

IMPACT OF NEW ECONOMIC REFORMS ON INDIAN ECONOMY

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Abstract

The present study aims at analysing the concept of New Economic Reform (NER) and Globalization, impact of NER on GDP, Poverty reduction and growth in employment rate in India. It also focuses on the analysis of influence of NER on Indian rural living. It must be acknowledged that the reform process has a significant impact on socio-economic condition of the country since the private sector is merely concerned with profit motive. Whereas the liberalization process has reduced the role of public sector investment, but it failed to fill the vacuum created by the withdrawal of public sector investment in infrastructure, more especially in the backward states. Obviously, this calls for a reform of the reform process.

Key Words: *Economic reforms, globalization, gross domestic product, growth rate.*

Introduction

Recent years of 21st century has witnessed the fact that, Globalization is reality which cannot be ignored at any point of time. Since no economy in the world has monopoly on technology and technical knowledge how, efforts are made to utilize the Global resources and to spread the same to the different parts of the World. In this connection New Economic Reforms (NER) in India were introduced in 1991 by the Congress government led by the Late Mr. P.V. Narasimha Rao.

The reforms process has completed 27 years, and this cannot be considered as too short period to assess the impact of NER. It would, therefore, be proper to undertake an appraisal of the achievements and shortcomings of this NER to understand as to whether the country is moving in the right direction, or alternatively, there is a need to reform the reform process undertaken during twenties.

In the present paper an attempt is made to analyse the New Economic Reforms and Globalization in India, and these impacts of on GDP, Poverty reduction, growth in Employment and changes in Rural living.

New Economic Reforms and Globalization in India

Since 1991 when New Economic Reforms and Globalization was implemented in India, then many important changes were made in rural areas like cultivation, multi cropping, commercial cropping, global marketing, the shift from rain-fed to irrigation dependent farming in many areas and a certain degree of development of productive forces in inputs like HYV seeds, machinery techniques, skills, educational institutes enter in the rural areas and technology adoptions in small scale industry, employment generation in rural areas, women participation in different scheme, impacts of Global change frequently emphasizes the physical and socio economic conditions of Indian rural areas.

Globalization, Liberalization and Privatization have brought many changes in the Indian economy development in rural areas. Since 1991, the new economic policy has been implemented in India and that policy is clearly associated with Globalization, many multinational companies (MNCs) and rural development agencies entered into Indian rural areas

because 2/3 of the Indian live in rural areas, Globalization is the process which expands and accelerates the movement of ideas and exchange of commodities over vast distances. From a global prospective, globalization's most important impacts are often highly localized. Globalization really people with respect to their way of life, culture, taste, fashion, preference, etc., It has led to good and bad effects on the lives of the people. With the dream of great opportunities, people used to move from east to west and vice-versa.

Objectives

- To analyze the concept of New Economic Reform and Globalization.
- To analyze the impact of NER on GDP, Poverty reduction and growth in employment rate in India.
- To analyze the of NER on Indian rural living.

Methodology

The present study makes use of secondary of data collected from the publications of government of India, and other than Books, Journals and Periodicals. The reference period of this study relates from 1991 to 2016.

Impact of NER on GDP growth at factor cost

There is no doubt that NER have been able to promote a relatively higher growth. The following table reveals the growth in GDP.

Insert table 1

The table 1 reveals that in the first decade the growth is only 68.8%, then in the second decade it was gone to 82.0% and last 12 years it was double to the last decade. Hence we can conclude that, NER has remarkable impact on GDP.

Impact of NER on Poverty Reduction

Insert table 2

The table 2 reveals that there is a good positive and remarkable poverty reduction in rural and urban areas of Indian economy.

For a period of 25 years the rural poverty was reduced by 50% and urban in the urban it was 62%.. Hence we can conclude that, NER has remarkable impact on poverty also.

