Research Paper

© University of Tehran

Towards Liberalization: A Study of Indian Experience, 1947–1991

Mohammad Ali Mousavi[1], Tohid Asadi[2]

1. Associate Professor of American Studies, University of Tehran, Tehran, Iran (mamousavi@ut.ac.ir)
2. PhD Candidate of North American Studies, University of Tehran, Tehran, Iran (Corresponding Author) (t.asadi@ut.ac.ir)

(Received: Oct. 23, 2020 Revised: Nov. 28, 2020 Accepted: Dec. 25. 2020)

Abstract

Following the independence of 1947, India adhered to a mixed model of nationalist and socialist policies in the early years, with protectionism and closed-borders attitude dominating its approach to foreign relations and global economy. In the aftermath of the economically precarious circumstances during the 1980s, and the subsequent economic crisis in the early 1990s, paradigmatic reforms, widely known as liberalization, were officially announced. However, considering Indian liberalization as a gradually evolving process, rather than a one-off project, this paper adopts a political economy approach and employs historical analysis in order to scrutinize the pre-1991 contextual trajectory through which India underwent liberalizing its economy. The paper explicates the implemented economic approaches by studying the key primary sources, the Five-Year Plans in particular, and the relevant secondary sources. The authors propound the notion that India, since its independence until the early 1990s, appears to have been caught in a cycle of oscillations between protective measures on the one hand, and attempts to move towards a liberalized economy on the other. The statist model of development that overwhelmingly disfavored interaction with the global economy at the outset was gradually replaced by a decentralized model that sought to open up the Indian economy to the world.

Keywords: Economic Policies, Five-Year Plans, India, Liberalization, Political Economy

Journal of **World Sociopolitical Studies**| Vol. 5| No. 1| Winter 2021| pp. 1-47

Web Page: https://wsps.ut.ac.ir//Email: wsps@ut.ac.ir

eISSN: 2588-3127 PrintISSN: 2588-3119

DOI: 10.22059/WSPS.2021.332814.1246

This is an open access work published under the terms of the Creative Commons Attribution-ShareAlike 4.0 International License (CC BY-SA 4.0), which allows reusers to distribute, remix, adapt, and build upon the material in any medium or format, so long as attribution is given to the creator. The license allows for commercial use (https://creativecommons.org/licenses/by-sa/4.0/)

1. Introduction

The year 1947 marks a turning point in the contemporary history of India, not merely due to the country's independence from the British Empire, but also with respect to the following Nehru years, in which economic independence was defined under a zeal for insular nationalism running against economic openness and extensive interactions with the global economy. India adhered to a mixed model of socialist policies in the early years of independence, while protectionism and closed-borders attitude dominated its approach pertaining to foreign relations. In the aftermath of the economically perplex circumstances during the 1980s, and the subsequent Indian economic crisis in the early 1990s, paradigmatic economic reforms, widely known as liberalization, started to officially take place, paving the way for a reduction in import tariffs, deregulation of markets, reduction of taxes, and greater foreign investment (Ganguly & Das, 2017; Som, 2008). Economic liberalization in India was aimed not only at deregulating the activities of the domestic private sector and Indian private companies, but also at promoting an open-door policy of relaxing controls on foreign goods and capital. While significantly changing the policy environment and forcing the domestic firms to review their strategies (Basant, 1999), liberalization increased the response of private investment with regard to the relative cost of capital, leading to a munificent environment characterized by opportunities for higher growth and return, competition for national firms from overseas operators, greater availability of various resources, and easy access to cheap labor for multinational corporations, and facilitated access to the international market (Budhwar, 2008; Ray, 2004; Shahe Emran, Shilpi & Alam, 2007).

These fundamental reforms, however, were not essentially

implemented on the spur of the moment. For instance, the gradual steps India took in the 1980s—a period of liberalization by stealth in Panagariya's (2008) words—played a key role in the basic formulation of the liberalization in terms of both theory and practice. For Virmani (2004) and many others, India's recent economic history could be divided into a period of state intervention and slow growth from 1950 to 1991, and a period of liberalization and faster economic growth from 1991 on. As McCartney (2009b, p. 1) states, other scholars, such as Clark and Wolcott "go further and link the period 1950–80 to a longer history of relative economic stagnation going well back into the colonial era". Considering the Indian liberalization as a gradually evolving process, rather than a one-off project, this paper intends to investigate the dynamism behind the Indian political economy behavior, and scrutinize the historical context in which liberalization has been developed. The process of liberalization, influenced by both domestic and international developments, is assumed to be a changing determinant act, upon which India's economic behavior and interaction have been formulated. It is, therefore, significant to explore how the country has moved from protectionism and closed-borders attitude dominating its approach to foreign relations, towards a pathway of opening up its economy to the world.

The political economy of liberalization has been studied from various vantage points in several works (Akram-Lodhi, 1990; Denoon, 1998; Kohli, 1989; Kotwal, Ramaswami & Wadhwa, 2011; McCartney, 2009b; Pedersen, 2000; Shastri, 1997; Sridharan, 2020). The current paper aims to explore the historical context, which resulted in fundamental changes in 1991, to put forth the argument that the notion of liberalizing the Indian economy has its profound roots in Indian post-independence political economy

history. Historical analysis is employed as a research method, which seeks to "make sense of the past through the disciplined and systematic analysis of the traces it leaves behind" (Gardner, 2006, p. 134). Historical analysis is an inquiry into temporal processes, which aims at investigating the causal motors driving change through time (Smith & Lux, 1993), attaining a clear and actionable self-consciousness (Ross, 1994), and developing persuasive explanations of historical events and processes based on logical interpretations of the evidence (Andrews & Burke, 2007). The objective of historical analysis is not to purely return to the past, but to understand the present. By studying the primary sources such as the Five-Year Plans, and the relevant secondary sources, the present paper attempts to contextualize the post-independence, pre-1991 historical trajectory, through which India underwent liberalizing its economy.

2. Gandhi's Nationalism and State-centered Economy

Being the first Prime Minister of independent India, Jawaharlal Nehru became the keeper of the national flame upon Mahatma Gandhi's assassination (Tharoor, 2003). Whether Nehru had a well-defined, constant, and recognized economic ideology remains to be a challenging question. However, his "biggest contribution to the economic strategy was in committing the nation to a policy of planned economic development" (Dantwala, 1964, p. 1209). Central to Nehru's economic policy was indeed a peaceful economic transition from poverty to prosperity (Mody, 2005), and his strategy to achieve this agenda focused on large-scale inward-looking industrialization, with emphasis on capital and heavy industry (Bhatt, 1982). Along the same line, the Industrial Policy Resolution was approved nearly a year after the independence to

include protectionist regulations on the one hand, and provide better conditions for the public sector to operate on the other. A key characteristic of this policy agenda was a focus on utilizing local resources in order to achieve local self-sufficiency (Subrahmanya, 1998); a goal that continued to be followed in the enactment of the Industries (Development and Regulation) Act and the Industrial Policy Resolution of later years. In Subrahmanya's (1995) term, this 'organized direction' for industrial development in India acted as a concrete expression of Nehru's means for reaching socialism in the country, regardless of the claim that the decentralized industrial sector had a particular role in the country's economic development (Viswanathaiah, 1965). In fact, the Industrial Policy Resolution of 1948 clearly translated the dominant political assumption that the government was primarily responsible to promote and regulate key industries for the national interest, categorized as industries in 'Schedule A'. While public utilities, as well as basic and strategic industries, went into this category, and a second category was developed for an additional group of industries in which the state had a key role, only a limited number of industries remained to be left to the initiatives of the private sector.

As for the role of foreign capital, India of the late 1940s performed well in finding the problem, but failed to come up with a properly functioning solution. Nehru understood that the behavior of MNCs in India was almost that of trade agents' being busy with importing and marketing, rather than building domestic competence. The Industrial Policy Resolution of 1948 even "recognized that participation of foreign capital and enterprise, particularly as regards industrial technique and knowledge, will be of value to the rapid industrialisation of the country" (para. 10); however, what the document came up with as a solution was

regulation of foreign investment to ensure that majority ownership and effective control of firms would remain under state control (Banik & Bhaumik, 2006). With the implementation of the import substitution strategy, particular attention emerged to be directed to an improvement of domestic industrial production during the early 1950s, when the government outstandingly focused more on social growth and planned economic development and less on addressing foreign trade and capital. The dominant assumption during Nehru's premiership, and even years later, was based on a socialist optimism toward a state-owned and state-planned industrialization as a path to lead India to economic development in the post-independence period. Additionally, as Nayak (2018, p. 44) states, "the nationalist ethos of self-reliance during the course of the freedom movement in India influenced the Indian economy after independence".

