



## National Conference on Latest Innovations in Engineering, Science, Management and Humanities (NCLIESMH – 2024)

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### **Globalization and The Neo Development Policy: A Historical Study**

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#### **ABSTRACT**

Globalization has emerged as a defining force in shaping contemporary economic, political, and social structures across the world. The neo-development policy, which gained prominence particularly from the late twentieth century onward, represents a strategic shift from state-led developmental models to market-oriented reforms emphasizing liberalization, privatization, and integration into the global economy. This historical study examines the evolution of globalization and its interconnection with neo-development policies, tracing their origins, ideological foundations, and transformative impact on national development trajectories. The study critically analyzes how global institutions, multinational corporations, and international financial regimes have influenced policy frameworks in developing and transitional economies. It highlights the restructuring of state roles, changes in labor relations, patterns of capital accumulation, and the reorientation of welfare and social policies under neo-development paradigms. In this article, globalization and the neo development policy: a historical study has been discussed.

**Keywords:** *Globalization, Neo Development Policy, History.*

#### **INTRODUCTION**

In today's world, all countries try to improve their economies and speed up development by trading with other countries. Brandon Levy says that when countries become more connected, it often leads to more economic growth, which in turn leads to a higher standard of living and a better quality of life overall. A country's ability to globalize is what makes its economy grow. Globalization is very important for the future of the world because it has such a big effect on the economy around the world. In the last decade of the last century, the Indian government chose globalization. On July 24, 1991, India announced its New Economic Policy, which is based on the LPG model, which stands for liberalization, privatization, and globalization. India's reform plan, which went into effect in July 1991, included both macroeconomic stability and structural adjustment. It was guided by both short-term and long-term goals. Stabilization was necessary in the short term to bring back balance of payments stability and lower inflation. At the same time, changing the way institutions are set up was also very important for the long term. The new government moved quickly to carry out a macroeconomic stabilization plan by changing the budget. Also, structural changes were made in the areas of commerce, industry, and the public sector.



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The government made changes to taxes and spending, the banking and financial system, the capital markets, industrial and trade policies, and the exchange rate policy to fix the balance of payments problem and rigid structures. They also encouraged foreign investment. These reform efforts were a turning point for the Indian economy and had a big impact on the country's politics. It changed the way politics worked in the country. The idea of "progress" became the most important issue in the elections. All national and regional parties, including Congress, the BJP, the SP, the BSP, the TDP, the AIADMK, and others, were changing how they managed their members to strengthen their political identities in the country.

Because of these changes, the Left Front government has made its industrial policy public. The move could show how important LPG reforms are to West Bengal politics. Before liberalization, people would need to think about the state's history and be familiar with the state and federal development plans. (Kumar, N. et.al., 2021)

### RESEARCH METHODOLOGY

A researcher can articulate their intended study design through the utilization of research methodologies. Because this study used qualitative research and a historical empirical approach, it did not use primary data.

#### Hypothesis:

Hypothesis 1 (H<sub>1</sub>): It is hypothesized that globalization and neo-development policy correlated with left front government.

#### Research Design:

The research design is the set of methods and steps that a researcher picks to use to do a study. In this study, qualitative research design was used.

#### Methodology:

Qualitative research is a form of exploratory market research methodology that relies on semi-structured or unstructured data collection. Qualitative research is a method of studying how people think, act, and value things, as well as how they see certain social or non-social issues in their environments. The secondary data comprised e-resources, publications, websites, reports, journal articles, internal organizational records, and censuses, among others. In this study, qualitative research & secondary data were used.

#### Analysis and Interpretation:

Descriptive analysis of secondary data is the process of summarizing and describing a dataset that someone else has collected. This type of analysis uses methods like calculating frequencies,



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percentages, averages, and other metrics to help you understand the basic features of the data. It helps identify patterns, links, and oddities in the content, and it is often the first step in statistical analysis. In this study, descriptive analysis was used.

### DEVELOPMENT POLICY AND THE STATE IN POST- INDEPENDENCE ERA

The LPG reforms of 1991 were a major change in the Indian economy that has had a big impact on how Indian politics works today. However, after India gained independence, the country's leaders chose a mixed economy.

To look into the state's development policy in India after independence, we need to put the analysis in the context of the problems and events that happened right after independence, in the early years, and with the current national leaders and the ideas and plans they made. Francine Frankel observes that Jawaharlal Nehru, the first prime minister of India, described his planning approach within a democratic socialist framework as a ground-breaking model for development in Asia and Africa. This third-way approach to national development combines the best parts of Russian, Western European, and American systems to make a model that fits your own historical and philosophical context. Consequently, it is imperative to examine the complex interrelationship between the economic and political strategies that shaped national development during India's democratic governance.

