

# IMPACT OF LPG ON INDIAN ADMINISTRATION

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## ABSTRACT

This paper attempts to examine the impact of globalization and liberalization on Indian administration and provide a framework for administration to circumvent the overbearing effect of globalization in their efforts towards industrialization, economic growth and development. The attempt has been made in this paper to analyze the impact of globalization and liberalization on different aspects of Indian administration and changes introduced at different levels in Indian administration due to globalization and liberalization. The study is based on primary as well as on secondary data and it is of descriptive type.

**Keywords:- Globalization, liberalization, administration, circumvent, industrialization.**

## Introduction

There is a famous quote by Aristotle; Man is by nature a social animal. Interactions among people are prerequisite for a society. Phenomenon when these interactions are liberated from the dictates of state and spread across the boundaries all over the world is also known as Liberalization, Privatization and Globalization. Although these terms were initially associated with economy, they have impact in other areas as well.

Under the forces of globalization-Liberalization recent decades have seen a shift towards reduced role for the state and government in all countries. India could have not remained unaffected by these global trends. The nineties saw the replacement of 'License, Quota, Permit (LPG) Raj' by Liberalization, Privatization and Globalization (LPG) regime.

There was contextual change from Imperial governance to Democratic governance and from Night watchman state to the Welfare State. State assumed varied responsibilities to respond to increased expectations of people from independent state and our owned government and to achieve goals of socio-economic justice along with political democracy.

Following its freedom on August 15, 1947, the Republic of India stuck to socialistic economic strategies. In the 1980s, Rajiv Gandhi, the former Prime Minister of India, started a number of economic restructuring measures. In 1991, the country experienced a balance of payments dilemma following the Gulf War and the downfall of the erstwhile Soviet Union. Consequently, the then Prime Minister of the country, P.V. Narasimha Rao initiated economic reforms under then Finance Minister Dr. Manmohan Singh.

Given below are the salient highlights of LPG Policy in India;

\*Foreign Technology Agreements

\*Foreign Investment.

\*MRTP Act, 1969(Amended)

\*Industrial Licensing.

\*Deregulation.

\*Beginning of privatization.

\*Opportunities of overseas trade.

\*Steps to regulate inflation.

\*Tax reforms.

\*Abolition of License-Permit Ra

### Meaning of LPG

Liberalization means free-market economy. It marks a change from a restrictions regime to a free regime. It implies reducing, relaxing and dismantling of government's controls and regulation in economic activities. These measures include: delicensing of a good number of industries, rising of licensing limits, relaxations under the MRTP Act, broad banding, relaxation under the FERA (FEMA) regulations, legislation of additional capacities, relaxations in export-import policy and so forth. Thus the private sector is permitted to function freely in respect of investment, production and products,

Privatization means-1) Denationalization, i.e., changing the ownership of public enterprises fully or partially to the private parties, 2) Deregulation i.e., allowing the entry of private sector into areas hitherto exclusively reserved for the public sector and 3) Operating contract, i.e. entrusting the management and control of public enterprises to the private parties on agreed remuneration.

Globalization means progressive integration of Economies throughout the world and treating the whole world as one global market by removing the restrictions on foreign trade. The implies opening up the Indian economy of foreign direct investment. It removes constraints to the entry of Multi National Companies (MNC'S) in India. Thus, Indian Economy is made part and parcel of the world economy.

### Significance:

In the days of yore, British, Chinese, Indians and Mughals were involved in global business. The Chinese used to sell silk to the world and buy dynamites. The British used to come to India to buy condiments and in return India used to buy ammunition. So, the point is that – globalization is not a new

concept. In the good old days, globalization even more prevalent because Indian spices, Silk handicrafts, gold, silver jewelers, etc., were ubiquitous everywhere in European.

With the emergence of welfare state concepts like transparency, accountability, equity and efficiency started to embolden. Traditional Governments were inefficient, incompetent and unable to deliver to the demand of peoples. Red-tape, nepotism, corruption, favoritism and other irregularities crept in the public sector and financial crisis looms in many countries. So countries are compelled to open the market for different players and lose their monopolies in some areas. This is one of the reasons that countries like India and others have to follow the Liberalization, Privatization and Globalization (LPG)

### **Objectives of the Study:**

- 1) To study the impact of LPG on Indian Administrative system.
- 2) To conclude based on findings of the study.

### **Research Methodology:**

**Research Design:** In view of the objectives of the study listed above, exploratory research design has been adopted. Exploratory research is one, which largely interprets the already available information, and it lays particular emphasis on analysis and interpretation of the existing and available information and it makes use of secondary data.

**Sources of data:** The study is based on secondary data. The data has been collected from various other reports like magazines, journals, published books and official websites. These are also referred to for the present study.

