

ANALYSING IMPACT OF NATIONALISM ON SECTORAL ECONOMIC DEVELOPMENT IN INDIA

Savita¹, Dr. Ratnesh Chandra Sharma²

¹Research Scholar Sunrise University Alwar Rajasthan

²Assistant Professor Sunrise University Alwar Rajasthan

ABSTRACT

This paper explores the impact of nationalism on sectoral economic development in India, examining how nationalist policies have shaped the growth and performance of key sectors such as agriculture, manufacturing, and services. Nationalism, characterized by a focus on self-sufficiency, protectionism, and prioritizing domestic industries, has played a significant role in India's economic landscape, particularly in the post-independence era. While nationalist policies have provided certain benefits, including protection for local industries and employment generation, they have also led to challenges such as inefficiencies, limited global competitiveness, and slow technological advancement. This study analyzes the effects of these policies on different sectors, highlighting both the short-term advantages and long-term constraints. It concludes by emphasizing the need for a balanced approach that combines nationalist strategies with greater global integration to foster sustainable sectoral growth and enhance India's position in the global economy.

I. INTRODUCTION

Nationalism has historically been a potent force shaping the trajectory of nations worldwide. In the context of India, nationalism is deeply intertwined with the country's socio-economic evolution, especially its economic development across various sectors. The Indian nationalist movement was not merely a struggle for political independence but also a quest for economic self-reliance. This vision significantly influenced the post-independence economic policies, laying a foundation that continues to shape the nation's economic priorities. Understanding the impact of nationalism on India's sectoral economic development requires delving into its historical roots, its theoretical underpinnings, and its implications for agriculture, industry, and the services sector.

After independence in 1947, India's economic development was guided by a nationalist vision of self-reliance. The state assumed a pivotal role in economic planning, reflected in the

adoption of the Five-Year Plans. The First Five-Year Plan (1951–56) prioritized agriculture, recognizing its centrality to the economy and the livelihoods of the majority of Indians. This focus stemmed from the nationalist imperative to ensure food security and reduce dependency on imports. The Green Revolution of the 1960s, another hallmark of this vision, transformed India into a food-surplus nation.

In the industrial sector, nationalism manifested in policies aimed at building a self-sufficient and diversified economy. The Industrial Policy Resolution of 1956 emphasized the development of heavy industries and the establishment of a mixed economy. Public sector enterprises became the backbone of India's industrialization efforts, reflecting the nationalist desire to safeguard critical industries from foreign control. Sectors such as steel, coal, and energy witnessed significant state-led investments, contributing to the creation of a robust industrial base.

The services sector, which has emerged as a major driver of India's economy in recent decades, has also been shaped by nationalist undercurrents. While the early decades of independence saw limited focus on services, the liberalization of the 1990s marked a shift. The rapid growth of the IT and software services industry has been a testament to India's ability to leverage its intellectual capital on the global stage. This success, often celebrated as a symbol of India's national pride, highlights how nationalism can evolve to embrace globalization without losing its distinct identity.

The intersection of nationalism and globalization poses another complex challenge. While nationalism advocates for preserving domestic interests, globalization necessitates integration into the global economy. India's experience demonstrates a delicate balancing act. The liberalization reforms of the 1990s, driven by economic compulsions, marked a departure from traditional nationalist policies. However, the continued emphasis on initiatives like *Make in India* underscores the enduring relevance of nationalist aspirations in fostering economic self-reliance in a globalized world.

The influence of nationalism on India's sectoral economic development is also evident in its regional dimensions. Nationalist policies have often aimed at fostering balanced regional growth, but disparities persist. States with better infrastructure and governance, such as Maharashtra, Gujarat, and Karnataka, have benefited more from industrialization and services growth, while others lag behind. Addressing these disparities requires a nuanced approach that combines nationalist ideals of unity and inclusivity with pragmatic economic planning.