Derived from the experience of Soviet planning and consequent expansion of industry (Mohan & Aggarwal, 1990), this optimism influentially led India to set up the Planning Commission in 1950 with a state-centered approach. According to the *Government of India's Resolution setting up the Planning Commission*, the body was aimed at making an assessment of the Indian economy, formulating plans for the utilization of resources, defining stages for carrying out plans, indicating factors retarding economy, appraising the implantation progress, and making additional recommendations. The commission was also supposed to determine 'the nature of the machinery' required for securing the successful implementation of the devised policies in all aspects. Nehru's personal interest in planning played a significant role in giving the Commission a key status in India's development (Thanawala, 1989), and the establishment of the Commission was not a matter of controversy; "it was widely agreed, that an advisory body of

experts attached to the Cabinet could be of considerable assistance in evolving plans of reconstruction, unhampered by administrative routine and red-tapism" (Rao, 1960, p. 135). Such a system of centralized command-type planning was extended to the private sector through industrial licensing, and translated into law with subsequent acts, such as the Foreign Exchange Regulation Act, the Imports and Exports (Control) Act, and the Capital Issues (Continuance of Control) Act (Mohan & Aggarwal, 1990).

3. Planning Towards a Self-reliant Economy

The earliest tangible output of the Planning Commission was the first Five-Year Plan to be launched in 1951. The Five-Year Plans, depicting the mindset of economic policy-makers in the country for the forthcoming decades, stand among the primary sources to explore for investigating the liberalization, and de-liberalization policies in India. Considered as a formal initiation of a development program in India, the first plan was introduced with a focus on the development of the primary sector. The plan was principally based on the Harrod-Domar model, a Keynesian model of economic growth. Based on this model, India, as Prasanta Chandra Mahalanobis (1960) mentioned in one of his addresses, developed a basic strategy of development to start a process of departure toward a self-reliant economy. Mahalanobis, who played an outstanding role in devising the plan, presented a model of rapid industrialization with a focus on heavy industry and capital goods. The indicator to measure the success of the plan was the growth rate. A 2.1% annual GDP growth was targeted, and since the achieved growth rate was 3.6%, the plan was received as more than a fulfilling accomplishment. Another key piece of legislation was the Industries (Development and Regulation) Act of 1951 aimed at

regulating and controlling private sector activities in conformity with the government's priorities, as well as directing scarce resources to industries that the state considered important. Accordingly, even though private sector activities were allowed, the sectors in which they could operate were restricted (Felipe, Kumar & Abdon, 2013).

Regardless of the remarkable achievements, albeit not surprisingly, the Indian economy practically closed the doors to foreign investment and trade, and failed to deliver an eye-catching result in terms of getting connected to the global economy. The existing concerns for the unindustrialized infrastructure alongside an agriculture-oriented concentration directed the footpath of economic policies on and for development; thus, foreign trade and capital flow were indeed neither expected nor intended, considering the assumed exigencies and the prevailing circumstances of post-independence India. The post-independence context drove India to the mid-1950s, characteristically highlighted by the continued nationalization of important industries, import substitution industrialization policy, and extensive state intervention in the economy. A Keynesian approach to the state was practiced under such a circumstance, and aimed at dealing with unemployment and instability of prices; as long as Keynesian macroeconomic policies could deliver employment and economic growth, the state was presumed to be able to manage the economy with the postulation that benefits of public enterprise outweigh the costs (Quiggin, 2019). The assumed role for the state was compatible with a regulatory one, seeking "more to regulate competition rather than to regulate *for* competition" (Gómez-Barroso, 2022, p. 229).

Considered as a way out towards power and independence, industrialization was the order of the day in Indian economic policies

during the 1950s. India decided to embark on a statist model, taking up the initiative concerning industrialization, and in so doing, it started with a growth-centric interventionist model, with planning that has been evident in subsequent plans and strategies (Kumar, 2008, 2016). In this regard, one of the most significant events that further established the economic trajectory of the country in the mid-1950s was the second Five-Year Plan of 1956. The new plan followed the same Keynesian approach, encouraging monopolistic handling of the economy. The heavy industry continued to stay as a key objective to be met, so did the development of the public sector and the domestic production of industrial products. Even the extensive commitment to rural development in the plan was integrated into the broader context of industrialization. In such a context, the agricultural development, which was intended in the plan, was aimed at promoting traditional agriculture; however, a further strategy to deal with unemployment among the rural population was to increase employment in heavy industry.

It was principally agreed that correct investment allocation in India must be slanted toward increasing capacity in import-competing industries, particularly those producing capital goods (Patel, 1959). The inevitable implication of the stagnation of exports, and hence import capacity, as Patel (1959, p. 506) states, was that "an adequate flow of capital-goods for investments cannot be assured without a much faster development of the heavy industries than any other sector of the economy for some years to come". Import substitution was encouraged to reduce dependence on foreign exchange and achieve self-reliance. The state introduced trade restrictions in the form of import licenses and tariffs, and as a result, importing anything that could be produced domestically was discouraged irrespective of the cost, and exporters were allowed to import inputs under specific schemes (Felipe et al., 2013).

The Industrial Policy Resolution of 1956 was another critically important document reflecting the Indian economic policy during this period. Followed by the Industrial Policy Resolution of 1948 and the subsequent enactment of the Industries (Development and Regulation) Act of 1951, the 1956 Resolution marked the beginning of an organized direction for industrial development (Subrahmanya, 1995). As a shared intention among these policy plans, the public sector was entrusted to lead the development and expansion of India's heavy machinery sector and overall industrialization with the hope that an active role of the public sector in industrial development would "foster an equitable distribution of income and wealth, balanced regional development, prevent concentration of wealth, create employment opportunities, and generate resources for further development" (Felipe et al., 2013, p. 941). This interventionist policy framework was later criticized for depressing the productivity of investment and becoming a constraint on growth (McCartney, 2009b).

Long hailed as the Economic Constitution of India, the Industrial Policy Resolution of 1956 contained the blueprint for the realization of the Nehruvian vision of socialistic pattern of society (Bava, 1996; Thakur et al., 2012), which was accepted by the Indian Parliament in December 1954 as the objective of social and economic policies (Siddharthan, 1979). Therefore, social considerations behind the extension of the public sector were emphasized in the resolution (Rao, 1964) where the role of heavy industriy was considered, once again, as the driving force for economic growth (Soo, 2008). In addition, Ahamad and Pandey (2015) believe that the small sector was given a special role in both resolutions of 1948 and 1956 for creating additional employment with low capital investment; however, the role of the large private

sector firm in the economy, as Majumdar (1997) states, was given second-class status. Majumdar (1997, p. 232) further asserts that the private sector industries were able to flaunt established norms and attain both economic power and large size houses "through careful management of the political and administrative apparatus of the "license raj", and in conjunction with the active cooperation of a number of bureaucrats and politicians". The Industrial Policy Resolution of 1956 has had a long-lasting impact on developing an industrial structure in the country, and laid the foundation for the pursuit of self-reliance (Josiam, Zutshi, & Ahmed, 1999). It was in this context that the Tata Institute of Fundamental Research and Atomic Energy Commission of India were established in 1957.

The fast drawing down of sterling balances upset the calculations underlying the second Five-Year Plan (Singh, 1995), and the ambitious heavy industry import substitution industrialization strategy reflected in the plan caused the first major foreign exchange crisis of post-independence India. Restrictions on imports, industrial licensing, and foreign exchange controls alongside a change of attitude towards foreign direct investment came as a consequence of the crisis. The crisis ended the partially liberal import regime and simultaneously led to a cut in the second plan, an urgent plea for external aid and joint ventures between Indian and foreign companies (Faust, 2020; Singh, 1976). While the organizational and administrative machinery for agricultural development and industry was meant to be set up, the third Five-Year Plan (1961-1966) was devised so that the tempo of development could be retained and even accelerated. The key objectives of the plan, according to the plan document, were

- to secure a rise in national income of over 5 percent per annum;

- to achieve self-sufficiency in food grains, and increase in agricultural production;
- to expand basic industries;
- to utilize to the fullest possible extent the man-power resources of the country and to ensure a substantial expansion in employment opportunities;
- to establish progressively greater equality of opportunity and to encourage reduction in disparities in income and wealth, as well as a more even distribution of economic power.

The plan, believe some of its proponents, proposed a step forward in agricultural and community development, and in the industrial field; it also demonstrated shifts in Indian economic policies. A considerable shift of emphasis took place in favor of power and agriculture, and a slight shift in favor of organized industry. What made the shift possible was a leveling-off of expenditure on transport, alongside a slight relative reduction of social service expenditure (Little, 1962). The plan was relatively ambitious, and an additional number of factors turned it into a failure; widespread drought in the years of plan reduced agricultural production, Indo-Pakistan conflict of 1965 complicated the situation, and a general rise in prices, devaluation of the currency, and erosion of resources disrupted its implementation. Furthermore, the impact of the 1962 war with China included not only physical destruction, but also governmental disruption, as the war broke out while the third Five-Year Plan was domestically running into problems (Rivlin, 1987). Under such a context, influenced by competing claims of development and defense, the focus had to be shifted to the defense industry due to the wars, and to the stabilization of the price due to inflation. India’s victory over Pakistan in the war caused a political drive to consider economic

reforms, and fiscal problems following the war increased the exigency of reforms (Dhar, 2018).

