

# ECONOMIC LIBERALISATION IN INDIA: ECONOMIC CONTRIBUTES AND SOCIAL CONSEQUENCES

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## Abstract

*The experience of economic liberalisation began to be felt by every common person in India during the mid 90s. The effects, however, were not uniform. It had a number of resultant outcomes depending upon the variables in the respective situations. The effects, for example, on rural and urban lives, were different. The receiver-benefits by the 'haves' and 'have-nots' were not the same. The economic liberalisation had two broad economic contributes to the people in India: emergence of monetary economy over and above other forms of economies, and increase in the options and opportunities for livelihood. The social consequences of economic liberalisation could be seen in the three main constituents of the social system: the individual, the family and the community. And the consequences are not all very encouraging. The paper argues that identifying change is the first step towards managing change and acknowledging change is a precondition for effective change management. Identifying and acknowledging the social consequences of economic liberalisation is most likely to help in the continuation of interventions that are needed for the constructive strengthening of the social order of society.*

## Introduction

As a community development worker, a good part of my twenty-two years has been in the villages of India. My job, essentially, has been to make

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observations, analyse them and share them with the people in the communities. I was happy and successful in doing this till mid-90s. At that time I continued to make the observations but the problem came in analysing them. On a deeper look, I was able to recognise that some macro forces have changed. Change in the form of some traditional ones such as, values-held-so-far having departed, and new ones such as consumerism-created-needs having come in. Looking still deeper, I was able to see the root cause for this change in the economic liberalisation that came to be 'seen and felt' in the mid-90s. My initial reaction was one of alarm. It took me time to apply my training as a community worker to identify what was positive and not-so-positive about the changes that I had observed.

## Economic Contributes of Liberalisation

Indian communities, rural communities in particular, are used to the function of multiple economies. Barter is a form of economy that is still functional in tribal and other context-specific situations. Resource sharing and collective economy is another form of economy that provided support and sustainability to the rural economy of India. Time has not totally changed the system of about one-third of food being shared through sharing of food in some of the rural communities – even today.

Money is not value-neutral in Indian communities. This quality is applicable to most of the Asian cultures. One would come across 'good money' and 'bad money'. 'Your money' and 'my money' are common. A closer look at the micro economy of a village in India will bring out the distinctions in 'man's money' and 'woman's money'. 'God's money' is not to be touched, whatever be the personal emergency.

The economic liberalisation has brought a drastic change in all the above situations by introducing monetary economy as the main ( and consequently only ) form of economy in the community.

*This change has two major consequences:*

- The need for money has increased – in unregulated and disproportionate measures in most of the cases. Transactions, which were non-monetary earlier, like gifts on special occasions, have fast become 'cash only please!'. In villages, even traditional systems of punishment for offences such as sexual violence are monetarised in the form of fines!
- The change over from a mixture of monetary and non-monetary system to

an exclusively monetary and material system has led to cultural cross roads in the communities. Cross roads, because of a definite departure from the traditional systems, but no definite arrivals on a viable alternative form, which is community-compatible and user-friendly.

The second major economic contribute of liberalisation is the opening of new avenues for livelihood options and alternatives. Sectorisation of some activities such as services, security, etc. has opened up the employment opportunities for the people in the communities. Professionalism of work has increased the value addition in a significant way. Taking care of a senior citizen today has received value addition under the umbrella of 'care-giving profession'.

The market under liberalisation has overgrown the fundamental theories of supply and demand. The present norm of 'produce and distribute' followed by the market has opened the floodgates for micro enterprises as a livelihood option, particularly for the people in semi-urban and urban situations. The employment opportunities for women have also phenomenally opened up.