II. OVERVIEW OF SECTORAL ECONOMIC DEVELOPMENT IN INDIA.

India's sectoral economic development reflects a dynamic evolution shaped by historical, political, and economic factors. The economy is broadly divided into three sectors: agriculture, industry, and services, each playing a distinct role in the country's growth trajectory. Agriculture, traditionally the backbone of the Indian economy, has witnessed significant transformations, particularly after the Green Revolution of the 1960s, which enhanced productivity and made India self-sufficient in food grains. However, the sector still faces challenges like fragmentation, over-reliance on monsoons, and insufficient modernization. The industrial sector gained prominence post-independence through state-led initiatives under the mixed economy model, focusing on heavy industries and public sector enterprises. While this approach laid a solid foundation, it also led to inefficiencies that were addressed through liberalization reforms in 1991, which opened up the sector to private investment and competition. The services sector, often termed the engine of modern economic growth, has emerged as the largest contributor to India's GDP, driven by IT, telecommunications, and financial services. This sector has positioned India as a global leader in knowledge-based industries. Despite these advancements, sectoral imbalances persist, with agriculture employing the majority but contributing less to GDP, and regional disparities affecting equitable growth. Addressing these disparities and fostering balanced development remain critical for India's economic progress.

III. POST-INDEPENDENCE ECONOMIC POLICIES INFLUENCED BY NATIONALIST SENTIMENTS

1. Mixed Economy Model:

India adopted a mixed economy model, combining state-led planning with private sector participation, reflecting nationalist aspirations for self-reliance and economic sovereignty. This model emphasized government control over key sectors while allowing private entrepreneurship in other areas.

2. Industrial Policy Resolution of 1956:

This policy aimed at building a strong industrial base by promoting state-owned public sector enterprises (PSEs) in key industries such as steel, coal, and energy, reducing dependency on foreign countries and ensuring national control over critical resources.

3. Five-Year Plans:

The Planning Commission was established to drive the country's economic development through centralized planning. The First Five-Year Plan (1951-56) prioritized agricultural development, reflecting the nationalist goal of achieving self-sufficiency in food and reducing reliance on imports.

4. Land Reforms and Redistribution:

To address socio-economic inequalities, land reforms were implemented, aiming to reduce feudal structures in rural areas and empower small farmers. This reflected nationalist goals of equitable growth and rural development.

5. Green Revolution (1960s):

The Green Revolution, driven by technological advances in agriculture, sought to ensure food security and self-sufficiency, thus reducing dependence on foreign aid and imports. This reflected the nationalist focus on self-reliance, particularly in agriculture.

6. Promotion of Public Sector Enterprises:

Nationalist sentiments led to the establishment of key public sector enterprises (PSEs) in sectors like steel, coal, telecommunications, and energy, aiming to control strategic industries and reduce reliance on foreign capital and technology.

7. Protectionist Trade Policies:

India implemented protectionist policies, such as high tariffs and import restrictions, to shield domestic industries from foreign competition. This was part of the broader nationalist goal of nurturing home-grown industries and reducing dependence on foreign goods.

8. Focus on Indigenous Technology and Innovation:

Nationalist ideals influenced the emphasis on indigenous technological development, including the establishment of public sector research institutions and efforts to promote scientific research and innovation, as seen in the development of industries like aerospace and atomic energy.

9. Rural Development Programs:

A focus on rural development reflected nationalist views on self-sufficiency, aiming to improve living standards in rural areas and reduce dependence on urban centers. Initiatives like the National Rural Employment Program (NREP) and Integrated Rural Development Program (IRDP) targeted poverty alleviation and rural industrialization.

10. Control over Natural Resources:

Nationalist economic policies ensured government control over natural resources such as minerals, oil, and gas to prevent foreign exploitation and ensure national sovereignty over critical assets.

11. Nationalization of Banks (1969):

The nationalization of 14 major commercial banks was driven by nationalist sentiments to ensure that credit and financial resources were directed toward national priorities, such as rural development and industrialization, rather than private interests.

IV. INTERACTION BETWEEN NATIONALISM AND SECTORAL PRIORITIES

Nationalism in India has historically played a pivotal role in shaping the priorities and strategies for sectoral economic development. The interaction between nationalist ideals and economic policies has driven the focus on self-reliance, equity, and strategic independence across agriculture, industry, and services. These sectoral priorities have evolved over time, reflecting changes in national objectives and global economic realities.