True, the first fifteen years of planning led to a certain degree of infrastructural development in agriculture and industry, and flourished the spirit of independent and systematic planning; yet, the main objectives of the three plans were never completely fulfilled due to both domestic challenges, such as a significant portion of the population under the poverty line, as well as foreign determinants, such as nature of import control regulations. After the rapid progress in diversifying the structure of the industry in the 1950s, the industrial structure shifted from one dominated by textiles and sugar to one with substantial capacity in iron and steel, non-ferrous metals, machine building, coal, and heavy chemicals (McCartney, 2009a). By and large, the economic approach prevailing the plans basically remained untouched, even though the areas under focus changed in different periods, for instance, from agricultural development during the first plan years to the industrial development during the second.

4. Indira Gandhi: Between Liberalization and Protectionism

Indira Gandhi became the Prime Minister of India in 1966, nearly two years after her father Jawaharlal Nehru passed away, inheriting a weak and troubled economy and an unstable political setting. The planning process was also disrupted under the tough circumstances of the time to an extent that Five-Year Plans had to be suspended until 1969. Apart from circumstantial difficulties, the failure of early plans was partially caused by the narrow model behind them, which theoretically assumed an unequivocally inclusive role for state intervention to assure national self-reliance. For instance, one of the assumptions was adherence to fixed exchange rates and

constant prices, which turned out to be practically impossible. For a period of three years, Plan Holidays started due to a host of reasons, such as failure of previous plans, a weakened economy, lack of resources, increased inflation, and food crisis, caused by drought. The three annual plans were drawn during the period when the problem of drought persisted. A key development in this period took place when the government declared a 'Devaluation of Rupee,' aimed at increasing the exports and restricting imports of the country. Rupee got devaluated from 4.7 Rs to 7.5 Rs per dollar; the introduction of export promoting schemes caused a more conducive export environment (Banday & Aneja, 2016), and naturally a price increase for the coming years. By devaluing the Rupee and announcing a series of steps designed to reduce trade controls and licensing in 1966, Gandhi took major steps away from the path that her father had urged, and began a pattern of partial liberalization; however, she retreated later and never implemented the full range of decontrol measures (Denoon, 1998). Domestic criticisms, particularly from the political left, the complicated situation caused by war and drought, disappointment with the West, and closeness to the eastern bloc were among the factors persuading Gandhi to tack to the left and abandon the attempts that she had initially made for moving towards a liberalized economy. India had turned to unprecedented levels of economic nationalism by 1969, and the aborted liberalization of 1966 highlighted the role of executive orientation in killing pro-trade initiatives (Mukherji, 2000).

Gandhi's government put restrictions on foreign direct investment and Technology Purchase (TP) licenses based on industrial categorization. Indeed, she favored foreign technology rather than foreign capital; "whenever possible, technology was to be acquired directly through licensing contracts rather than as part

of a package deal involving both technology and foreign capital" (Banik & Bhaumik, 2006, p. 87). Despite the highly ambitious plans, Gandhi's premiership coincided with what McCartney (2009a) calls an 'episode of stagnation'. Furthermore, India suffered a slowdown in industrial growth between 1965 and 1980—in comparison with 1950 to 1965—which was in direct contrast to the government's aim to achieve rapid industrialization; however, the Indian state was successful in mobilizing resources (McCartney, 2009a). McCartney believes that the Indian economy lurched into stagnation after the mid-1960s, not because of a failure of resource mobilization, but because the surplus was being consumed and invested in a less productive manner.

Gandhi's Ten-Point Program, as her first official economic agenda, was presented six months after she took office. The program placed stress on the nationalization of banking and greater state control of the economy with socialist concerns. The program—which gained the favor of a younger generation of politicians with socialist tendencies but distinguished her from the Congress's old guard— included "social control of banking, the abolition of privy purses of princes and guaranteed minimum wages for rural and industrial labor" (Singh, 2011, p. 349). The program was among the first steps in India's march to socialism between 1969 and 1976 under Prime Minister Gandhi. Gandhi is assumed to have had no strong views on socialism until the mid-1960s, and according to historian Ramachandra Guha, she had "rarely invoked the word 'socialist' before 1967"; however, her principal secretary P. N. Haksar was a doctrinaire leftist (Panagariya, 2011). Influenced by a socialist and even protectionist mindset, the program embraced a nationalist approach to propose regulated foreign trade, focus on a fair distribution of resources, and disparage monopolies and concentration of economic power.

Additionally, in 1976 the official declaration of state socialism took place in a Constitutional amendment.

Gandhi's nationalization struggle brought her popularity and made her a national hero among the public. In addition to the nationalization of 14 major banks, she nationalized insurance, coal mines, and the oil industry. The Monopolies and Restrictive Trade Practices Act of 1969 was passed to implement the directive principles of state policy, mentioned in part IV of the Constitution, such as the state's responsibility to "strive to minimize the inequalities in income, and endeavor to eliminate inequalities in status, facilities and opportunities, not only amongst individuals but also amongst groups of people residing in different areas or engaged in different vocations" (Article 38). Under a regulatory policy framework, the Foreign Investment Board was established in 1968 to scrutinize all investments with greater than 40% equity participation. The regulation of trade grew comprehensive, and import licenses were easily made available to units that exported more than 10% of their production. On the contrary, foreign investment unaccompanied by technology transfers faced severe restrictions (Mukherji, 2000). According to Kirk (2011, p. 20), "by the end of 1960s, the reversal of liberalization would be complete, and India's policies as dirigiste and protectionist as possible".

The fourth Five-Year Plan was initiated in 1969 after three annual plans, reflecting the fundamental economic policies of Gandhi's government. The key objectives of this plan included the achievement of national self-reliance and stable growth. The plan asserted,

> National self-reliance and growth with stability can be attained only if additional effort is put forward at every level. Dependence on foreign aid will be greatly reduced in the course of the Fourth Plan.

> […] Foreign aid net of debt charges and interest payments will be reduced to about half by the end of the Fourth Plan compared to the current level (pp. 13-14).

The plan was mostly aimed at improving people's standards of living through programs promoting equality and social justice, while also looking for price stability, accelerating the tempo of development, and reducing dependence on foreign aid. It also echoed a mixture of interests in the growth of agricultural and industrial productions, intended to obtain a 5.7% annual rate of growth in the country's national income. Agricultural development was particularly prioritized in the plan due to the urgent need for basic agricultural productions. The food production, however, never fulfilled the plan target and the actual growth rate was reported to be nearly half of the planned 5.7%. A sustained increase of exports by approximately 7% a year was reportedly another essential element of strategy in the plan aimed at securing balance on the foreign account and speedily moving towards self-reliance.

The fact that the Indian grain economy was exploited during the British Raj made the country vulnerable to serious difficulties in the food supply. Frequent famines, financial instabilities, and low productivity deteriorated the hardship in the years after independence. Hence, agricultural industrialization became highly significant, and with the changing role and approach of the state, the political economy of agriculturalism gradually shifted. The transfer and diffusion of a package of improved agricultural practices, generally known as the Green Revolution, involving high-yielding varieties of seeds, fertilizers, pesticides, controlled water, credits, and agricultural machinery caused rapid increases in the formerly marginal agricultural productivity (Parayil, 1992). Indeed, the partially-failed development policies of the government

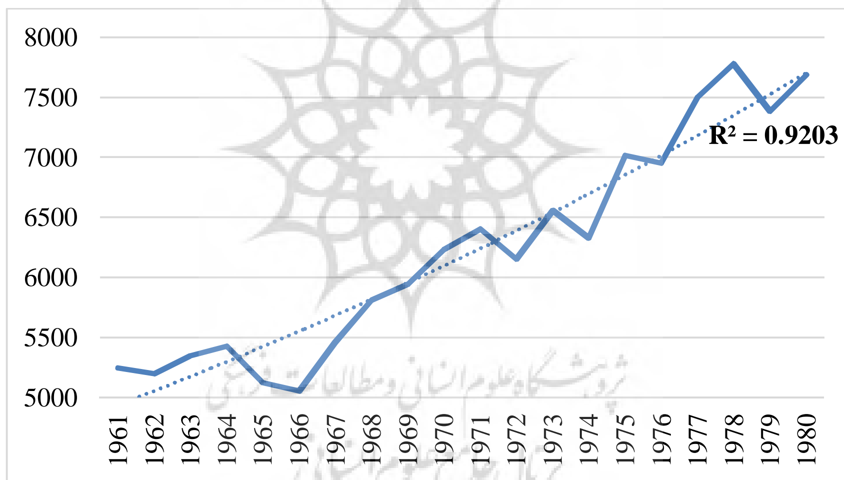
in the early years of post-independence India necessitated a demand for technological change in the peasant agriculture. Parayil (1992) believes that the model of economic development pursued by Indian leaders at the beginning, was patently biased against agriculture. He further asserts that the model was borrowed from "the centrally planned economic model of the Soviet Union, which favored rapid industrialization at the expense of agriculture" (Parayil, 1992, p. 753).