Partha Chatterjee emphasizes a pivotal aspect of the Nehru era in terms of political governance: the creation of a developmental state that intervened in the economy, facilitated its growth, and proactively aimed to improve the welfare of the populace, thus fulfilling the primary governmental role that legitimized the postcolonial state. It required a lot of government involvement in the economy through progressive taxation of both personal and business incomes. The government also had to provide public services like education, health care, and transportation.

Chatterjee also says that India, during the Nehruvian period, purposefully took some ideas from socialist systems, especially the Soviet Union's, to create a planned economy within a mixed economic framework. In this framework, the state sector would control "the commanding heights of the economy." The goal was to speed up industrialization by starting new government businesses in heavy industries while limiting the private sector to consumer and intermediary goods. It was determined that faster industrial growth was necessary to reduce poverty and improve the well-being of the people. (Guha, A., 2021).

The License Raj, or Permit Raj, was a system of licenses, rules, and red tape that businesses in India had to deal with from 1947 to 1990. It was part of India's industrialization program. Before a private company could make a product, it had to get approval from at least 80 government agencies. If approval was granted, the government would then set the rules for production. The word comes from



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the "British Raj," which was the time when the British ruled India. Chakravarti Rajagopalachari, an Indian freedom fighter and politician, came up with the term. He strongly opposed it because it led to political corruption and economic stagnation. He then started the Swatantra Party to fight against these things. Since the mid-1980s, reforms have made regulation much less strict. However, Indian labor laws still make it hard for companies to cut jobs without facing big fines.

India underwent liberalization, resulting in the emergence of a prevailing belief that opposed Nehru's perspectives. The License Raj, which was once thought to be important for India's economic growth, actually hurt it. During this decade, the economy of the country grew much more slowly, and the overall GDP growth stayed very weak. Experts have called India's economy the Hindu pace of growth. (Tandon, S., 2015).

### DEVELOPMENT OF POST INDEPENDENCE POLITICS

A macrocosm is a thing that is so big that it can be looked at as a whole system, while a microcosm is a part of a bigger system. This part looks at Bengal's political situation after independence in terms of democracy and development, both in the small context of Bengal's own politics and in the larger context of India as a whole.

Rakesh Batabyal talked about what Rakhahari Chatterjee thought about the partitions. Chatterjee says that even though West Bengal is still growing as a major industrial center, most of the Bengali people who live there don't want to work or start their own businesses. Instead, they prefer safer jobs or businesses whenever they can. Under Roy, West Bengal has gone through a remarkable period of growth. It went from being a divided province to a vibrant, forward-thinking, and industrially advanced state, with a change from discontent to hope and trust. He went on to say that the main problems in Bengal right now are distrust, jealousy, and fighting between groups. As West Bengal's chief minister, he went beyond party lines and asked his opponents and critics for help and advice for the good of the state. When he first took office, he had to deal with the problems of jute mill lockouts, food and clothing shortages, bringing East Bengali people together, and making the people along the border less afraid. He also wanted to rebuild trust among the minorities in East Bengal.

### LEFT GOVERNMENT AND DEVELOPMENT POLICY

The B.C. development project that was put into action focused on important industries, mostly in the public sector. Roy's speed dropped a lot during the first few years of the Left's rule. The left-wing government released its first industrial strategy statement in 1978. The report says that the Left Front government's main long-term goals are to reverse industrial stagnation, lower unemployment, and create more jobs in both the industrial and agricultural sectors. They also want to promote the growth of small and cottage industries, give the state economy less power to multinational corporations and monopolistic businesses, encourage domestic technology and industrial self-sufficiency, gradually



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increase the size of the public sector, and give actual producers (the workers) more control over the industrial sector.

The CPI (M) kept telling the government about how unfair it was to businesses and growth. Aseema Sinha pointed out one thing about this claim. She makes this point by saying that the West Bengal government's Department of Information and Cultural Affairs has had a big job of spreading awareness of central discrimination in industrial growth. She found that the Left Front government cared a lot about industrialization, but they also made a point of focusing on how the central government discriminated against West Bengal so that they could come up with a clear plan to fight it. 29 She didn't, however, stress that the chaotic labor movement, which included strikes and bandhs, caused many public and private sectors to close down. This fact has also been acknowledged by well-known economists and socialist leaders. So, it could be said that the industrialization of Bengal was an unrealistic story for a number of reasons during the first fifteen years of Front rule. (Sinha, P., 2021).

