# 1 Globalisation: Economic Phenomenon

## 1.1 Contemporary Indian Art: Globalisation of Relevance

Placing a point of entry to understand and study the phenomenon of globalisation is an extremely challenging process. Globalisation, characterised by its multi-faceted sources and impacts, which have exhibited influences across various disciplines, nations, temporalities, etcetera. Therefore, it requires a reading that would undertake not an insular approach, claiming allegiance of globalisation to one particular field, but needs to take into consideration its peripheral, at times interconnected areas. Since the current study aims at tracing the developments, and analysing impacts of globalisation on the field of Contemporary Indian Art, the need is to look the ones relevant to it. This would be done, by understanding the notion of temporal progression, to get an idea as to where exactly and how can a timeline of influences and consequent impacts be defined, to undertake any further analysis.

There have been numerous theories with drastically different views tracing the very beginning of globalisation. Some of these range from that of planetary history to that of contemporary uniqueness; evidently the span seems to be way too broad to pin-point the influence on contemporary Indian art. Each of these views propose a different form of globalisation, beginning from different time periods. Some believe that globalisation is not a recent phenomenon and dates back to the early prehistoric period, that is, between 10,000 BCE to 3500 BCE, with the nomadic movement of the early inhabitants of the planet. To some, it is the establishment of the early trade routes, both by land and sea which marked the expansion of trade and culture. This also marked the discovery of new lands and territories and helped find the unknown parts of the world. Given which, these were considered as attempts in which the notion of one globe was being formed. Further some scholars are of the view that globalisation can be traced to the Industrial Revolution; a time when mechanical power fuelled industrial growth bringing about changes in manufacturing patterns. Which aided trade across borders.

The spread of the industrial progress, with relentlessly jostling machines replaced the craftsmen, and consequently substituted the handmade items by the standardised products. These industries nevertheless provided different form of employment – of the industrial labourers. This was further marked by an influx of labourers and farmers into urban areas, now ready to work in mills, factories and industries. This changed the patterns of employment, across various regions, bringing in a sense of homogeneity. Another proposed beginning of globalisation is that with the advent of colonisation of different lands. The movement across the sea, for trade took varying connotations, the most powerful being that of colonisation of the trading lands. This marked the movement and transference of rule and economic power into the non-local, foreign hands. The coloniser-colonised dichotomy brought about exchange between various states and cultures, which too could be considered as an act of global interactions. At this juncture, the effort is of identifying the relevance of these propositions to our study and get into the descriptions of the same.

Though various such views and theories exist the most recent is the one, which defines globalisation as an outcome of economic transitions taking place from the 1980s. During this period, various economies adopted an approach of what was called 'economic liberalisation'. The very term suggesting a less restrictive and a more open approach towards international economic interactions. The background to the formation of this approach its roots in the post-World War era. This is the time when various countries came together with an aim to create a stable and sustainable coexistence. Then, with many nations were in the process of shedding their colonial clutches and of carving an identity as independent nations. Further, some nations were recovering from the damages of the World Wars. Considering the fragmented scenario, with the constant efforts of restoring economic, political and social stability, by most of these countries, the need for a collaborative and networked approach seemed apt. As a result, various economic policies, defence treaties, trade agreements, cultural policies, etcetera were drafted between various countries. This aimed at providing mutual support, ensuring that the partners safeguard. Even as many countries chose to be a part of the same, many remained suspicious and chose to stay away.

Over the period, a technological revolution was to take the understanding of the mentioned networked and collaborative coexistence to a different level altogether. It was marked by the leap in the field of Information and Communication Technology (ICT). With the ICT the connected-ness of the world, and of the deeply interwoven functional dependencies moved from the predictable connections between the countries to that of inextricable connections, which defied the logic of time, space, nodes and mediums of functioning and most importantly the number of individual participants (Steger, 2013). By the 1980s the development of the internet and wireless technology spread at an uncontrolled rate, and barely left any country untouched. For the first-time trade, international mobility, employment, communication, finance and various fields expanded to break down what the economist Joseph Stiglitz[1] called as a sense of isolation (Globalization and its Discontents, 2003). The world was now looking forward for interdependent ties, thereby leading to exchange not just in terms of trade, finance and businesses but also of technology, art and culture. The various hypotheses mentioned above, ranging from planetary history to colonisation, could respectively hold pertinence to different fields depending on the different scope of studies. Therefore, without rejecting any of the mentioned hypotheses, the need is to identify what can be called as the ‘globalisation of relevance’ to the current study.