While the Indian government needed a means of achieving self-sufficiency in food production, the government was unable to achieve this goal through the extension of agriculture, due to the absence of suitable land (Swer, 2020). Hence, the provision of a means of increasing national agricultural output by increasing the productivity of the land, according to Swer (2020), was a problem to which technology had to respond. To Parayil (1992), the technological change that ensued from the introduction of the new package of agricultural practices was a direct result of the interaction of the newly transferred technology and its recipients and their culture. On the other hand, Shiva (1991) points to the global political context at the time of the Green Revolution and argues that the scientific movement, which agitated for its adoption throughout Asia, Africa, and Latin America, was not motivated by a desire to alleviate poverty and food scarcity in less developed countries as an end in itself. She considers the movement as an effective means of suppressing the spread of communism through countries like India (Shiva, 1991, p. 14).

Irrespective of the foreign motivations behind the Green Revolution and the extent to which these motivations played a role in the political economy of Indian agriculturalism, an outstanding point to argue relates to the concept of localization of the new

technologies. As argued by Parayil (1992), the technology became compatible with the economic, social, and physical conditions in India first, and was then welcomed by the peasant farmers and caused irreversible changes in economic and social factors. The changes, for instance, include a constant increase in agricultural production (Figure 1).

Figure 1: Gross Agricultural Production of India during 1961-1980 (values in constant 2014-2016 billion SLC)



Source: Calculations by authors based on FAOSTAT data (2021)

The fourth Five-Year Plan was accompanied by Indira Gandhi's political bid, focused on the *Garibi Hatao* slogan and the relevant anti-poverty programs. These programs, although carried out locally, highlighted the role of the state and a changing political economy of statecraft. This changing role, however, was negatively

impacted by the determinants beyond the borders. As a result of the political turmoil in East Pakistan in 1970-1971, millions of refugees fled to India, which intrinsically hit the Indian economy. The geopolitical environment became even more complicated when the Indo-Pakistan war began in December 1971, and what added to this complication was the US tilting in favor of Pakistan in the war (Jain, 2016). This tilting, actualized for instance in form of dispatching the Seventh Fleet to the Bay of Bengal, directed many criticisms towards Washington; however, India had to pay for a situation that took part of the funds earmarked for industrial development in the country. The successful military campaign against Pakistan in the war of 1971, however, brought Gandhi popularity and India's first successful nuclear bomb test in May 1974 made her domestically even more popular within the nation. This popularity, overshadowed by both economically and politically shattered context of the mid and late 1970s, waxed and waned during the period.

Introduced in 1974 at a time when India's foreign exchange reserve position was not at its climax, the Foreign Exchange Regulation Act (FERA) aimed to regulate the inflow of foreign capital (Kumari & Prasad, 2019). In fact, insignificant selectivity was exercised with respect to the approval of foreign investment proposals before the enactment of the act, and minor control was exercised over foreign enterprises (Miller, 1981). The act, according to Biswas (2010), was strong enough to dissuade any foreign investment in the country and as a corollary to this act in the later years, the bell tolled for multinational giants like IBM and Coke depart from the Indian soil. One of the purposes of the act was to follow the post-independence Nehruvian policy of welcoming foreign investment where it was in the national interests

and later, where it was in accordance with the country's developmental goals (Miller, 1981). Alongside with Industrial Policy Statements issued by the Ministry of Finance, the act created a framework for the evaluation of foreign investment with the key objectives of eliminating the 'historic' negative effects of unregulated capital inflows and ensuing the completability of foreign investment with national economic and social objectives (Miller, 1981). With such policies, the state tried to limit the scope of foreign and large domestic firms, and 'rationalize' the system (Panagariya, 2008).

The first half of the 1970s observed at least four major shocks to the Indian economy, including a dramatic decline in foreign aid and investment, regional wars, constant droughts, and a sharp rise in oil prices, causing a prolonged industrial stagnation and an escalation of inflation. Complete state command of the economy was considered as the most prominent solution for resolving such crises; thus, a maximized state intervention, accompanied by restrictive measures, dominated the country's economic atmosphere. This was against the policies implemented in the aftermath of the foreign exchange crisis of 1957, including encouraging FDI by lowering corporate taxes on income and royalties, signing an agreement with the US regarding currency convertibility, sending out missions to advertise India to potential investors, and setting up foreign branches of the Indian Investment Center (Nayak, 2018). As Panagariya (2011) states, Gandhi reserved many labor-intensive products for exclusive manufacture by small-scale enterprises, tightened controls on exports and imports, nearly banned foreign investment under the Foreign Exchange Regulation Act, effectively denied the firms with 100 or more workers the right to lay off workers, and severely limited the

ownership of urban land under the Urban Land Ceilings Act. The results, as Panagariya (2011) describes, were devastating: "per-capita income rose from 775 per month in 1969-70 to just 815 per month in 1976-77 at 1999-2000 prices. The average per-capita income growth during the period was just 0.8% with no reduction in poverty achieved". India, Panagariya (2011) concludes, had lost almost an entire decade.

The fifth Five-Year Plan was introduced to depict the roadmap for the second half of the 1970s, and a further 20-Point Economic Program was announced in 1975 to serve the same purpose. While the draft of the fifth Five-Year Plan was being formulated, the inflationary pressures gathered momentum and the balance of payment position worsened due to the steep rise in the prices of imported oil and other materials. Aimed at the elimination of poverty and the achievement of self-reliance, the document sought to delineate a desirable profile of development, indicating magnitudes determining options for long-term investment and outlining strategies to help overcome the constraints in achieving the objectives. Related to growth, strategies were devised in the three leading sectors of agriculture, energy, and critical intermediates. The projected sectoral rate of growth in gross value of output and gross value added at factor cost for the fifth plan were ambitious and did not seem achievable considering the economic context of the country.

The three objectives of the fifth Five-Year Plan included an average annual growth rate of GDP of 5.5%, self-reliance, and redistribution of consumption for the elimination of poverty over the plan period (Tendulkar, 1974). India's balance of payments came under heavy pressure during 1974-75, following the hike in oil prices and a sharp increase in the import prices of commodities

such as fertilizers and food grains, which all in all necessitated recourse to larger external assistance. Additionally, deficit financing was reduced significantly from the beginning of the plan period. The rate of growth in exports was planned to reach 8.5 percent per annum for the whole plan period. Engineering goods were projected to emerge as the single most important group of items of export, indicating a shift in the agriculture-oriented economy of India. To an extent, during the fifth Five-Year Plan period, the significance of export for Indian policymakers, as stated in the plan, was to the fact "the objective of export promotion should be to further strengthen the 'leading' sectors of growth. Exports which are capable of competing without subsidy will have to be given preference and capacity for their production increased" (p. 49).

The plan did not endure as devised, not only due to the economic causes, but also in respect to the political unrest in the country. It was in 1975 that the government declared a state of internal emergency upon Gandhi's advice after widespread strikes and protests, mostly due to economic stagnation, shortages, scarcities of essential goods, and high inflation (Nayar, 2007). Navnirman Andolan in Gujarat, the JP movement in Bihar, Raj Narain verdict, and the railway protest all indicated that Gandhi was not as popular as she used to be. Either for avoiding the fall of her government or for stabilizing the country, the state of emergency continued until 1977, when Janata Party, as the first non-Congress government came to power, following Gandhi's defeat in the general elections. Morarji Desai became Prime Minister and George Fernandes, the symbol of resistance during the emergency, was appointed as Minister of Industry. The new minister was a strict practitioner of the Foreign Exchange

Regulation Act, to an extent that he decided to dismiss Coca-Cola[1] and IBM from India due to their refusal to follow the provisions of the act (Negandi & Donhowe, 1989).

The newly elected government also terminated the fifth plan and devised a Rolling Plan to come into effect from 1978. The plan included a short-term annual budget, a mid-term plan for the following three to five years, and a long-term perspective for one to two decades. Being rather flexible in nature, unlike the previous plans, the Rolling Plan did not determine any fixed date for initiation and termination of the devised phases. The plan, instead, was based on annual target revisions; a disadvantage that could cause instability and make it complex, if not impossible, to set and achieve long-term economic objectives. At all events, the plan was terminated by the Indian National Congress government in 1980.

5. Gradual Reforms in a Period of Liberalization by Stealth

Gandhi's Congress Party swept back into power in 1980 and she commenced a third term of the premiership in India, this time with a reformist bent of mind (Parekh, 1999). The governments under Indira Gandhi and later Rajiv Gandhi in the 1980s adopted economic policies, which were significantly different from the past. This new approach, as stated by Kumar and Kim (2019), differed in many aspects from the previous decades' economic strategies, in

1. Coca-Cola exited the Indian market as the government denied a license to import the concentrate and Fernandes then introduced a substitute indigenous drink called '77'. Coca-Cola, however, made a comeback in 1993 post-liberalization of the Indian market and has maintained a strong presence ever since ("Minister Who Threw US Giants Coca-Cola and IBM out of India," 2019).

which governments emphasized more socialist-oriented state-centered policies including distribution and promotion of public sector investment, as well as the nationalization of the economy. In fact, what India did in the 1980s—a period of liberalization by stealth in Panagariya's word (2008)—was to do reforms, gradually but surely, and as much as possible. Gandhi regained] power with seemingly less left-leaning populist tendencies than before, to initiate economic reforms. Accordingly, the sixth Five-Year Plan, while setting a target growth of 5.2%, was intended to undertake measures aimed at boosting the economy's competitiveness and putting a gradual end to Nehruvian socialism; an aim that was accomplished to a great extent more than a decade later. The sixth Five-Year Plan was introduced for the period 1980-1985 to "initiate modernization for achieving economic and technological self-reliance" among other objectives. The previous plans and the sixth share a string of commonalities; however, the latter could be distinguished for several points, such as,

- Noticing the negligence on exports in the past: "In the first three plan periods export growth was very low. To a certain extent this can be attributed to the lack of coherent domestic policies since even in traditional exports, our share in world exports declined" (p. 6).
- Increasing the significance of foreign trade: "exports are projected to grow at 9 percent during the Sixth Plan and 7 percent during the next ten years (1985-95)" (p. 25).
- Paying more attention to the necessity of policy reforms ('innovations'): "both import substitution and encouragement of exports will have to be pursued vigorously through the adoption of efficient policy instruments and innovations made in the pattern of financing" (p. 72).

