12). On paper, almost all political parties of India reiterated their commitment to spend 6% of the GDP on education but practically took no initiatives when came to power. Whereas combined



expenditure of central and state governments was 3.1% in 2012, it decreased to the level 2.7% in 2017 of the total of GDP (Venkatesh Athreya "Too Clever by Half", **Frontline**, 2 March 2018, p.14). It is estimated that 25% government schools in India lack infrastructure in the form of toilet and classrooms (Jayati Ghosh, "Failing the Education Sector, **Frontline**, 2 March,2018, p.33). School education remains underfunded despite the repeated appeals by the academicians that higher expenditure on education is the immediate requirement to increase the literacy level in India.. The budgetary provisions of 2018 have allocated merely 3.5% of the GDP to the Human Resource Development Ministry (**Ibid**). In fact, the governmental approach towards education is commercial. Higher Education Finance Authority (HEFA) has been directed by the Modi government to raise Rs. 1 lac Crore from the market for financing the higher education Institutions in India. In the budgetary provisions of 2018, the government has allocated only Rs.2750 crore to this authority. The grants to the higher education institutions have drastically been reduced by the central government over the years (**Ibid**, p.34).

If we go through the employment scenario, it comes to the fore that economic growth has failed to generate jobs. Labour Bureau Survey revealed in February 2018 that job creation has nosedived over the past couple of years (V. Sridhar, "Spectacle Sans Substance", **Frontline**, 2 March 2018, p.7). The International Labour Organization has revealed that unemployment rate in India has increased by 3.5% in 2018. About 18.6 million youth is unemployed in India. These figures blur the claims of the Prime Minister Modi that his Government has created 70 lac Jobs. Modi government even considers the selling of *Pakodas* as a Job (**Ibid**, pp.19 &26). In a survey conducted by *India Today* in 2017, 53% respondents said that Modi government has not been able to create jobs in the country (**India Today**, 28 August,2017, p.40). Actually, the state has dragged its feet from providing employment to the people. Contractual jobs which suits the private companies are being promoted despite the stiff resistance from the trade unions. In this situation, SCs, STs and OBCs would suffer the most. In the absence of government jobs, the provisions of reservation in jobs would prove elusive for these sections of the society.

The World Trade Organization (WTO) has consistently pressurised the Indian State to withdraw subsidies. The latter has succumbed to the pressure, leaving the poor farmers and other marginalized sections of the society at the mercy of the market forces. The UPA-II government in its first budget in 2010 imposed Huge cuts on Subsidies on Petroleum and food products. As per government's own figures, subsidies on petroleum products were reduced from RS. 14954 Crore in 2009 to a paltry Rs. 3108 crore in 2010. Food subsidies also fell marginally from Rs. 56002 Crore to Rs. 55578 crore in the same period (C. P. Chandrasekhar "Pushing Reforms, **Frontline**, 13 March, 2010, P.14). The withdrawal of subsidies on petroleum products resulted in higher cost of transportation charges leading to the price rise of essential commodities. The Modi Government has pursued the same policy as a result of which the cost of petroleum products is the highest one so far. The increased price of essential commodities as a result of higher cost of transportation would make the conditions of the poor people more worse. This is profligacy on the part of the Indian state as subsidies for the poor are being reduced whereas affluent sections of the society are being given concessions (Kuldip Singh, "Invoking Key Postulates of Nehru's Economic Model", Ranjit Singh Ghuman & Indervir Singh, ed., **Nehruvian Economic Philosophy & its Contemporary Relevance**, Chandigarh : CRRID, 2014, p.154).