Sifting through the possible time periods listed above to trace their individual impacts on Contemporary Indian Art makes it evident that there have been influences of varying intensities and, directions and nodes of exchange. One can see that in the earlier eras - of the prehistoric period, the impact was very sparse and negligible. During the colonial period, even as there was exchange it was restricted between that of the coloniser and the colonised, thereby not giving it a global flavour. Further the categorisation of the Orientalist outlook by the Occident and thereby the un-mendable fissure, on the contrary opposed the notion of global integration. The immediate pre- and post-independence period in India which marked the birth of the nation and need for national identity, which saw a transition in the manner and method of moulding ones work to represent the same. These early decades of the newly formed India also marked the tendency towards internationalism, by breaking the national borders and entering the international arena. Yet it could be said that these attempts were fractional. A magnified version of this attitude was achieved when the international art markets started finding interest in the Indian works. This interest was primarily fuelled by the financial expansion of the Indian economy, undertaken through the process of liberalisation in the 1980s and 1990s.

The opening of the Indian economy was a momentous happening as it transformed the decades to come. It is during this period that India was being considered as an emerging economy and gained international attention. Reciprocating to this, the international art market entities too started looking at works of Indian artists. This period witnessed the increasing opportunities for artists to travel, to get a first-hand taste of internationalism, further benefitted by the advent of the ICT and availability of information, of going beyond conventional media. With many such causal factors, contemporary Indian art found a stable ground for growth and a pedestal to be in the global arena. All of which implied that the period beginning from the 1980s, proved crucial not just for the Indian economy but for contemporary Indian art too, therefore it shall be considered as the point of entry for the current study. Since it was primarily driven by economic activities that transformed the world and were fuelled by the ICT, the economic globalisation is considered as a seed giving rise to intense global interactions, connectivity and interdependence, affecting socio-cultural changes and, also affecting the art market and, the artists and thereby artworks in a significant manner.

The current chapter therefore aims at defining the notion of globalisation in a holistic manner through its primary causal factors of the economic and the technological growth, of the late 1980s and early 1990s. This has been done not just by stating the current scenario but by giving its historical backdrop, which created grounds for globalisation to take full form. Since the study deals with

Indian art and global interactions, the phenomenon of globalisation has been discussed with respect to both, the international level and India, which constitute the two main sections of this chapter. The first section on the international economic aspect of globalisation provides a backdrop to the advent of the phenomenon of globalisation. Thereby beginning from its roots in the post-World War times, when there seemed a need for various countries to come together and to take a protective stance. For the first time the developed, developing and the underdeveloped countries came together for participation. These protectionist bodies sustained for nearly three decades before the advent of neo-liberal economy. Later the Regan-Thatcher collaboration which marked the new form of liberal economy is discussed.

The spread of the neoliberal economy and its characteristics which paved a way towards globalisation are dealt with in this subsection; this is done keeping in mind its progressive tendencies of venturing new territories and sectors. These new territories had potential for larger financial benefits and came to be known as the emerging markets, especially those from Asia. One of these emerging markets was India. This brings forward the second section, which deals with the Indian Economy. This section explains how various economic and political factors led to the adaptation of the liberal policies. These provide a phase-wise picture of the continuations, finally leading to India's presence in the globalised world. Further a detailed understanding of the progressions and impacts of the ICT is done, as a catalyst for globalisation. As globalisation has been fraught with polar views, as to whether it has been beneficial or detrimental, an analysis of the same is provided, mainly at an economic level, and also briefing at its socio-cultural impact, which form the core concern of the second chapter.

## 1.2 Step towards Globalisation: Trade and Liberalisation

Having established the relevance of the economic phenomenon of globalisation to the field of Contemporary Indian Art it would necessitate tracing the evolution of the same from its inception to the current stage. Globalisation as an economic phenomenon has been an outcome of various processes that gradually took shape over a considerable period of time; involving numerous countries, institutions, prominent individuals, visionaries, etcetera, who played vital roles through these stages. To understand the phenomenon holistically, the important economic and political happenings around the world need to be looked at in detail. Beginning from the backdrop of 1940s, the happenings in this period have to be studied as they had a direct correlation to the decisions taken in the subsequent decades, which defined the phenomenon. The decisions and policies formed in the 1940s were evidently taken keeping in mind the repercussions of the World Wars and the Great Depression, and its multi-dimensional impact. Therefore, these policies did not just have a single economic focus but also of political and social stability, and maintenance of regional and global peace.

This is also the time when many, now independent countries were under colonial rule and were in a transitionary phase of decolonisation. To these nascent countries an invitation to participate in a global order was particularly a matter of pride, a near attestation of their independent status and political identity; further adding pertinence to the chosen period of 1940s as the beginning point to understand the causal factors leading to globalisation over the decades to come. In a way, these policies could be considered as one of the early attempts to form a collective and interdependent functioning across the globe, which found a magnified and an intense version over the next half of the century. The process was a gradual and can be traced over a timeline. It is important to note that these early interactions of various countries gave an idea of building relations of trade partnerships, if not with all but of a select few countries. In the early years this was largely restricted to the interactions between the governments, whereas in the later decades the private entities started taking utmost advantage of the same, precisely defining the characteristics of global businesses; making it clear that it was not just the spread of the connections across the globe but the depth and the intensity which characterised it, which percolated from the governmental to the personal. Therefore, we shall trace the same beginning from the period of late 1940s, and analyse its altering nature.