A further distinguishing point regarding the plan consists of an initial tendency toward liberalization, which could be traced throughout the document. For instance, the document states that consistent with the emphasis on technological self-reliance, adequate stress must also be laid on keeping the technology in use up-to-date and to that end, "import of technology particularly for export-oriented and key industries may need to be liberalised" (p. 453). As another instance for liberalization trace, the sixth Five-Year Plan states that the "liberalised scheme of credit to cottage and small industries for providing 'composite' loan up to Rs. 25,000 without insisting on margin money/collateral security would need to be made more effective through proper project formulation facilities, detailed district credit planning, provision of institutionalised support for raw materials and marketing, etc." (p. 192).

The plan asserted that the number of alternatives for development scenarios had been narrowed due to the constraint of foreign exchange resources. It was also proclaimed that relatively larger imports and a lower rate of depletion would be preferred whenever foreign exchange availability, relative prices, and the foreign supply position allow. The plan represented a relatively substantial shift in the Indian perspective toward trade and an enthusiasm for building up capacity for future economic foreign relations. It is of great significance that the sixth Five-Year Plan recognizes foreign demand for Indian exports and the supply of imports from abroad, stating that "the pattern of growth is derived from a consistent system which is solved inter-temporally with an open economy model" (p. 35). The plan also covered further aspects such as irrigation, command area development and flood control, minimum needs programs, transport, communication,

information and broadcasting, science and technology, environment, health, family planning and nutrition, women and development, and social welfare.

In addition to the sixth Five-Year Plan, the Industrial Policy Statement of 1980 laid the foundation for the implementation of a new model of liberalized economy. The new model emphasized decentralization, promoted competition in the domestic market, and provided an opportunity for an increasingly competitive export base as well as encouraging foreign investment in high-technology areas (Sikka, 1994). The Statement was, in a sense, the first-ever liberal industrial policy and focused "mainly on import and export, merger and acquisition, correcting industrial sickness, pricing policy, takeover of sick unit, foreign collaboration and investment" (Dongre, 2012, p. 477).

Under a gradual and oblique course, India started to shift towards a liberalized model of economy in the early 1980s. It was during 1980 and 1981, when the licensing procedures were considerably streamlined, and the timeframe for the issue of licenses was reduced. Simultaneously, the announcement of a broad-banding policy took place to provide firms with license deregulation and flexibility, the possibility of producing related productions without procedural delays and additional costs (Saikia, 1997). Thanks to a liberalized de-licensing, and with the introduction of this policy, manufacturers were able to achieve economies of scale, thereby making the best use of their installed capacities (Harman & Rao, 2012; Sharmelly & Ray, 2018). Another key step in the early 1980s was that the manufacture of equipment for exploitation of alternative energy sources was delicensed, which further helped India's industrial development (Saikia, 1997). Needless to say, Gandhi initiated economic reforms

not only due to domestic determinants, but also because of her intention to secure an International Monetary Fund loan.

In addition to these shifts, the leading factor triggering the upward shift in the growth rate of the Indian economy was a slow but certain adoption of a new model of development. Kohli (2006, p. 1255) depicts the shift in the political economy of India and holds that instead of the statist and the nationalist model of development accentuated in a populist direction by Indira Gandhi during the 1970s, she herself shifted the Indian political economy during the 1980s “in the direction of a state and business alliance for economic growth”. Indeed, measures taken by Indira Gandhi, such as the industrial policies of the early 1980s were part of reforms by stealth, retaining an extent of continuity with the past, albeit a continuity which was increasingly distant from traditional development planning and a strongly interventionist state (Byres, 2014). She toned down redistributive concerns, sought an alliance with powerful businesses, and put brakes on the growth of public sector industries. These changes were profound and “involved a shift from left-leaning state intervention that flirted with socialism, to right-leaning state intervention in which the ruling elites recommitted themselves to a more sharply capitalist path of development” (Kohli, 2006, p. 1255). India of the early- and mid-1980s experienced a period of liberalization by stealth (Panagariya, 2008) and a set of gradual but definite reforms, which were enforced as much as possible within the existing frameworks.

6. Rajiv Gandhi and a Rush for Liberalizing Economy

After Indira Gandhi’s assassination, Rajiv Gandhi became the Prime Minister, trying to prepare India for a new century with his mindset. The young Prime Minister, nicknamed ‘Mr. Clean’,

gained the favor of people who were tired of corruption by career politicians, looking for a fresh start to the country's long-standing problems. His bubbling enthusiasm for economic liberalism, essentially reflected in his first proposed budget, brought him another nickname 'Rajiv Reagan' (Moharir, 1989). Like his mother, he had long since lost confidence in the state as an agency for creative action in society (Manor, 1987); thus, he tried to drop the pretense of socialism to an extent that in his first budget the word 'socialism' was not even mentioned once (Kohli, 2006). During his premiership, he recognized an urgent need for reforms aimed at decreasing Indian dependency on foreign aid and loans. For planning such reforms, he gathered a team, consisting of technocrats and market economists such as Sam Pitroda, V. P. Singh, and Montek Singh Ahluwalia. Gandhi's 1985-86 budget raised exemption limits for income tax and lowered direct taxes for companies. The budget also cut import duties on capital goods, reduced income, corporate and wealth taxes, provided tax breaks to exporters, and largely eliminated licensing restrictions on investments in main industries (Harriss, 1987). Even though business-oriented policies designed to decrease state control and increase the efficiency of domestic industry were partially circulated from Indira Gandhi's return to power, it was under Rajiv's premiership that the new economic orientation came to be seen in practice as a tilt away from the insisted commitment to poverty alleviation, toward measures aimed at the expansion of private manufacturing (Matson & Selden, 1992). Consequently, growth rates in manufacturing over the 1980s indicate a considerable increase, which could be associated with the new policies, and to some extent, the rising demand for consumer durability. A significant increase in manufacturing output growth was that of electrical machinery, apparatus, and appliances.

Relatedly, a further reason behind this growth relates to the emergence of new technologies in the realm of telecommunication. Expansion of the telecommunications industry gave birth to the software industry and information technology sector; in a significant era of techno-populism, Gandhi decided to formulate a shift in government attitude towards technology, from being a luxury to a critical component of the country's development (Chakravartty, 2004; A. Nayak, 2018).

The seventh Five-Year Plan was designed for the period between 1985 and 1990 and an importantly distinguishing element in the approach to the plan was to make science and technology an essential and integral part of all major socioeconomic sectors (Gupta, 2003). In this regard and as stated in the seventh Five-Year Plan, India started to implement a two-pronged strategy including "to enhance domestic technological capabilities in the strategic sectors of the economy, such as energy, space, communications, agriculture, population planning, and national security" and "to initiate research and development effort in frontier areas of science and technology to enable the country to play a significant role in the world technology market" (pp. 6-7).

One of the key changes proposed by Rajiv Gandhi in the Indian economic policy framework was the liberalization of the foreign trade regime. This change, which could be possibly described as "a package aimed at the supply-side of the (non-agricultural) economy" (Balakrishnan, 1990, p. 301), dismantled controls with respect to imports on private accounts. A shift of focus from the public sector to the private one was also tangibly present in the seventh Five-Year Plan. It was for the first time that the plan directly addressed influencing and regulating the flow of resources to the private sector, consisting of household and business

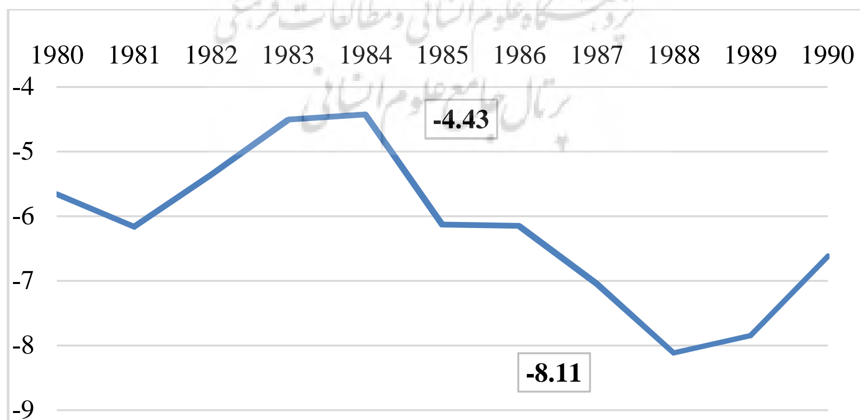
enterprises in agriculture, industry, and trade. Additionally, the notion of economies of scale was recognized as a powerful argument in the political economy of industries, and the policy of minimum economic capacity was ushered in and prescribed for several industrial sectors. During Gandhi's premiership, the grant of licenses was based on industry norms of minimum economic capacity with the intention that the enterprises could run on viable scales of operations (Chattopadhyay, 2001).

