

“Challenges of Globalisation” (A Case of Bihar)

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Globalization means outward looking in place of inward-looking of the economy. In the last decade of the 20th century certain political and economic compulsions (especially after disintegration of USSR) compelled us to move towards liberalization, privatization, marketization and globalization of the economy. These are the four pillars of economic reforms. We are already in the second generation of economic reforms, we are moving fast towards globalization of Indian economy. All political parties and different governments since 1991 have agreed directly or indirectly that the trend is irreversible. As such now is the opportune time to consider the challenges of globalization specially when under the provisions of WTO from the first January 2005, all protective restrictions by different countries to remove.

Globalization really implies greater integration of the Indian economy into the global economy in the area of trade FDI of capital flows. Certainly in these respects, the trend is encouraging. The ratio of India's total trade to GDP has gone up from about 10% in 1991 to 25% today. Capital flows are now reasonably free. FDI flows are up to almost 1% of GDP. The present Government is also determined to invite FDI in the infrastructure sector also. The PM and FM are always in search of promoting and increasing the pace of capital flows in form of FDI but political constitution of UPA Government has stood in the way. In the name of CMP (Common Minimum Programmed) the leftists have compelled the government many such steps. As such it is an opportune moment to examine points raised against globalizations and also the challenges before the globalization of the economy in true sense and spirit. The leftists have continuously raised their voice to greater opening in terms of ownership of equity in a various sectors to FDI. Their basic argument against globalization is neglect of domestic policies like employment creation to increase the purchasing power of persons below the poverty line, on the other hand. Swadeshi Jagaran Manch oppose globalization on ground of Nationalism here we should accept the fact that globalization in neither for neglecting domestic issues nor it means surrendering of national sovereignty. Globalization is all about promoting competition and efficiency which is sorely lacking in India's private Sector. Globalization nowhere stands against the introduction and undermining of social welfare schemes.

In the era of globalization also all developing and developed nations are forming regional blocks and also raising their voice for national interests at different world forums. The only change even on domestic front is change in function of state in national economy. It has certainly come down from the position of the commanding heights of the economy but state is still in the position of protecting the rights and benefits of poor sections of society mentioned in the constitution of India in chapter III and IV under the provisions of Fundamental Rights and Directives of state policy so failure of the government to build a sound base in social sector like education and health and also social welfare schemes is an internal failure of the government. It has nothing to with globalization of Indian Economy. Today the greatest challenge before the policy of globalization is regional imbalances and the problem of governance Firstly entire Hindi region and specially Bihar is totally deprived of the benefits of globalization both in terms of capital flows and trade. During the 14 years of economic reform measures. The rate of economic growth of Bihar has been too slow and even negative in some years. The gulf between Western India and southern India on the hand and eastern India on the other in respect of economic prosperity is increasing day by day. State Governments are more interested in mass popular slogans like social justice and completely ignoring the Creation of suitable infrastructural facilities to attract FDI. We have to keep always in mind that China is a communist country and we are democracy and have opened all doors for massive capital inflows. Still FDI is going ten times more in China than India. It implies the new challenges before globalization. There are certain conditions which are non economic in nature but governing the pace of globalization. These are political in stability and level of governance. Frequent changes in the government discourages in flows of FDI. In India we have plural political party system and coalition government is a reality both at state and union level. On account of various judgements of Hon'ble Supreme Court complicated political scenario, It is not possible to change the basic structure of parliamentary form of democracy in India. The only remedy is to frame economic constitution of India. The present ideological mood of the country is such that both ruling party and main opposition party will agree in increasing the pace of liberalization and globalization constitutionally should be our national agenda. Only then the occasional dusts raised by leftists and Swadeshi Jagaran Manch will be contained. In the light of above noted situation it is the absence of efficient and

development oriented governance which is putting the biggest challenge towards increasing the pace of globalization of the economy.

It is also the reason behind the deprivation of benefits of globalization to the states with inefficient and bad governance. Take the example of Bihar. In the initial years of the reform era for the first time a stable non-congress government was formed in Bihar under the leadership of Mr. Laloo Prasad those were the days of non-congresses. Social Injustice and not economic reforms was the clue of slogan of the government. Mr. Laloo Prasad in his own style was successful in convincing the people of the evils of economic reforms. In the second phase of his administration he travelled with his cabinet ministers to abroad to attract FDI. He also held a meeting of NRI but soon he plunged into animal husbandry scandal and the process of governance went from bad to worse in creating designs to defend himself and his family members in animal husbandry scam and earning disproportionate income. Kidnapping and demanding ransom is the only flourishing industry. Prior to the division of Bihar most of the central undertakings were started in south Bihar new Jharkhand. The present Bihar is bereft of mineral resources and factories. Though land is fertile but flood devastation have broken the back bone of agriculture of north Bihar. Every year there is large scale migration of agricultural labor to Punjab Haryana and other prosperous states. Government educational institutions have become irrelevant in preparing true youth to compete in the global competition. Technical institutes in western and southern India are full of Bihari students and sum earned by hard labor of guardians are spent on the maintenance of their wards admitted outside state. It is causing negative multiplier effect on the economy of Bihar. This all is on account of poor governance or no

governance at all several times Hon'ble Patna court has observed that there is nothing like civil state administration in Bihar. Recently a very bold and upright judge had to leave Bihar because deliberately politicians made his personality controversial.

Conclusion

All good physicians, businessman and manufactures are in queue to leave Bihar, under the circumstance, how can we expect massive flow of foreign direct investment? All other elements of development are available here. Cheap labor, wide market skill everything is available in Bihar but poor governance distracts not only FDI but virtually there is flight of both human capital and physical capital from Bihar. If this trend continuous, Bihar will be sub-Saharan belt of India in a few decades Moreover, disparity in the distribution of income between western land southern India where FDI is going and Hindi belt states is which Bihar topping the list with zero foreign capital inflows is putting a grave danger in the unity and integrity of the country. Of course there is some need of reforms at union level and western and southern states also but the case of Bihar should be tackled at a separate and special footing. In the initial phase in Health and Educational sector a new Deal Program should be introduced it calls for economic emergency if so needed but at any cost governance must be improved. There is no dearth of efficient and honest officers unfortunately during the last 15 years they have been punished and corrupt bureaucrats have been rewarded. Now the trend should change in the interest of eight crore population of Bihar. In Bihar good governance is the cry of the day to attract FDI and to increase the pace of globalization. In fact good governance is the gravest challenge before globalization is massive inflow of FDI or even domestic capital. Bihar is presently passing through the phase of capital fight.

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