### *1.2.1 The Bretton Woods Conference: Step towards an interdependent World*

The World War II had begun on the 1st of September 1939. The destruction of the First World War had given a clear picture of the probable damages to various countries, and therefore the need was to be equipped to deal with them, nearly as an anticipatory preparation. The United States of America and the United Kingdom started anticipating the need for an enduring economic stability and reconstruction, considering the probable post-war financial situation. The necessity for working at a larger and wider level, by grouping with numerous countries was thought to be pertinent. Consequently, the two visionary economists, John Maynard Keynes[2], an advisor to the British Treasury, from the United Kingdom and Harry Dexter White[3], Special Assistant to the US Secretary of the Treasury, proposed the need for specific institutions which in the long-run would deal with the financial, developmental and reconstruction, and stabilisation matters of various affiliated countries (Figure 1-1). They drafted policies based on the individual roles these bodies were to play. Various rounds of meeting were held to discuss the same. The focus of the meetings was evidently to hedge all the participating countries from any form of economic instability. This would be attained through a cooperative establishment of rules and regulations on free trade, evaluation of tariff barriers, demolition of discriminatory trade blocs, moderation of currency value fluctuations, debt crisis, labour standards, social security, economic development and advancement, aiming to attain mutual cooperation and in the long-run towards sustaining an economically stable and a non-hostile environment. This evidently seemed like a protective measure ensuring stability and an indirect but desired outcome towards mutual peace.

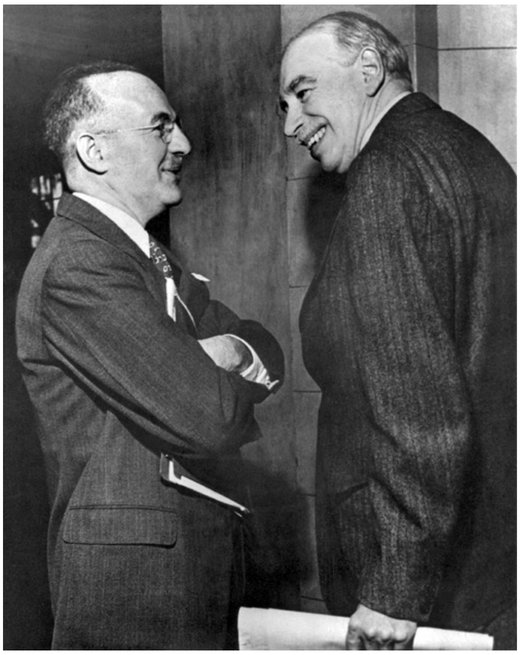


*Figure 1-1: White and Keynes*

The Atlantic Charter issued by President Roosevelt of the USA and British Prime Minister Winston Churchill at the Atlantic Conference of August 1941, echoed this vision. This intention of rising and strengthening through mutual cooperation as a goal, gained momentum. The focus was primarily of economic stability. White and Keynes, then independently drafted plans for organisations that would provide financial assistance to countries dealing with major economic problems. To state an example, the organisation would help countries manage problems related to the short-term deficits in the Balance of Payment (BoP), or helping them strengthen the BoP positions in the long-run. Finally, on April 21, 1944, the leaders released a 'Joint Statement by Experts on the Establishment of an International Monetary Fund.' This statement provided the basis for the negotiations to be taken place at Bretton Woods (The Bretton Woods Conference, 1944, 2001).

The Bretton Woods Conference, officially known as the United Nations Monetary and Financial Conference, was held at town named, Bretton Woods, in New Hampshire, USA, from the 1st of July to the 22nd of July 1944. Delegates from forty-four countries met during the conference, to discuss and decide upon a series of new rules, in anticipation to the post-WWII international monetary system (Schuler & Bernkopf, 2014). By this time most of the countries knew that it would be impossible to prosper in isolation, especially when various economies would have to build and recover from the post-war damage. The need for economic assistance or defence assistance from other countries would be a matter of an inevitable need. Given which, participation in diplomatic affiliations would help secure the future of their respective countries. For the conference, USA had the largest delegation consisting of politicians and economists. The Indian delegation included Indian nationals and British citizens, as India was then still a part of the British Empire. Various countries put forward their concerns and also expressed the manner in which they could extend help to other members. Even as the conference successfully managed to build a large number of members (Figure 1-2), one of the strongest outcome of the conference was the establishment of the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD); these were called as the Bretton Woods Institutions. The Soviet Union initially actively participated in the conference but later decided not to join the Fund and the Bank. This cooperation of the USA and USSR delegations was a fleeting, positive moment before the onset of the Cold War (The Bretton Woods Institutions Turn 60, n.d.). At the end of the three-week-long conference, the Final Act of the United Nations Monetary and Financial Conference, was signed by the delegates. At the same time the framework for the functioning of the IMF and the IBRD were decided.