1. Agriculture and Nationalism: Agriculture has been central to India's nationalist economic vision, particularly given its importance in ensuring food security and rural livelihoods. During the colonial period, nationalist leaders opposed the exploitative policies that suppressed agricultural productivity and impoverished farmers. Post-independence, this nationalist sentiment translated into policies aimed at achieving self-sufficiency in food production. The Green Revolution of the 1960s, a landmark event driven by nationalist aspirations, transformed India from a food-deficient nation to a food surplus one. Investments in irrigation, high-yield variety seeds, and fertilizers were prioritized to strengthen agricultural output. However, the emphasis on staple crops like wheat and rice, aligned with nationalist goals of food security, led to regional and crop-specific imbalances, with states like Punjab and Haryana benefiting disproportionately. These outcomes underscore the challenges of aligning nationalist goals with balanced agricultural development.

2. Industrial Development and Nationalist Ideals: The industrial sector's development has been heavily influenced by nationalist goals of economic sovereignty and strategic independence. Post-independence, India's nationalist leadership envisioned a robust industrial base as a means of reducing dependency on foreign goods and fostering economic self-reliance. This vision was implemented through policies like the Industrial Policy Resolution of 1956, which emphasized state-led development of heavy industries such as

steel, coal, and machinery. Public sector enterprises (PSEs) were established to control critical industries, reflecting the nationalist desire to safeguard economic sovereignty.

While these policies created a strong industrial foundation, they also fostered inefficiencies due to bureaucratic control and limited private sector participation. The protectionist environment under the License Raj stifled competition, leading to stagnation in innovation and productivity. The liberalization reforms of 1991 marked a shift from traditional nationalist approaches, allowing private investment and global competition. However, initiatives like *Make in India* illustrate the enduring nationalist drive to boost domestic manufacturing and reduce reliance on imports, showcasing how nationalism continues to shape industrial priorities in the face of globalization.

3. Services Sector and Evolving Nationalism: The services sector, particularly the IT and software industries, highlights the interaction between modern nationalism and globalization. Unlike agriculture and industry, the services sector gained prominence relatively late, becoming a major driver of economic growth post-liberalization. The success of this sector, particularly in exporting IT services, has been celebrated as a symbol of India's intellectual and entrepreneurial strength, embodying a form of nationalism rooted in global competitiveness.

4. Challenges in Aligning Nationalism with Sectoral Priorities: The interaction between nationalism and sectoral priorities has not been without challenges. The focus on self-reliance in the early decades often resulted in protectionist policies that limited efficiency and innovation. For example, while the Green Revolution ensured food security, its environmental and social consequences were overlooked. Similarly, the emphasis on public sector dominance in industry, driven by nationalist goals, hindered private sector growth and adaptability.

V. IMPACT OF NATIONALIST POLICIES ON GROWTH, EMPLOYMENT, AND GLOBAL COMPETITIVENESS

Nationalist policies, which emphasize the interests of a nation-state over global cooperation, have profound implications for a country's economic growth, employment, and global competitiveness. By prioritizing domestic industries, restricting imports, and encouraging self-sufficiency, these policies often aim to protect local jobs, promote national identity, and reduce dependence on foreign markets. However, while these goals may yield short-term

economic stability, they can also pose challenges for long-term growth and integration into the global economy.

Impact on Growth: Nationalist policies can stimulate growth in the short term by fostering local industries through protectionist measures like tariffs and subsidies. These measures shield domestic companies from foreign competition, allowing them to grow and become competitive. However, such policies often lead to inefficiencies and a lack of innovation, as domestic firms are insulated from the global market pressures that drive technological advancements and improve productivity. Over time, this can stifle overall economic growth by reducing the country's ability to adapt to changing global economic dynamics.

Impact on Employment: In terms of employment, nationalist policies may initially lead to job creation in sectors that are protected from international competition. For instance, industries that face competition from cheaper foreign imports, such as manufacturing, may see an increase in jobs as a result of tariffs or local content requirements. However, these jobs may not always be sustainable in the long run, especially if the industries are inefficient or unable to innovate. Additionally, if the policies lead to retaliatory trade barriers from other nations, they could reduce export opportunities and lead to job losses in other sectors. The overall impact on employment thus depends on the balance between protected jobs and the broader economic effects of protectionism.