### Social Consequences of Liberalisation

The social consequences of economic liberalisation could be seen in the three main constituents of the social system: the individual, the family and the community. The matrix of social consequences in the three areas is as follows:

Individual	Family	Community
<ul style="list-style-type: none"> <li>● Intensification of identity crisis. "Who am I?"</li> <li>● Weakening of the self – society relationship</li> <li>● Restricted and selective mind program. Weakening of the holistic mind process</li> <li>● New factors in inter-personal interaction such as class anger and generation anger</li> </ul>	<ul style="list-style-type: none"> <li>● Weakening of the benevolent hierarchy which is one of the main bonding factors for the family</li> <li>● 'Expenditure over income' economy, On- going dependency on credit for economy</li> <li>● Reduction in transactions of members. Need-based / material and money-driven transactions</li> </ul>	<ul style="list-style-type: none"> <li>● Reformulation of class/caste characteristics that constitute community. Consumer class as the only form of the community. Intensification of caste as the form of personal identity.</li> <li>● Increased responsibility and role for women in community. But no proportionate power sharing for sustainability</li> </ul>

### *Intensification of identity crisis: 'Who am I?'*

In a non-material society like India, the identity of the Individual was more social and cultural, and minimally economic. The recognition of identity came to the social or cultural group to which the individual belonged. With the coming of economic liberalisation, the spaces for social and cultural groups got reduced. All the time and energy available had to be diverted towards the pressing need of making more money. And the need for money increased with time and modernity. The major change brought by economic liberalisation is the identity of the individual linked to his/her economy. And in a monetary system of economy this identity is not constant! The resultant outcome today is the intensification of the identity crisis in the individual. Observations indicate that the crisis is more with men, compared to women. This is because of the increasing economic opportunities for women and the corresponding decrease in the opportunities for men.

### *Weakening of the self-society relationship*

Exclusive parameters for monetary and material welfare result in a spontaneous distancing between the individual and the society that he/she belongs to. The sense of belonging that the non-material equation provides between the individual and society is different from the one, which is provided by the demands of a liberalised economy. Individuals today do not have the same intensity of sentiments to the soil that they grew up in, as their elders. The pangs to leave it and migrate in search of greener pastures is invariably short-lived and momentary. The desire to come back or continue to relate to is subjective and based on absolute needs only. An informal opinion poll conducted in the District of Kolar in Karnataka indicates that the people in villages consider their places of livelihood to be their society. This reformulation is based on factors such as migration and livelihood opportunities and not based on factors such as nativity.

*This new perception has two consequences:*

- The relocation of resources between the rural and the urban. Case studies indicate that the children of rural people who are sent for studies to cities invariably settle there after their studies. The back-to-the-village proportion is negligible.
- People from semi-urban and city periphery situations consider the towns and cities to be their place of employment and livelihood. Villages are perceived as places of supplementary productivity and income.

### *Restricted and selective mind program*

The human mind is programmed for holistic thinking in synchronisation with the holistic human system. For example, the holistic mind program has the thinking menu as ... a man or a woman, as a husband or a wife, as a parent, as an employee, as a member of the society, as a member of the family and as the citizen of a country.

Because of the changes in the socialisation process accompanying the different preconditions related to the liberalised economy, the mind program today is restricted and selective. It invariably functions on mono-program mode. e.g.: in a person, the program as a man may be proactive and functional. Mind program in the person as a husband, parent, employee, member of the society, member of the family and citizen of the country, etc. could be restricted, selective and optional. The situation has its consequences in the weakening of the self – society relationship discussed earlier and also related to the weakening of the social institutions such as family and marriage, which are discussed in the following paragraphs of this paper.

### *New factors in interpersonal interaction such as class-anger and generation-anger*

Anger is a force which, when used appropriately, has the scope to become constructive energy. However, misdirected anger could be destructive. Liberalised economy has produced new forms of anger, most of which is destructive. Hate crime becoming a form of crime over the past years is an example for this. Persons belonging to the same socio-economic class may become angry with one another and hate to the extent of destruction of the other because of factors such as better purchasing power or better material ownership. Liberalised economy has also made the natural growth process impatient! Children (and more often their parents) do not have the patience to grow up sixteen long years into their youth and adulthood. The time taken for growth is accompanied by lot of restlessness and anger – managed mostly by money and material compensations.

### *Weakening of the benevolent hierarchy*

The family is the basic unit of the Indian society. The main bonding medium for this social institution was benevolent hierarchy. All the members of the

family acknowledged the leadership of the family. The family had a common minimal understanding, which was followed by all the members of the family. The family had social programs such as eating together and other forms of togetherness in which all the members of the family participated.