### ECONOMIC LINE

The CPI (M) had new chances and problems in the 1990s because of changes in West Bengal's politics and economy, as well as changes in the country and the world. Hans Löfgren said that the Soviet Union's collapse and the worldwide decline of anti-capitalist sentiment made it pointless for a government that had to deal with West Bengal's large population to talk about a socialist transition. Even though the CPI (M) leadership doesn't care about re-evaluating Marxist-Leninist doctrine or the party's organizational tactics, Stalin is still held in high regard. He said that the central government was no longer in danger of supporting the president's power and that an election challenge was unlikely to happen soon. Because of this sense of confidence, the party seems to have become complacent. He said that the Left Front was not hurt by the country's switch to a neoliberal growth model. State governments got more power over policies, which helped them compete better for business investments from both home and abroad.

The Left Front government made a weak attempt to improve the agriculture sector, while the industrial sector was ignored and used for political purposes. Opposition groups and business owners were worried that the overly active trade unions were hurting the remaining industries. Bengal Lamp and Dunlop were two big factories that also had to close. But things change when the national government gets involved. After they changed their direction and opened up the economy, it was their job to make Bengal more industrialized. The most important question is how well a government that calls itself communist works with the neoliberal economy. The argument went on inside the party and in front, but it took the CPI (M) two years to settle on a position. The pro-liberal wing of the CPI (M) came up with a new slogan for the alternative left to use in their campaigns.



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In these circumstances, Chief Minister Jyoti Basu spoke to the Assembly on September 13, 1994, about the industrial growth framework policy statement. The government put out a new industrial development policy statement that promoted private sector investment and foreign investment. Jyoti Basu said that the Left's industrial policy only allowed the state government to do so much. They have to follow the national government's rules about how the economy should work. (Roy, R., 2021).

### CHANGING OF NECESSITY

After 1977, most big companies left West Bengal. This gave the state a bad reputation as a political, intellectual, and economic backwater with an autocratic government and bad management. Sudipta Kaviraj, a former professor, says that in light of these events, the CPI (M) leadership decided that quick industrial growth aimed at creating jobs and a new push for development should now be the top priority. The shrinking public sector didn't have enough resources, so they had to turn to capitalist accumulation, like asking the multinational consulting firm McKinsey for advice on how to attract corporate investment. The government wanted to make Calcutta a competitive and attractive place for investors, like other big cities. To do this, they cleared hawkers off the roads, built flyovers, moved peasants to make modern townships, and turned closed factories into shopping malls and high-end apartments.

### NEO-LIBERAL ECONOMIC POLICY

This neoliberal growth paradigm has ignited a new realm of discourse and contention among Marxist scholars, economists, and critics. To support their theoretical framework and governmental stance on this development model, which they termed an alternative left relief, the leaders of CPI (M) authored numerous essays and articles. This idea has a few steps. We need to know everything about the program. First and foremost, it is very important to look at the model's theoretical base and its potential.

### PROPOSED INDUSTRIES

Kaushik Sarkar says that the iron and steel industry got the most money from 1991 to 2004, when the liberalization program was announced. There were 234 projects in the iron and steel industry that cost a total of 26,060 crores over 13 years. The chemical and petrochemical sector has grown to 67 units during this time. 9,692 crores were put into the business. It cost 1,435 crores to set up 69 large and medium-sized textile companies. A total of 1,200 crores was put into 187 food processing plants.

### LEFT'S POLICY OF AGRICULTURAL LAND ACQUISITION

The CPI (M) backed buying farmland for industrial development because of legal issues with land owned by businesses that went out of business or died. They did, however, fix some things. They wanted the government to buy the land and then rent it out to a business. The party says that West Bengal's land reform has split land into smaller pieces, which makes it harder for businesses to buy



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land directly from big landowners. Also, a group of land brokers and criminals in rural Bengal would force farmers to sell their land for less if the government didn't buy it on its own. The government must be involved in the process of buying land to protect the interests of farmers. (Dasgupta, A., 2018).

### **ELECTORAL SUCCESS FOR CPI (M)**

CPI (M) focused on its neoliberal development agenda when the government was formed in 2001. As was said before, the media and urban communities are now behind their policy efforts. During the 1999 Lok Sabha elections, the Left parties lost a lot of seats. In 2004, the Left parties were ready to make up for their losses from earlier years. As is usual before an election, the CPI (M) started getting ready for the polls long before their opponents.