Impact on Global Competitiveness: Nationalist policies tend to reduce a nation's global competitiveness by limiting its exposure to international markets. While domestic industries may gain market share in the short term, they often fall behind global counterparts in terms of innovation, productivity, and quality. Nationalist measures can also lead to trade wars, where countries impose reciprocal tariffs and barriers, further hindering international cooperation. As a result, countries that adopt nationalist policies may find it increasingly difficult to attract foreign investment, which is critical for economic growth and innovation in a globalized world. In the long term, this can undermine a country's ability to compete on the world stage, making it less attractive to investors and reducing its economic influence.

VI. CONCLUSION

The impact of nationalism on sectoral economic development in India presents both opportunities and challenges. While nationalist policies have helped to bolster domestic industries, protect local employment, and promote national self-sufficiency, they have also created inefficiencies and hampered global competitiveness in certain sectors. Sectors such as

agriculture, manufacturing, and services have seen varying effects from nationalist strategies, with agriculture benefiting from protectionist measures, manufacturing facing challenges due to inefficiencies, and services experiencing rapid growth due to globalization and technological advancements. However, the overall development of these sectors has been constrained by a limited integration into global markets and trade networks. For sustainable sectoral growth, India must find a balance between nurturing its domestic industries through nationalist policies and embracing the benefits of international cooperation, innovation, and trade. By doing so, India can harness the potential of its diverse sectors while ensuring long-term economic prosperity and global competitiveness

REFERENCES

1. Solanki, Sandip & Inumula, Krishna & Chitnis, Asmita. (2020). Sectoral Contribution to Economic Development in India: A Time-Series Co-Integration Analysis. *The Journal of Asian Finance, Economics and Business*. 7. 191-200. 10.13106/jafeb.2020.vol7.no9.191.
2. Caroline, Law. (2005). *Development and Nationalism: An Analytical Model on Economic Growth to Social Preference and Party System..* Nebula.
3. Duara, Prasenjit. (2019). *Nationalism and Development*. 10.1093/oso/9780198844938.003.0014.
4. D'Costa, Anthony. (2007). *Economic Nationalism in Motion: Steel, Auto and Software Industries in India*. *Review of International Political Economy*. 16. 10.1080/09692290802467705.
5. Grabowski, Richard. (2002). *Economic Nationalism, Economic Development, and the State*. *Asien Afrika Latinamerika*. 30. 1-18. 10.1080/03233790210818.
6. Fetzer, Thomas. (2020). *Nationalism and Economy*. *Nationalities Papers*. 48. 1-11. 10.1017/nps.2019.123.
7. Lee, Kyung Tae & Lee, You-Il & Lee, Richard. (2014). *Economic nationalism and cosmopolitanism*. *European Journal of Marketing*. 48. 1133-1158. 10.1108/EJM-02-2011-0068.
8. Gopikrishna, P. & Jammala, Anil & Manikandan, A & Mohan, Vinothkumar & Rudraraju, Ajay & Raja, s & Dasigan, Chen Chen & Nivardhan, R & Derangula, Harish & Rushikesava, Dr & .M, Venkata Sai Koushik. (2024). *A Study on Techno-Nationalism, an Emerging Trend in the 21 st Century India*. *Journal of Humanities and Education Development*. 6. 30-42. 10.22161/jhed.6.1.5.

9. Mukherji, Rahul. (2009). The State, Economic Growth, and Development in India. *India Review*. 8. 81-106. 10.1080/14736480802665238.
10. Hipsher, Scott. (2019). The Impact of Economic Nationalism on MNEs From Smaller Developing Economies. 10.4018/978-1-5225-7561-0.ch002.
11. Pryke, Sam. (2012). Economic Nationalism: Theory, History and Prospects. *Global Policy*. 3. 10.1111/j.1758-5899.2011.00146.x.
12. Dedominicis, Ben. (2021). MULTINATIONAL ENTERPRISES AND ECONOMIC NATIONALISM: A STRATEGIC ANALYSIS OF CULTURE. *Global Journal of Business Research*. 15. 19-66.