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**GLOBALIZATION AND THE ROLE OF THE  
STATE: A STUDY OF THE EMERGING  
PATTERNS OF GOVERNMENT EXPENDITURE  
AND ITS RELATION TO PUBLIC POLICY  
IMPLEMENTATION IN INDIA**

## Abstract

The age old problem of the 'Role of the State' has acquired a new dimension with Globalization which is a major challenge today especially for the developing countries. Globalization and Development both affect the pattern of State expenditure and are among the prime parameters of the scope of state activity. It is in this dual context of Globalization and Development that the present research work seeks to examine the changes in the scope of state activity and the patterns of expenditure with reference to the Government of India today. The major sources of information are official, semi-official and public documents bearing on the subject, but in their analysis I have used the concepts and theories which have been developed over the years in this field. It is a fairly sensitive subject but of great significance and I have tried to be as fair as possible to facts, claims and theories.

The purpose of this research is to analyze whether the present role of the Indian state as reflected inter alia in public policy implementation is conforming to the new realities of the globalization and its imperatives of liberalization and privatization. The basic research questions that have been asked are:

- I. Does the post cold war globalization erode the authority and autonomy of the Indian nation state?
- II. Do liberalization and privatization (the natural corollaries of globalization) curtail the sphere of state activity thereby reducing govt. expenditure.
- III. How does the Indian Government. reconcile the emerging patterns of its expenditure with its objectives of public policy i.e growth with social justice? Can the Indian State while embracing global economic integration provide a fair deal to both capital & labour? Investing in rural areas in a manner that would benefit both rich and poor farmers ?
- IV. What can be the roadmap for development in India?

**My findings** as regards the **first question** are that globalization **has not** eroded the authority and autonomy of the Indian nation state, which remains intact despite the three factors of Markets, Non - State Actors (NSAs) and Supranationalism that have gained prominence after Globalization and impinge on the omnipotence of state

authority. Infact the autonomy of the Indian state and certain decisions like not going in for full capital account convertibility helped it to withstand the pressures of Globalization and survive the Global Economic meltdown of 2008.

As regards the **second question** whether liberalization and Privatization curtail the sphere of activity of the Indian state and thereby reduce expenditure it has been found that the sphere of the Indian State's activity has not declined ; but there has been a paradigm shift in the sphere of state activity as also in it's patterns of expenditure.It is making efforts to liberalize those spheres of Governmental activity which are amenable to private sector participation;largely the non core activities.In these sectors it seeks to 'steer' not 'row'. And become a 'regulator' and 'facilitator' rather than a 'doer'. In fact there has been post 90's a perceptible rise in Governmental expenditure in the social sector flagship schemes and a consequent decrease in the Government Budgetary support to sectors like the Indian Railways ,which have been told to rely increasingly on internal generation of revenue, market borrowings or go in for Public-Private Partnership(PPP).Even the Ministry of Tourism (GOI) has come up with a number of schemes for Public- Private Partnership.

As regards the **Third question** on how the Indian Government reconciles Public expenditure on social welfare within a liberalized economy the Indian State has successfully shown that the existence of a welfare state is not incompatible with Globalized markets, rather it provides a 'buffer' to its citizens from the vulnerabilities of the world markets. Public expenditure in the social sector and fiscal adjustments are both a part and parcel of the public policy of the Indian state.

As regards the **fourth question** as to what can be the roadmap for development in contemporary India post Globalization and Liberalization it is clear that the emphasis has to be on good governance to take advantage of the development engendered by globalization. For instance in 2007 the Government of India announced the National Policy on the Voluntary Sector(NPVS).It sets the guidelines on how the Government and the voluntary sector can work together on achieving better development outcomes. The public policy of the Indian State is 'Growth with Social Justice' While the Indian State post-liberalization is playing a catalytic role in encouraging the growth of private enterprise, yet it cannot abandon its welfare activities. Even the Private sector should be made aware of its role in the inclusive development of India through Corporate Social Responsibility(CSR). The Indian welfare State should synergise with the newly emerging market forces unleashed by Globalization and Liberalization and play a positive role to establish the basic infrastructure for economic development and provide opportunities for social justice by developing human resources and thereby promote inclusive growth.