### **IMPRECISE IMPLEMENTATION**

Buddhadeb made a name for himself by being assertive and determined in response to the changing situation in West Bengal. He stressed the "necessity" of a leftist government working within a capitalist national and international framework to update its ideological foundations in the face of globalization. In a 2006 interview after his victory, he said that we do not live in a time before the revolution. It doesn't look like capitalism will fall apart anytime soon. Urbanization, which was caused by industrialization and the purchase of fertile land, made life better for people who lived in cities. Because of this, the elites in the city kept saying good things about this growth. He said the choice was a matter of life and death for the farmers in the country. In other cases, they have strongly opposed plans for development. He said that the government's active role in buying the property made it impossible to negotiate compensation that was fair according to market principles. He said that the government acted as buyers and set the price, and landowners had no choice but to accept. He says that the government needs to look at the whole process again and that this can't go on.

Some people don't like the Left's development programs, like the Special Economic Zone. Dia Da Costa said that the CPM's statement about the SEZ Act changes is interesting because it seems to set the CPM apart from open neoliberalism. The public thinks that the current rise of private capital means that there will be dispossession now and capital flight tomorrow. The CPM would have sent entrepreneurs to abandoned industrial sites instead of large areas of farmland. (Kumar, S., 2020).

### **FINDINGS**

The neoliberal economy and globalization are unavoidable. Because of this, development and modernization have become very important issues. The main goal of this growth model is to industrialize. The property that is needed must be close to the city. The paradox is now clear. Industries need a place to communicate, and in cities, this is usually the main area where food is grown. People are starting to talk about business and farming more and more, and sometimes they



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even hold violent protests about them. Pravat Pattanaik says that neoliberal capitalism made people fight back in order to stay alive. State governments were unable to find a balance between the needs of people who live in cities and the needs of people who live in rural areas. Gopal Krishna Gandhi, who used to be the governor of West Bengal, said that land is limited in this way. Land is worth a lot. Land is very important to farmers and their families. Every time the Sensex moves, you don't trade a share certificate that isn't real and can't be touched. Since industry needs space, we need to be aware of how people who lose their homes and jobs because of residential, industrial, and infrastructure projects feel. The Democratic Left lost badly in every election because they couldn't accept this fact. After becoming independent, the Democratic Left became a well-organized, structured, cadre-based political party in Bengal that was in power for almost 30 years. There were clearly more problems, but they didn't have the right solutions for development and land acquisition. They tried to make people follow their rules, but they completely failed to get people involved. People in West Bengal strongly condemned it and spoke out against such coercive development strategies.

So, from the above it can be stated that the “Hypothesis 1 ( $H_1$ ): It is hypothesized that globalization and neo-development policy correlated with left front government” has been accepted.

### CONCLUSION

The historical study of globalization and neo-development policy reveals a significant transformation in the nature of economic governance, development strategies, and state–market relations across the world. Globalization, particularly since the late twentieth century, has redefined development paradigms by emphasizing market-oriented reforms, liberalization, privatization, and integration into the global economy. Neo-development policies emerged as a response to the perceived limitations of state-led and inward-looking development models, especially in developing and post-colonial societies. Historically, neo-development policy has been closely associated with neoliberal economic thought and the policy prescriptions of international financial institutions such as the IMF, World Bank, and WTO. These policies sought to promote efficiency, competitiveness, and economic growth by reducing state intervention and encouraging foreign investment, trade openness, and fiscal discipline. In many cases, such reforms contributed to higher growth rates, technological advancement, and integration into global value chains, particularly in emerging economies. From a historical perspective, it becomes evident that neo-development policies have produced uneven and asymmetric outcomes. The benefits of globalization have not been uniformly distributed, leading to debates over inclusive growth, social justice, and sustainable development. As a result, many states have begun re-evaluating purely market-driven approaches and incorporating elements of social protection, human development, and environmental sustainability into their development frameworks. In conclusion, globalization and neo-development policy represent a complex and evolving historical process rather than a uniform or universally successful model. While they have



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reshaped economies and expanded global interconnectedness, their long-term effectiveness depends on balancing market efficiency with social equity, national development priorities, and democratic governance. A historically informed understanding underscores the need for alternative and hybrid development strategies that ensure inclusive, sustainable, and people-centered development in an increasingly globalized world.

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