Concomitantly, the Five-Year Plan paved the way for the growth of imports, while India did not enjoy a high productivity level due to infrastructural deficiencies and inefficiency in the use of capital. As the plan noted, the increases in output in several sectors had not been commensurate with the scale of investment undertaken. As for the existing account deficit, which would have been expected to increase, the plan proposed that the inflow of aid and other borrowings could be used for financing the issue. The economic policy-makers in Rajiv Gandhi's government recognized that trade-oriented policies could even complicate the balance of payment prospects; thus, they put emphasis on the necessity of improvement in earnings from exports. The hope was that balance of payment could be easily managed and the scale of operations could be increased, provided that export earnings had increased to a higher level on a sustainable basis. The expectation was that with an increase in export earnings, there would be cost and price reductions, productivity growth, and domestic market expansion. In this context, the seventh Five-Year Plan paid special attention to the scale of operations as well as "the reform of the system of taxation of inputs with a view to reducing costs" (p. 24). The plan, furthermore, asserted that technological change requires a sustainable combination of import liberalization and deregulation

Journal of WORLD SOCIOPOLITICAL STUDIES | Vol. 5 | No. 1 | Winter 2021

of manufacturing capacity, putting forth the justification that technological dynamism needs the stimulus of a competitive setting that compels firms, domestically and internationally, to improve technology. For Gandhi, import licensing was a protectionist measure that resulted in a protected domestic market and deteriorated productive efficiency; the assumption in his Five-Year Plan was that many import products were replaced at a higher domestic resource cost. As a corollary of such policy and with the excessive opening of the economy to imports, the existing trade deficit started to balloon from the mid-1980s, reaching a record in 1988 (Figure 2). Not surprisingly, the deficit trend put downward pressure on the Indian currency under the floating exchange rate regime. Though freeing the economy from decades of state overregulation, Gandhi's economic reforms also led to an escalation of national debt and the external debt grew from $31 billion in 1984 to more than $70 billion by 1990 (Amit Gupta, 2019).

Figure 2: Net Trade in Goods and Services during 1980-1990 (values in current billion USD)



Source: calculations by authors based on World Bank data (2021)

Rajiv Gandhi began his premiership with an attempt to make a decisive shift from the state-controlled model to a liberal model of development; however, this attempt ran into political and economic hindrances. In less than a year, these hindrances slowed down the implementation of the liberal model, and in Kohli's (1989, p. 311) words, Gandhi took "two steps forward toward and one step backward from the defined agenda". With Rajiv's declining political popularity in the later years, he returned to a "muddle through" model of economic policymaking, within which the policymakers remained committed to economic liberalization while political considerations had necessitated a regeneration of populism (Kohli, 1989). Even after backtracking on reforms, the principles introduced by Rajiv Gandhi into the economic policy discourse continued to play decisive roles in the country's economy marked a significant detachment from earlier policies (Shastri, 1997) and elevated the level of performance in the Indian economy (Aiyar, 2003). As asserted by Shastri (1997, p. 32), the new discourse devised an agenda for liberalization so that "even when actual reforms were sidetracked or postponed they remained part of a long-term process in the pipeline to be implemented sooner or later".

7. Concluding Remarks

The extent to which the Indian economy should be opened up has been a key point of concern, and a matter of controversy, for the policy-makers in post-independence decades. In the run-up to the 1990s, India appears caught in a cycle of oscillations between socialist protective measures on one hand and attempted but aborted moves towards a liberalized economy on the other (Denoon, 1998). During the course of these years, India has

practiced flexibility to modify its political economy approach to overcome the troubles and achieve a steady pace of development. After independence, India soon entered a period of state-centered political economy and inward-looking industrialization with an overwhelming implementation of protectionist regulations, nationalist policies, and Nehruvian leftist propensities. Based on a Keynesian model of economic growth, India began to develop a basic strategy of development aimed at a self-reliant economy; however, the constant challenge of balance of payment and the exigencies of increasing international competitiveness, created an undeniable, even though occasional, desire for developing foreign trade and obtaining foreign investment. With an exploration into the timeframe between gradual commencement and the official announcement of the economic liberalization in India, it sounds utterly credible to put forth the claim that liberalization has its profound roots in pre-1991 years.

Economic liberalization in India is enduring a process. In terms of periodization, this process could not be assumed to be essentially rectilinear inasmuch as the economic policy-making has acted upon a wide spectrum of domestic determinants and foreign factors. Thus, an attempt is not intended to be made to draw clear-cut borders to segmentalize the history of the Indian political economy, but to obtain an enhanced, in-depth, and contextualized perception of the Indian liberalization trajectory. Having analyzed the leading documents such as Five-Year Plans and policy resolutions, this paper identifies three main trends in the history of the Indian economic liberalization process. For the first decade after independence, India was highly influenced by anti-colonial sentiments and took the state responsible for developing a close but strong economy. The trend of interventionism espoused by a statist

political economy approach was strongly confirmed in the 1950s. The dominant assumption was based on a socialist optimism toward state-owned and state-planned industrialization to achieve economic development. Nevertheless, seeing the nexus between this approach and the emerging challenges such as the balance of payment crisis, a second trend appeared. The India of the 1960s and 1970s took one hesitant step forward toward and two steps backward from liberalizing its economy. The liberal solutions seemed attention-grasping for political leaders such as Indira Gandhi, who tried to stabilize a troubled economy; yet, the pressures by the domestic political left, the serious disappointment with the West, and the complicated situation caused by war and drought went all hand-in-hand to prevent any lasting attempt to open up the economy.

Moving towards the 1980s, India experienced a third period that retained an extent of continuity with the past, but distanced itself from a predominant desire for an interventionist state. The country undertook measures aimed at boosting the economy's competitiveness and putting a gradual end to Nehruvian socialism. The statist and nationalist model of development, accentuated in a populist direction, was deliberately replaced towards decentralization and a direction of a state-business alliance for economic growth. The India of early- and mid-1980s marks a period of liberalization 'by stealth' (Panagariya, 2008), in which measures were taken within the existing frameworks to reform the economy. With Rajiv Gandhi's becoming the Prime Minister, liberal reforms expanded in scope and gained momentum, which caused less concealed and more in-depth changes, including the wide dismantling of state controls, outward-oriented industrialization policies, fewer financial controls, liberalization of

the foreign trade regime, and openness to foreign investment. For numerous causes beyond the scope of this paper, Gandhi's economic reforms did not result in the official announcement of liberalization during his tenure, however, they certainly provided a context for a later announcement in the early 1990s.

References

Ahamad, T., & Pandey, J. K. (2015). A Study on Development of Rural Areas through Industries in India. *International Journal of Applied Research*, *1*(4), 93–96. Retrieved from https://www.allresearchjournal.com/archives/2015/vol1issue4/PartC/63.1-247.pdf

Aiyar, M. S. (2003). Economic Policy in a Democratic Polity. *Economic and Political Weekly*, *38*(48), 5041–5046. Retrieved from https://www.jstor.org/stable/4414339

Akram-Lodhi, A. H. (1990). The Political Economy of Trade Liberalization in India. *Journal of Contemporary Asia*, *20*(3), 359–370. https://doi.org/10.1080/00472339080000371

Andrews, T., & Burke, F. (2007). What Does It Mean to Think Historically?. *Perspectives on History*, *45*(1), 32–35. Retrived from https://www.historians.org/publications-and-directories/perspectives-on-history/january-2007/what-does-it-mean-to-think-historically

Balakrishnan, P. (1990). Economic Consequences of Rajiv Gandhi. *Economic and Political Weekly*, *25*(6) , 301–304. Retrieved from https://www.jstor.org/stable/4395921

Banday, U. J., & Aneja, R. (2016). How Budget Deficit and Current Account Deficit are Interrelated in Indian Economy. *Theoretical & Applied Economics*, *23*(1), 237-246. Retrieved from http://store.ectap.ro/articole/1174.pdf

Banik, A., & Bhaumik, P. (2006). *Foreign Capital Inflows to China, India and the Caribbean: Trends, Assessments and Determinants*. London: Springer.