Impact on Employment Growth Rate

Insert table 3

The table 3 reveals that, the Employment rate in public sector decreasing and on the other hand in private sector it is increasing over a period of 25 years. After 2000 in private sector it is increasing with higher growth rate. Hence this is possible only with Privatization, Liberalization and Globalization i.e., NER.

Impact of New Economic Reforms and Globalization on Indian Rural living

Now-a-days globalization is being talked everywhere by everyone. Lot of discussion is going on and intellectuals, NGO's, Government officials and different national and International organizations' are studying the impact of globalization on various aspects of life in India including its impact on Indian culture, value system and employment but the most important aspect being neglected is "Has it any impact on rural life", where more than 60 percent of Indian population resides. International and national organizations are trying to study its impact on various aspects of life in general. Impact is clearly visible on urban life but rural life in India has not changed much. If we start from the basic facilities, impact is not so marked as in urban areas. People are still living in houses made of mud barring houses of few rich and progressive farmers. Government made houses for people in the name of "Indira Awaas Yojna" is so poorly designed and constructed that a family of three to four people cannot live comfortably in these houses. Occupation has been taken by the people but most of them are still staying in their earlier made "Kuchcha" houses. Conditions of farming communities are yet untouched from globalization.

Laborers' conditions have somewhat improved due to implementation of "Minimum Wages by the Government. Prime Minister Rojgar Yojna and CM Rojgar Yojna have made partial employment available to this segment. Government has initiated several developmental programs for uplift of living standards of people, but full benefits have not reached to the targeted population due to corruption prevalent in administrative and political systems. Pradhan Mantri Gramin Sadak Yojna has resulted in road connectivity in rural India but roads are of poor quality and without drainage support. Toilet and lavatory systems are not of standard quality and not even constructed in all houses of the village. Even today more than 90 percent people in villages attend the call of nature in open fields. Electricity: Life in rural India is miserable due to non-availability of electricity. Several states in India claim that 40, 50 or even 100 percent villages have been electrified. But supply of electricity to villages that have been electrified is not more than 3-4 hours per day. It is big hindrance in development. Globalization is not going to make much difference to rural life until and unless electricity is supplied uninterruptedly 10-12 hours per days too these villages.

Agriculture

Globalization does not have any positive impact on agriculture. On the contrary, it has little detrimental effect as government is always willing to import food grains, sugar etc whenever there is a price increase of these commodities. Government never thinks to pay more to farmers so that they produce more food grains but resorts to imports. On the other hand, subsidies are declining so cost of production is increasing. Even farms producing fertilizers have to suffer due to imports. There are also threats like introduction of GM crops, herbicide resistant crops etc.

Education and Employment

School buildings are available in few villages, but number of teachers is inadequate in primary schools. Benches, boards and other facilities are of sub-standard quality. There is, however, one positive development that girls are attending the schools in the villages. Also, the number of students attending graduate and post graduate courses is increasing but awareness among students from rural areas lacks towards technical education and that is the single reason that most of the students from rural areas are unable to secure employment.

Technology, Culture and Social Values

Technology has failed to percolate to villages in absence of electricity and other communication infrastructure. Few people know about the internet. However, well-to-do families have availed DTH and dish TV facilities. Mobile connections are increasing in rural areas but at slower pace. There are no small-scale industries in villages to provide employment to educated youth. India's real culture is still preserved in rural life. New advancement of technology has not much influence in rural areas. People still prefer to wear dresses of old fashion and celebrate festivals in old styles. Folk dances and folk songs are still popular among villagers., Culture is still untouched and unaffected by western influence. Globalization has no impact on rural life as standards of living are suboptimal, but migration of people is taking place and poor people are moving to urban areas in search of employment.

Festivals

India, being a multi-cultural and multi-religious society, celebrates holidays and festivals of various religions. The 3 National holidays in India, are the Independence Day, the Republic Day and the Gandhi Jayanthi, Popular religious festivals include the Hindu festivals of

Diwali, Durga puja, Holi, Rale Shabandhan, Dussehra, Ramzaan etc.