In the era of Globalisation, the problems of the farming community have multiplied. The state no longer seems to be the protector of the farming community. Small farmers are in distress as government has refused to increase the Minimum Support Price on food grains. Under the pressure of the WTO, subsidies to the farmers on fuel, seeds and pesticides are being reduced over the years. To increase the income of the farming community, Bhartiya Janta Party had promised in its Election Manifesto (2014) that it would implement the report of the Swaminathan Committee if came to power. However, Modi government on 20 February 2015, filed an affidavit in the Supreme Court that it was not possible to increase the Minimum Support Price for food grains and other farm produce to input cost plus 50% as it would distort the market (Vijoo Krishnan, "Illusions of the Bounty", **Frontline**, 2 March 2018, p.21). Keeping in View the deteriorating conditions of the farmers, iron clad guarantee from the state is required to safeguard their interests as in the case of Turkish Grain Board. The Board guarantees that produce from the farmers will be bought at the minimum price set by the government if farmers are unable to sell their produce at a higher price (V. Sridhar, "Spectacles Sans Substance", **Frontline**, 2 March 2018, p.5). However, the Indian government placed market interest above those who feed the country. The state has failed to provide adequate credit facilities to the farmers whereas for industrialists sky is the limit. While presenting government budget in 2018, Finance Minister Arun Jetley promised to increase the flow of Institutional credit to agriculture from 10,00,000 crore to 11,00,000 crore. It is not government money but that of banks which are already reeling under financial crisis (Vijoo Krishnan, "Illusions of the Bounty", **Frontline**, 2 March 2018, p.23). According to an estimate, 44% rural debt comes from the money lenders. Due to high rate of interest, small and marginal farmers fail to repay the debt, sometimes leading to suicides by the farmers. In its 2018 budget, the government has allocated merely 2.36% of the GDP to agriculture. Allocations to *Rashtriya Krishi Vikas Yojna* saw a drastic cut from Rs. 4500 crore to Rs. 3600 crore. Such a paltry sum would blur the chances of Modi government to double the income of the farmers by 2020. NITI Ayog economists claim that 10.4% growth rate in agriculture is required if the income of the farmers is to be doubled by 2022 (**Ibid**). Instead of supporting the farming community, the state is engaged in acquiring land of the farmers to facilitate the business houses in the name of industrial development. The forcible acquisition of land has invited the wrath of the farming community. Modi government even tried to sideline the Parliament and issued three Presidential ordinances in a row to acquire land of the farmers for the corporate houses. The forcible acquisition of land has not only affected the farming community but also the tribal people. The Orissa Government has allotted 331 Square Kilometer forest land to MNC's like POSCO and Vedanta. While allocating tribal land to the private companies the government overlooked tribal land rights (Venkatesh Ramakrishnan, "The Great Land Grab", **Frontline**, 4 June 2011, p.8). The displacement of the farmers and the tribal people as a result of forcible land acquisition has endangered their survival. Another aspect of the problem of land acquisition is that the process of land reforms as promised in the Indian Constitution would get big jolt. Such a commitment has been replaced by a strong urge to acquire land for the corporate houses. Land Reforms were envisaged as an instrument to eradicate and at least to reduce poverty in the agrarian economy of India. The Government argues that industrialization and development of infrastructure is not possible without acquiring land (**Ibid**). Even the Leftist governments in West Bengal, Kerala Tripura took initiatives to push the process of industrialization by grabbing huge chunks of land of the farming community. The irony is that acquired but unused land is further sold by the real estate developers at much bigger price. This has led

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to strong popular reactions and violence by the sufferers (Utsva Patnaik, "Agrarian Distress", **Frontline**, 4 June 2011, p.28).

In the era of Globalization the ideal of Social Justice would remain to be a distant dream. The bitter truth is that the Indian state of late has been acting more as an agent of the capitalist class rather than as the guardian of people's democratic rights, equitable development and welfare of the common masses as guaranteed in the Constitution. In this situation, the role of the state requires to be redefined. While economic development is necessary, basic facilities of food, clothing, shelter, education and health for the masses are also desirable. The state is required to play a leading role in the redistribution of resources in a just manner. The active role of the state is desirable for the welfare of those groups and sections of the society who are facing social and economic exclusion. The tragedy is that the policies and documents of the government now speak less about the livelihood of the people but more about the growth and market. The marginalized sections of the society such as small farmers, Scheduled Castes, Scheduled Tribes and other socially and economically backward classes look toward the state for their socio-economic uplift. The state has to come forward to help these sections of the society so that vast socio-economic disparities could be removed. This is the only way of realizing the goal of social justice in India in the era of globalization. Autonomy of the state from the capitalist forces needs to be ensured so that it could take decisions for improving the socio-economic conditions of the deprived sections of the society.

## ENDNOTES

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