

When India became independent in 1947, our government accepted the path of planning to achieve speedy economic development. It took over the charge of achieving speedy economic development by implementing five year plans, one after the other. Monetary policy, fiscal policy and industrial policy have been announced for this. Although many of these plans were completed, success was not attained in achieving economic development in true sense. Hereby, government investigated the causes for failures and determined to give new form to different economic policies in order to rectify the errors done in the past.

In that regard, in industrial policy of 1991, such economic reforms were implemented which could strengthen economic development, which are known as (1) Liberalization (2) Privatization and (3) Globalization.

(1) Economic Liberalization : Government gradually reduces the restrictions and controls imposed on private sector and encourages economic development. This is known as economic liberalization. Main economic reforms related to liberalization which were made in the earlier period were as follows :

- (1) There was reservation for 18 industries. For the industries other than them, compulsion to take government permission was eliminated.
- (2) Areas other than railways, atomic energy and defence were opened for private sector.
- (3) Tradition of compulsory registration for industries was cancelled.
- (4) Provision to take government permission for setting up industries which do not cause pollution and are not hazardous for environment was cancelled.

Advantages of Liberalization :

- (1) As a result of liberalization, private sector has got an opportunity to make unconstrained development which led to increase in production.
- (2) Because of accepting policy of liberalization, global trade started getting an impetus and there has been increase in global trade.
- (3) Because of the increase in foreign trade there has been increase in reserve of foreign exchange.
- (4) Internal infrastructural facilities increased due to liberalization.

Disadvantages of Liberalization :

- (1) In spite of decrease in restrictions, monopoly could not be checked.
- (2) As focus has only been paid on industrial sector, India has remained backward in development in agriculture field.
- (3) There has been increase in disparity of income.
- (4) Because of increase in imports and decrease in exports, foreign debt has increased.

(2) Privatization : Privatization means the process in which ownership and management of industrial units, under state control is handed over or transferred to the private sector is called Privatization.

- (1) Firstly, those areas which are reserved for public sector, are opened for the private sector.
- (2) State keeps the ownership of state owned companies under its control and gives the charge of management to the private companies or state keeps management in its own hand and gives ownership to the private company.

Advantages of Privatization :

- (1) There is increase in number of production units in industrial sector.
- (2) Production has been increased in capital intensive and consumable commodities due to privatization.
- (3) Working capacity of public sector has improved due to privatization of public sector enterprise.

Disadvantages of Privatization :

- (1) Economic power has centralized as a result of privatization. Because of which evil of monopoly has increased.
- (2) Cottage industries have not developed properly due to privatization. Only large industries have been benefitted.
- (3) Prices have not remained under control due to privatization this has led to problem of price rise.

(3) Globalization : Globalization is the process of connecting one country economy with the world economy. As a result of which flow of goods, services, technology and labour is easily available in the world.

Following improvements have taken place due to globalization :

- (1) Obstacles of trade between two nations have been removed.
- (2) Such a condition has been created so that capital exchange can easily take place between two nations.
- (3) Obstacles in the way of exchange of technology have been removed.
- (4) Free exchange of labour may be there among different nations of the world.

Effects of Globalization : Mixed effects of globalization have been there on Indian economy. Many advantages and disadvantages are there which are as follows :

Advantages :

- (1) Foreign Direct Investment (FDI) is encouraged due to globalization.
- (2) Goods produced in the developed countries can easily be obtained due to Globalization.
- (3) Developing countries like India can withstand competition at international level due to Globalization.

Disadvantages :

- (1) Expected success has not been attained in finding solution to the problems of poverty and unemployment due to globalization.
- (2) Developing countries have not acquired proper benefits of increase in exports, which they should have acquired.
- (3) Large scale industries have acquired more benefit while small scale industries have obtained less benefit.

World Trade Organisation (WTO)

World Trade Organization was established on 1st January, 1995 by the member Nations of United Nations. Its headquarter is located in Geneva in Switzerland. Its objective are as follows :

Objectives :

- (1) To remove obstacles influencing global trading.
- (2) To remove protection policy given to industries of country for foreign trade.
- (3) To co-ordinate with global trade policy and economic policy.
- (4) To solve the trade related disputes arising in the world.

Functions :

- (1) To set up a required structure for implementation of agreement related to multinational trade and agreement related to it.
- (2) World trade organization plays a vital role for debate and negotiations for multinational trade.
- (3) WTO encourages unbiased international trade.
- (4) Different nations follow their own national policy. It observes them and suggests required improvements.