Impact

1. Nuclear families are emerging.
2. Divorce rates are rising day by day.
3. Men and women are gaining equal right to education, to earn, and to speak.
4. 'Hi', 'Hello' is used to greet people despite Namaskar and Namaste.
5. American festivals like Valentine's day, Friendship day, Father's Day, Mother's Day, etc. are spreading across India.

Clothing

Traditional Indian clothing for women are the saris and Ghaghra Cholis on the other hand for men traditional clothes are the Dhoti, Kurta. In southern India men wear long, white sheets of cloth called dhoti with shirts. Women wear a sari draped over a simple or fancy blouse. This is worn by young ladies and woman. Little girls wear a pavada. Traditionally, the red bindi (or sindhur) was worn only by the married Hindu women, but now it has become a part of women's fashion. Indo-western clothing, the fusion of Western and Sub continental fashion is in trend. Wearing jeans, t-shirts, miniskirts have become common among Indian girls.

Conclusion

It must be acknowledged that the reform process will not able to achieve its socio-economic objective, because the private sector is merely concerned with profit motive. Whereas the liberalization process has reduced the role of public sector investment, it has failed to fill the vacuum created by the withdrawal of public sector investment in infrastructure, more especially in the backward states. Obviously, this calls of a reform of the reform process.

Overwhelming impact of globalization can be observed on the Indian culture? Every educated Indian seems to believe that nothing in Hindu India, past or present, is to be approved unless recognized and recommended by an appropriate authority in the West. There is an all-pervading presence of a positive, if not worshipful, attitude towards everything in western society and culture, past as well as present in the name of progress, reason and science. Nothing from the West is to be rejected unless it has first been weighed and found wanting by a Western evaluation. "Swami Vivekananda foresaw the dangers of Globalization as early as in 1893 when he spoke at the Parliament of World Religions in Chicago. To quote his soul-stirring words: 'Shall India die? Then, from the world all spirituality will be extinct, all sweet-souled sympathy for religion will be extinct, all idealists will be extinct; and in its place will reign the duality of lust and luxury as the male and female deities, with money as its priest, fraud, force, and competition its ceremonies, and human soul its sacrifice. Such a thing can never be.'" Precisely such a terrible thing is taking place in India today on account of the inexorable and immutable process of Globalization. In the end we can say that, every step of movement towards economic, political and cultural modernization, taken by the state in India, is responded to by the people with an enhanced sense of self-consciousness and awareness of identity. Cultural modernization, sponsored by the forces of globalization, is resented if it encroaches upon or does not promote the core cultural values of society, its language, social practices and styles of life. The vigour of the renewed sense of self-awareness generated among the members of the local cultures and communities is such as to succeed in making adaptive reconciliation with the forces of globalization. The linkages both visible and invisible, defining the cultural interdependence among communities and

regions in India which have existed historically, reinforce instead of threatening the national identity. These bonds seem to become give opportunity to choose variety of 'goodies' at much lesser price to consumers commented stronger as India encounters the forces of modernization and globalization.

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Table 1: Impact of NER on GDP growth at factor cost

Year	GDP in crores	Growth rate in percentage
1980-81	6,41,921	----
1990-91	10, 83,572	68.8
2000-01	19,72,606	82.0
2012-13	54,49,104	176.0

Source: Central statistical organization

Table 2: Impact of NER on Poverty Reduction

Year	Rural poverty	Urban poverty
1980-81	56.4	49.0
1990-91	52.8	47.7
2000-01	42.0	25.5
2010-11	33.8	20.9
2015-16	28.2	18.2

Source: Planning commission and press release March 2017

Table 3: Impact on Employment Growth Rate

Year	Public Sector	Private Sector
1983-1990	1.53	0.44
1991- 2000	-0.60	0.36
2001-2010	-0.62	3.58
2011-2016	-0.40	5.40

Source: Ministry of Labour