Liberalisation of economy brought about changes in this basic social institution. The main ingredient for change was in the form of substitution of collectivity by individualism. This social institution, from being a unit of the social system, has become an optional convenience of the individuals who constitute it. The cumulative outcome on the social system is obvious. When the basic unit that constitutes the social system is weakened, the system *per se* suffers from lack of ownership and accountability for its survival and sustenance.

#### *'Expenditure over income' economy*

The most telling consequence of economic liberalisation on the social institution of family is the 'expenditure over income economy': Families who operate on perpetual and increasing deficit due to expenditure over income. Consumerism-created-needs have eliminated the distinction between 'needs' and 'wants', which had been the main guideline for the sustainable economy of the family unit. 'Commoditisation' has converted expenditure into social status of the family. Convenience-value is something that the market uses for its survival and proliferation. Materialism based on the 'use-and-throw' technology sustains the buyer identity of the individual. The culture of the average family today is not to balance the income and expenditure, but to build in credit as part of the family economy, in an ongoing basis. The consequences are cyclic, the cumulative effect of the cycle on the family being one of disintegration.

#### *Need based / material and money-driven transactions between family members*

The family as the basic unit of the social system is the microcosm of the society. The health and wellbeing of this basic unit is established by the transaction that takes place among its members. And a common vision is a precondition for a meaningful transaction of the different stakeholders who constitute the unit of family. With the liberalisation process, a major outcome in the family is the disappearance of a common vision and the subsequent reduction in the constructive transaction between the different members of the

family. The transactions today are reduced to need-based and material and money-driven agendas only. A transaction between husband and wife rarely extends beyond family finances. Those between parents and children are confined to negotiation on material wants and money matters. Senior citizens in the family are invariably excluded from transaction agendas. Extended relationships of families are rare.

## Reformulation of class/caste characteristics that constitute community

A community is constituted by the different class/caste identities that it contains and the interaction of mutuality, reciprocity and coexistence among the divergent subgroup identities that constitute the community. A community is a medium for multiple alliances and affiliations. One of the major consequences of economic liberalisation on the communities is a reformulation of its class/caste identity. The main changes that came about are:

- The dismantling of the different class identities based on work, wage, income and economy, and the substitution of the same by the single identity of consumer class, based on the buying potential of the individual in society. The location of the individual in the economic society is being determined by the buying potential of the respective individual.
- In the reformulation of class, intensification of caste as the main form of personal identity of the individual in the community. A significant support for this analysis is the intensification of casteism in communities subsequent to economic liberalisation.

## Increased responsibility, but no proportionate power sharing for women

A matter of importance related to the development effect of economic liberalisation is the status of women in society. As discussed under the economic contributes of liberalisation, the employment and self-employment opportunities for women in the communities have phenomenally increased. The savings and credit programs being promoted by the Government as well as Non Governmental Organisations have resulted in the formation of an alternate credit system for the people in the community through women. However, this change has not been accompanied by other systemic changes for the acknowledgement of woman as an equal member of the community. Planned

provisions for the power sharing with the women in communities is absolutely nominal.

*In the absence of this planned provision for power sharing the situation has two major consequences:*

- Increased responsibility and role without the corresponding authority has the danger of becoming counter-objective.
- A development intervention, which does not incorporate gender equity, does not contribute to sustainable developmental effect. It does not address feminisation of poverty which is the main factor which perpetuates conditions of inequity and injustice in society.

## Conclusion

Cause and effect equations are reformulated with time and change. Management of human and material resources in a community helps in acknowledging the time and the change and address the changed cause-effect equations.

Economic liberalisation that brought in its significant presence in the mid 90s has a number of economic contributes and social consequences. Identifying and acknowledging the social consequences at the level of the individual, family and community will enable the onward process of developmental interventions with updated relevance and appropriate strategies. Understanding of the effects of economic liberalisation as above, has helped me to know what is happening in the communities that I work with. Such understanding and its sharing, among other things, will facilitate the continuation of interventions needed for a holistic, human and happy world where peace, prosperity and justice prevails.

## References

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