Impacts on Indian Economy

India is a member of this WTO organization since its inception. So what will be the impact of this organization on India or which type of benefits would it India acquire are discussed below :

- (1) India's contribution to world trade was 5 % . Our exports have increased tremendously due to increase in international trade and as a result of it India's contribution in world trade has increased to 1%.
- (2) Being member of WTO, export of readymade clothes of our country has increased.
- (3) As a member of WTO, India has been able to increase export of its agro products.
- (4) Due to increase in export, pressure on imports has reduced and foreign investment has been increased in foreign exchange.

Thus, as a member of World Trade Organization India will not only get above mentioned but benefits also has to comply with some conditions. It is especially dependent on, how fast India increases its infrastructural facilities and how developed countries treat India.

Sustainable Development

According to the definition of sustainable development "Sustainable development is the development which meets the needs of present generation without compromising with the ability of future generations to meet their own needs." Thus, the idea of sustainable development developed because of extreme effects on nature near human habitation and man-created cover i.e. environment. The way and the speed with which present generation is developing, it cannot be maintained the future. There is a fear that luxuries which present generation is enjoying may not be there for future generation.

There is a tremendous decrease in natural resources due to economic development and their quality is also deteriorating. In this condition there is a need to change the idea of development. Idea of sustainable development is studied because of present development and effects of it on environment.

Following strategy should be adopted for conservation and preservation of natural resources :

(1) The renewable natural resources like cultivable farm, forests, water resources etc. should be used in such a way that their quality is maintained and non-renewable natural resources like coal, petroleum, minerals etc. should be used judiciously.

(2) Industrial location should be decided on this basis of lesser transportation cost. A sincere attempt should be made to achieve “Eco-friendly development”.

(3) Those resources which can be used in more than one way should be utilized in different ways such as different irrigation systems are utilized for more than one purpose. e.g. producing electricity, flood control, transportation etc.

(4) Natural resources should not be wasted. Control should be laid on unplanned disposal of industrial waste, poisonous chemicals, increasing slums etc.

(5) Stress should be laid on use of non-conventional energy resources such as solar and wind energy.

Steps taken to protect environment

For the first time “Earth Conference” was organized in 1972 at Stockholm in Sweden. There after from time to time convention and camps have been organized for protection of environment at the global level. in which it was decided to take different steps for environmental protection.

India is also involved in these global efforts. Government is also making different efforts at the national level e.g.

(1) Information about pollution condition of different cities of nations is presented.

(2) Central and state pollution control boards have been established to control pollution.

(3) 5 June has been declared as “Environment day” in the world.

(4) In India government passed “Air Pollution Control Act” in 1981.

(5) International agreements have been signed for deteriorating level of ozone, disposal of nuclear waste and maintainance of bio-diversity.

Thus, conservation of environment is everyone’s responsibility. If we do not control pollution, no doubt the life on the earth will be doomed soon.

Exercise

1. Answer the following questions in detail :

(1) What is the meaning of liberalization? Mention its benefits.

(2) Mention the benefits and limitations of privatization.

(3) Which steps have been taken to conserve environment ?

(4) Explain the strategy of sustainable development.

2. Answer the following questions pointwise :

- (1) Explain the benefits of globalization.
- (2) Mention the objectives of World Trade Organization.
- (3) Mention the ways (methods) of privatization.

3. Answer the following questions in short :

- (1) Explain the concept of globalization.
- (2) When did economic reforms start in India ?
- (3) When was the World Trade Organization established?
- (4) Explain the concept of sustainable development.

4. Answer the following questions by choosing the correct alternative :

- (1) Where is headquarter of the World Trade Organization ?
(A) Stockholm (B) Geneva (C) London (D) Kolkata
- (2) When was “Earth conference” organized to bring awareness about environment ?
(A) 1972 (B) 1951 (C) 1992 (D) 2014
- (3) When is “World Environment Day” being celebrated ?
(A) 8 March (B) 11 June (C) 5 June (D) 12 March
- (4) The process of connecting the economy of the country with the world economy is
(A) Privatization (B) Globalization (C) Liberalization (D) None of these

Activity

- Student should discuss the benefits and limitations of privatization, liberalization and globalization in group.
- Arrange a rally to bring awareness about environment.
- Encourage students to grow trees and nurture them.
- Arrange a lecture by an expert in the school on the ‘Globalization’.