Basant, R. (1999). *Corporate Response to Economic Reforms in India*. Indian Institute of Management Ahmedabad: Research and Publication Department. Retreieved from https://ideas.repec.org/p/iim/iimawp/wp01606.html

Bava, N. (1996). The Welfare State and Liberalisation in India. *Indian Journal of Public Administration*, *42*(3), 334–346. https://doi.org/10.1177/0019556119960312

Bhatt, V. V. (1982). Development Problem, Strategy, and Technology Choice: Sarvodaya and Socialist Approaches in India. *Economic Development and Cultural Change*, *31*(1), 85–99. https://doi.org/10.1086/451307

Biswas, S. (2010). FDI Inflow in Indian Retailing-Growth Model and Challenges. *Indian Journal of Marketing*, *40*(12), 19–28. Retrieved from http://www.indianjournalofmarketing.com/index.php/ijom/article/view/37380

Budhwar, P. S. (2008). Managing Human Resources in India. In J. Storey, P. M. Wright & D. O. Ulrich (Eds.), *The Routledge Companion to Strategic Human Resource Management* (pp. 446–457). Abington: Routledge.

Byres, T. J. (2014). Development Planning and the Interventionist State versus Liberalization and the Neoliberal State: India, 1989–1996. In S. Bhattacharyya (Ed.), *Two Decades of Market Reform in India: Some Dissenting Views* (pp. 27–53). Cambridge University Press: Anthem Press.

Chakravartty, P. (2004). Telecom, national development and the Indian state: A postcolonial critique. *Media, Culture & Society*, *26*(2), 227–249. https://doi.org/10.1177/0163443704041174

Chattopadhyay, P. (2001). Indian Industry: New Strategic Options. *Economic and Political Weekly*, *36*(4), 281–285. https://www.jstor.org/stable/4410221

Dantwala, M. L. (1964). Economic Ideology of Jawaharlal Nehru. *Economic Weekly, July*, *16*(29), 1209–1211. Retrieved from https://www.epw.in/system/files/pdf/1964_16/29-30-31/economic_ideology_of_jawaharlal_nehru.pdf

Denoon, D. B. H. (1998). Cycles in Indian Economic Liberalization, 1966-1996. *Comparative Politics*, *31*(1), 43–60. https://doi.org/10.2307/422105

Dhar, P. N. (2018). *Indira Gandhi, the "Emergency", and Indian Democracy*. UK: Oxford University Press.

Dongre, A. P. (2012). Policy Changes in the Wake of Globalization and its Impact on Indian Industries. *Journal of Policy Modeling*, *34*(3), 476–496. https://doi.org/10.1016/j.jpolmod.2011.10.004

Food and Agriculture Organization of the United Nations. (2021). FAOSTAT Statistical Database. https://www.fao.org/faostat/en

Faust, J. (2020). Filling a Colonial Void? German Business Strategies and Development Assistance in India, 1947–1974. *Business History*, Special Issue Paper in International Business, Multi-Nationals, and the Nationality of the Company, 1–25. https://doi.org/10.1080/00076791.2020.1802428

Felipe, J., Kumar, U., & Abdon, A. (2013). Exports, Capabilities, and Industrial Policy in India. *Journal of Comparative Economics*, *41*(3), 939–956. https://doi.org/10.1016/j.jce.2013.01.001

Ganguly, A., & Das, K. (2017). Multi-Sectoral Analysis of Foreign Investment and Trade Liberalization in India: A CGE Modelling Approach. *Global Business Review*, *18*(5), 1345–1372. https://doi.org/10.1177/0972150917710102

Gardner, P. (2006). Historical Analysis. In V. Jupp (Ed.), *The SAGE Dictionary of Social Research Methods* (pp. 135–137). SAGE Publications. DOI: https://dx.doi.org/10.4135/9780857020116

Gómez-Barroso, J. L. (2021). *Public Economics: A Concise Introduction*. London :Routledge.

Gupta, A. (2003). The Five Year Plans and the Role of the Council of Scientific and Industrial Research in the Development of the Country. *Journal of Scientific & Industrial Research*, *62*(5), 428–435. http://nopr.niscair.res.in/handle/123456789/26280

Harman, C. N., & Rao, N. S. S. R. (2012). Indian Ferro Alloy Industry-Present Status and Future Outlook. Retrieved from https://pdf4pro.com/amp/view/indian-ferro-alloy-industry-present-3e52e.html

Harriss, J. (1987). The State in Retreat? Why has India Experienced Such Half-hearted 'Liberalisation' in the 1980s? *IDS Bulletin*, *18*(4), 31–38. https://doi.org/https://doi.org/10.1111/j.1759-5436.1987.mp18004005.x

Jain, B. M. (2016). *India-US Relations in the Age of Uncertainty: An Uneasy Courtship*. London: Routledge. https://doi.org/10.4324/9781315588339

Josiam, B. M., Zutshi, R. K., & Ahmed, Z. U. (1999). India's Economic Reforms: Interpreting the Dynamics of Change from a Contextual Perspective. *Competitiveness Review: An International Business Journal*, *9*(1), 68–81. https://doi.org/10.1108/eb046375

Kirk, J. A. (2011). *India and the World Bank: The Politics of Aid and Influence*. London, New York &Delhi: Anthem Press. https://doi.org/ 10.7135/UPO9780857289513

Kohli, A. (1989). Politics of Economic Liberalization in India. *World Development*, *17*(3), 305–328. https://doi.org/10.1016/0305-750X (89) 90205-2

Kohli, A. (2006). Politics of Economic Growth in India, 1980-2005: Part I: The 1980s. *Economic and Political Weekly*, *41*(13), 1251–1259. https://www.jstor.org/stable/4418028

Kotwal, A., Ramaswami, B., & Wadhwa, W. (2011). Economic Liberalization and Indian Economic Growth: What's the Evidence?. *Journal of Economic Literature*, *49*(4), 1152–1199. DOI: 10.1257/jel.49.4.1152

Kumar, N. (2008). *Democracy, Development and Discontent in South Asia*. SAGE Publications India Pvt Ltd. https://doi.org/10.4135/ 9788178299945

Kumar, N. (2016). Democratic Developmental State in India. *Indian Journal of Public Administration*, *62*(2), 226–248. https://doi.org/ 10.1177/0019556120160202

Kumar, R., & Kim, C. (2019). From The Hindu Growth Phase to The Moderate Growth Phase: The Role of the State in Economic Transition in India. *The Journal of Asian Studies*, *22*(2), 281–307. DOI:10.21740/jas.2019.05.22.2.281

Kumari, G. S., & Prasad, M. S. V. (2019). An Overview of the Foreign Market Exchange in India in M. S. V. Prasad & G. V. Sataya Sekhar (Eds.), *Currency Risk Management: Selected Research Papers* (pp. 35-42). Wilmington: Vernon Press.

Little, I. M. D. (1962). A Critical Examination of India's Third Five-Year Plan. *Oxford Economic Papers*, *14*(1), 1–24. https://www.jstor.org/stable/2661805

Mahalanobis, P. C. (1960). Labour Problems in a Mixed Economy. *Indian Journal of Labour Economics*, *3*, 1-8. https://hdl.handle.net/10263/2042

Majumdar, S. K. (1997). The Impact of Size and Age on Firm-Level Performance: Some Evidence from India. *Review of Industrial Organization*, *12*(2), 231–241. https://doi.org/10.1023/A:1007766324749

Manor, J. (1987). Tried, then Abandoned: Economic Liberalisation in India. *IDS Bulletin*, *18*(4), 39–44. https://doi.org/https://doi.org/10.1111/j.1759-5436.1987.mp18004006.x

Matson, J., & Selden, M. (1992). Poverty and Inequality in China and India. *Economic and Political Weekly*, *27*(14), 701–715. http://www.jstor.org/stable/4397764

McCartney, M. (2009a). India - The Political Economy of Growth, Stagnation and the State, 1951-2007 (1st ed.). London: Routledge. https://doi.org/10.4324/9780203880418

McCartney, M. (2009b). *Political Economy, Growth and Liberalisation in India, 1991-2008*. London: Routledge. https://doi.org/10.4324/9780203864104

Miller, Y. (1981). India's Regulation of Direct Foreign Investment: Article 29 of the 1973 Foreign Exchange Regulation Act. *BC Third World LJ*, *2*(1), 65. https://lawdigitalcommons.bc.edu/twlj/vol2/iss1/7

Minister Who Threw US Giants Coca-Cola and IBM Out of India. (2019, Jan. 29). *Millennium Post*. https://www.millenniumpost.in/business/market-at-new-peak-m-cap-of-bse-listed-cos-at-record-high-of-over-rs-242-lakh-cr-450129?infinitescroll=1

Ministry of Industry and Supply, Government of India. (1948). Industrial Policy Statement. Ministry of Industry and Supply.