**Tools of analysis:** The data collected for the study is analyzed logically and meaningfully to arrive at meaningful conclusions.

### **Impact of LPG on Indian Administration**

In India, steps have been taken to make the administration and its functions transparent to the people, many functions of the administration have been updated like PDS and ration card preparation, implementation of National rural employment guarantee, registration of land records, driving license, pension, national insurance schemes etc. Technological advancement has influenced the process in the administration and has introduced efficiency, time boundless and cost effectiveness. Many functions of the bureaucracy are being performed by the private and non-governmental organizations and government is concentrating on developmental functions for the underprivileged.

1. Reform of governmental structures such as decentralization, regulatory function.

2. Reform of governance by changing the internal organization of government to provide more efficient incentives.

3. LPG changed the structures and relationships between the bureaucracy, judiciary, legislature or functional branches of government in general.

4. Changing role of Administration; Role of Administration has been changed from provider of services to the one regulating services and empowering citizens. It has also become Customer oriented and result oriented branch of state from previous traditional, rigid and complex bureaucracy.

5. New Public Management: Stress is now given on the management side of administration which included efficiency, effectiveness, transparency and output. LPG can be credited as one of the reasons of genesis of New Public Management.

6. Concept of less government and more governance is more prevalent all across the globe.

7. Learning good practices from private entities; Public administration has learned to use better methods of private companies, strict rules, management by objective and use of detailed project reports are some such techniques now used in administration as well. Scientific and statistical methods are used with recent technologies to increase the efficiency and effectiveness. Remuneration has also increased for public administration personnel.

8. Bureaucratic model- rule bound, conservative, slow, unresponsive, inefficient, ineffective and high cost-challenged.

9. Liberalization encourages competition among the players by ending monopoly of Government owned companies,

10. Modernization and Technological preparedness: Free flow of technology and management techniques led to modernization and increased use to technology in Pub Administration.

11. Attitudinal changes:

\*Principle of effectiveness added to traditional principles of Public administration –efficiency and economy.

\*Competition allowed consumers to make choice.

\*Public Administration became people oriented- improved quality service-attractive products.

12. Decentralization:

\*Privatization and deregulation shift responsibility for functions from the public to private sector and is another type of Decentralization.

13. Public-Private partnership
- 14 Responsiveness
15. Accountability
16. People participation
17. Business principles
18. Use of IT
19. Increase in productivity
20. Decrease in number of employees
21. Flexibility in policies
22. Increase in production
23. Lessen burden of work on administration
24. Increase in creativity
25. New experiments
- 26 Reforms in term of NPM, E-governance, etc

### **Negative Impacts of LPG on Indian Administration**

Some of the major impacts feared by nations due to globalization are:

1. The giving away of national sovereignty and some new forms of colonialism by MNCs. Ex. India's decision to implement food security bill recently is objected by developed countries at WTO meet in Bali and India has to convince all the nations to reach an intermediate solution.
2. The decline of the State as a protector of individuals and groups and the rise of virtual states depending on investment and production abroad, not to mention the fact that due to the size of the top forty MNC having GDP is bigger than a country like Turkey for example, this creates an impression that governments have surrendered their power to capitalism.
3. LPG has caused advancement in technology and increase in awareness of citizens. It increased the complexity of work and put lot restrictions on daily working of administrators.
4. Price hike of every daily usable commodities.
5. Multi party rule, hence political ideology intervenes globalization (reservation, labor law reforms).
6. Job security, one of the major features of Indian administration is being replaced with downsized, reduced number of employees by removing dysfunctional and sick units.
7. Increased gap between rich and poor fuels potential terrorist reaction.
8. Ethical responsibility of business has been diminished.

9. The system of secrecy in governmental work has loosened its grip due to advanced means of communication, print media and electronic media.

10. Number of cyber crimes is increasing.

11, both internal and external security problems have been increasing.

## Conclusion:

Due to these changes Indian Administration is also shrinking. Nehruvian Model based on Democratic Socialism is replaced by “Free Market Economy”. Indian administration has undergone sea-change in response to new inputs from the contemporary socio-economic and political scene and under the impact of globalization. Now the competition with private sector has increased. The public sector has to compete with private sectors in case of cost, quality, and span of production otherwise it has to face elimination. Financial matters of our country, may it be related to banks, inflation, share prices, monetary and fiscal policy, budget are being finalized according to international financial market. The scope of public sector is becoming limited so the powers and functions of bureaucracy have been reducing, due to the entry of foreign investors in telecommunication, roads, posts, airports, insurance, health, education and IT sectors. Now it is essential to improve the economic conditions through LPG to achieve maximum output, quality and value products but regionalism communalism and political discretion are the main obstacles in the way to good governance. So LPG to be observed by Indian administration to face the challenges of globalization to maintain its status and significance in our society.

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