Mody, A. (2005). Quest for Inclusive Growth: Continuity and Constraints in Indian Economic Policies. *Economic and Political Weekly*, *40*(37), 4052–4061. https://www.jstor.org/stable/4417145

Mohan, R., & Aggarwal, V. (1990). Commands and Controls: Planning for Indian Industrial Development, 1951–1990. *Journal of Comparative Economics*, *14*(4), 681–712. https://doi.org/10.1016/0147-5967(90)90048-E

Moharir, V. V. (1989). Administration without Bureaucratization: What Alternatives?. *International Review of Administrative Sciences*, *55*(2), 165–181. https://doi.org/10.1177/002085238905500202

Mukherji, R. (2000). India's Aborted Liberalization-1966. *Pacific Affairs*, *73*(3), 375–392. https://doi.org/10.2307/2672025

Nayak, A. (2018). Internationalisation of the Indian Telecommunication Industry (1947–2004): A Firm-level Perspective. *Business History*, *63*(1), 52–71. https://doi.org/10.1080/00076791.2018.1492553

Nayak, B. S. (2018). *Hindu Fundamentalism and the Spirit of Capitalism in India : Hinduisation of Tribals in Kalahandi during the New Economic Reforms*. Maryland: Hamilton Books. https://search.ebscohost.com/login.aspx?direct=true&scope=site&db=nlebk&db=nlabk&AN=1611937

Nayar, B. R. (2007). Social Stability in India under Globalization and Liberalization. *India Review*, *6*(3), 133–164. https://doi.org/10.1080/14736480701493013

Negandi, A. R., & Donhowe, P. A. (1989). It's Time to Explore New Global Trade Options. *The Journal of Business Strategy*, *10*(1), 27-31. https://doi.org/10.1108/eb039279

Panagariya, A. (2008). *India: The Emerging Giant*. Oxford University Press.

Panagariya, A. (2011, Aug. 24). March to Socialism under Prime Minister Indira Gandhi offers an Interesting Parallel. *The Economic Times*. Retrieved from https://economictimes.indiatimes.com/opinion/et-commentary/march-to-socialism-under-prime-minister-indira-gandhi-offers-an-interesting-parallel/articleshow/9715049.cms?from=mdr

Parayil, G. (1992). The Green Revolution in India: A Case Study of Technological Change. *Technology and Culture*, *33*(4), 737–756. Doi: 10.2307/3106588

Parekh, B. C. (1999). *Colonialism, Tradition, and Reform: An Analysis of Gandhi's Political Discourse*. India: Sage.

Patel, S. J. (1959). Export Prospects and Economic Growth: India. *The Economic Journal*, *69*(275), 490-506. https://doi.org/10.2307/2228077

Pedersen, J. D. (2000). Explaining Economic Liberalization in India: State and Society Perspectives. *World Development*, *28*(2), 265–282. https://doi.org/https://doi.org/10.1016/S0305-750X(99)00132-1

Planning Commission, Government of India. (1951). First Five Year Plan 1951–1956. New Delhi: Planning Commission.

Planning Commission, Government of India. (1956). Second Five Year Plan 1956–1961. New Delhi: Planning Commission.

Planning Commission, Government of India. (1961). Third Five Year Plan 1961–1966. New Delhi: Planning Commission.

Planning Commission, Government of India. (1969). Fourth Five Year Plan 1969-1974. New Delhi: Planning Commission.

Planning Commission, Government of India. (1974). Fifth Five Year Plan 1974-1979. New Delhi: Government of India Press.

Planning Commission, Government of India. (1980). Sixth Five Year Plan 1980-1985. New Delhi: Government of India Press.

Planning Commission, Government of India. (1985). Seventh Five Year Plan 1985-1990 (Vol. I). New Delhi: Government of India Press.

Quiggin, J. (2019). *Economics in Two Lessons*. Princeton University Press.

Rao, B. S. (1960). The Future of Indian Democracy. *Foreign Affairs*, *39*(1), 132-141. https://doi.org/10.2307/20029471

Rao, V. K. R. V. (1964). The Role of Public Enterprises in the Indian Economy. *Indian Journal of Public Administration*, *10*(3), 412–426. https://doi.org/10.1177/0019556119640303

Ray, S. (2004). Environment-Strategy-Performance Linkages: A Study of Indian Firms during Economic Liberalization. *Vikalpa*, *29*(2), 9–24. https://doi.org/10.1177/0256090920040202

Rivlin, P. (1987). *The Burden of Defence in Developing Countries BT* . In Ch. Schmidt (Ed.), *The Economics of Military Expenditures: Military Expenditure, Economic Growth and Fluctuations* (pp. 104–112). Palgrave Macmillan UK. https://doi.org/10.1007/978-1-349-08919-2_6

Ross, C. (1994). Rorty's Poetic Politics. *Politics*, *14*(3), 143–148. https://doi.org/10.1111/j.1467-9256.1994.tb00013.x

Saikia, T. T. (1997). Determinants of Entry: A Study of Indian Manufacturing Sector. *Economic and Political Weekly*, *32*(22), M55–M58. https://www.jstor.org/stable/4405454

Shahe Emran, M., Shilpi, F., & Alam, M. I. (2007). Economic Liberalization and Price Response of Aggregate Private Investment: Time Series Evidence from India. *Canadian Journal of Economics/Revue Canadienne d'Économique*, *40*(3), 914–934. https://doi.org/10.1111/j.1365-2966.2007.00436.x

Sharmelly, R., & Ray, P. K. (2018). Influence of Policies in Capability Evolution and Industry Structure: Lessons from the Indian Automotive Industry and Implications for other Developing Countries. *World Review of Entrepreneurship, Management and Sustainable Development*, *14*(1–2), 250–270. DOI: 10.1504/WREMSD.2018.089070

Shastri, V. (1997). The Politics of Economic Liberalization in India. *Contemporary South Asia*, *6*(1), 27–56. https://doi.org/10.1080/09584939708719804

Shiva, V. (1991). *The Violence of the Green Revolution: Third World Agriculture, Ecology and Politics*. Kentucky: The University Press of Kentucky.

Siddharthan, N. S. (1979). Industrial Houses, Multinationals and Industrial Policy. *Economic and Political Weekly*, *14*(29), 1197–1203. http://www.jstor.org/stable/4367805

Sikka, P. (1994). GATT and the Technology Base in India. *Technovation*, *14*(9), 613–620. https://doi.org/10.1016/0166-4972(94)90043-4

Singh, C. K. (2011). Economic Policies and Political Processes in the Pursuit of Constitutionl Goals. *Journal of the Indian Law Institute*, *53*(2), 333–355. http://www.jstor.org/stable/43953508

Singh, T. (1976). Management of the Indian Economy—A View in Retrospect. In A. Cairncross & M. Puri (Eds.), *Employment, Income Distribution and Development Strategy: Problems of the Developing Countries* (pp. 225–238). London: Springer.

Singh, T. (1995). CD Deshmukh and the First Phase in Planning. *India International Centre Quarterly*, *22*(4), 294–296. https://www.jstor.org/stable/23003880

Smith, R. A., & Lux, D. S. (1993). Historical Method in Consumer Research: Developing Causal Explanations of Change. *Journal of Consumer Research*, *19*(4), 595–610. https://www.jstor.org/stable/2489443

Som, A. (2008). Innovative Human Resource Management and Corporate Performance in the Context of Economic Liberalization in India. *The International Journal of Human Resource Management*, *19*(7), 1278–1297. https://doi.org/10.1080/09585190802110075

Soo, K. T. (2008). From Licence Raj to Market Forces: The Determinants of Industrial Structure in India after Reform. *Economica*, *75*(298), 222–243. https://doi.org/10.1111/j.1468-0335.2007.00616.x

Sridharan, E. (2020). The Growth and Sectoral Composition of India's Middle Classes: Their Impact on the Politics of Economic Liberalization. In A. Baviskar & R. Ray (Eds.), *Elite and Everyman* (pp. 27–57). Routledge India.

Subrahmanya, M. H. B. (1995). Reservation Policy for Small-Scale Industry: Has It Delivered the Goods?. *Economic and Political Weekly*, *30*(21), M51–M54. https://www.jstor.org/stable/4402787

Subrahmanya, M. H. B. (1998). Shifts in India's Small Industry Policy. *Small Enterprise Development*, *9*(1), 35–45. Doi: 10.3362/0957-1329.1998.005

Swer, G. M. (2020). How Technology Drives the History of the Green Revolution. *Capitalism Nature Socialism*, *32*(4), 1–18. https://doi.org/10.1080/10455752.2020.1862889

Tendulkar, S. D. (1974). Planning for Growth, Redistribution and Self-Reliance in the Fifth Five-year Plan-II. *Economic and Political Weekly*, *9*(3), 63–80. https://www.jstor.org/stable/4363346

Thakur, B., Gupta, R., & Singh, R. (2012). Changing face of India's industrial policies: a look. *International Journal of Scientific and Research Publications*, *2*(12), 1–7. Retrieved from http://www.ijsrp.org/research-paper-1212/ijsrp-p12104.pdf

Thanawala, K. (1989). Social Economic Aspects of India's Development. *International Journal of Social Economics*, *16*(7), 34–47. https://doi.org/10.1108/03068298910133089

Tharoor, S. (2003). *Nehru: The Invention of India*. India: Arcade Publishing.

Virmani, A. (2004). *India's Economic Growth: From Socialist Rate of Growth to Bharatiya Rate of Growth* (No. 122). New Delhi, India: Indian Council for Research on International Economic Relations.

Viswanathaiah, K. V. (1965). Jawaharlal Nehru's Concept Of Democratic Socialism. *The Indian Journal of Political Science*, *26*(4), 91–99. https://www.jstor.org/stable/41854092

World Bank. (2021). Net trade in goods and services (BoP, current US$). https://data.worldbank.org/indicator/BN.GSR.GNFS.CD?locations=IN&start=1980&end=1990