*Figure 1-2: Gold Room Bretton Woods Participating Nations Display Case*

### *1.2.2 The Role of the Bretton Wood Institutions*

The roles of the two bodies were well defined. The IMF, being a monetary fund would be monitoring the economic functioning within and amongst nations. It would be charged with maintenance of fixed exchange rates, that is, the value of their currencies in terms of the US dollar and, in the case of the United States, the value of the dollar in terms of gold. Further, the role of the IMF was also to monitor global economy, provide assistance and practical help to countries, lending to countries dealing with balance of payment crisis (About the IMF - Our Work, n.d.). The IBRD,[4] as the name suggested would look at the concerns of war ravaged countries and aiding their re-development, for example, aiding infrastructural developments. The scope of which was later expanded even to the building of programs related to culture, health and education. The Bank would deal with the facilitation of funds, through loans for policy reforms and projects; the IMF's role had been restricted to policies (World Bank Information Briefs). After having passed by the Congress the two organisations officially came into existence on 27th of December 1945. The policies were constantly reviewed based on the altering needs of various countries and also of the general economic scenario. Consequently, in 1947 the General Agreement on Tariffs and Trade (GATT) was established to facilitate multilateral trade. It is through such broad agreements that the organisation aimed at securing and hedging various economies from getting dominated or exploited by stronger ones.

Given the same, it is evident that, The Bretton Woods Conference successfully got together countries with diverse backgrounds. This in a way proved that even the newly formed countries could have a chance of growth, on proving their worth. It is precisely for this reason that The Bretton Woods Conference is considered as the birth of a 'new global economic order'. It evidently seemed promising for a world which was suffering the ravages of consecutive wars. At this juncture, the conference gave a sense of security to the countries emerging and aiming at rebuilding, and also to those who were finding fresh grounds and methods of growth. Unfortunately, both, Keynes and

White did not survive to see the benefits of the organisations envisioned and brought into functioning, as both passed away in 1946 and 1948 respectively.

It could be said that both these visionaries were economists with a conventional inclination. They believed not just in the attitude of singular benefits but related the notion of economic benefits to social betterment too. On witnessing the damage and disaster of the First World War, there seemed to be urgency for these economists to build a system leading to the betterment of stable coexistence between countries. This can be explained from Keynes much lauded quote:

> The long-run is a misleading guide to current affairs. In the long-run we are all dead. Economists set themselves too easy, too useless a task if in tempestuous seasons they can only tell us that when the storm is past the ocean is flat again. (Keynes, 1923, p. 80)

This hinted at the need for urgently managing the tempestuous war and post-war period with extreme care, but not at the cost of the long-run. The conference and the consequent organisations formed strongly reflect the actions based on the quoted belief. Further Keynes expressed faith in the role of government in regulating the policies of the country over the private players. Therefore, based on the Keynesian model of the fixed exchange rate and the need for strong government intervention with respect to the functioning of the trade and tariff barriers was one of the prominent characters which provided an upper hand to the governments over the local private entities. At the international level the IMF managed to control the fixed exchange rate. This mechanism of the government interventions at a national level and IMF at the international level functioned for a considerable span; to be specific for about three decades.

The scenario changed in the 1960s. It was the time when the US dollar was struggling for stability due to heavy domestic expenditure and also on the defence and military, due to the Vietnam War. The dollar was facing constant devaluation. The USA played a large role in the IMF; evidently instability in its economy would necessitate changes in the earlier drafted trade models. Since the President Nixon announced the 'temporary' suspension of the dollar's convertibility into gold. The fixed exchange rate was now transformed into a floating exchange rate, thereby allowing the member countries to fix it to another currency or a basket of currencies, or adopting the currency of another country, participating in a currency bloc, or forming part of a monetary union. This marked the end of the Bretton Woods ideology.[5] These changes brought about fragmentation in the countries which had once decided to collate towards economic stability. Further in 1973 the OPEC (Organisation of the Petroleum Exporting Countries) signed an embargo and raised the prices of oil, significantly higher for the USA in comparison to the other countries. This put the US dollar in a deeper volatile position. Though it was feared that the change in the exchange rate system might be dangerous, the IMF with the establishment of new policies facilitated a smooth transition, especially for the developing countries. This laid foundation to a program devised by the IMF called the Structural Adjustment Facility (SAF). This program would help countries manage international trade while maintaining their BoP. The reason to mention this is that the IMF had imposed the SAF on India, when it borrowed heavily from the World Bank (WB) to maintain its BoP levels in the 1990s.

Even as most of the countries now dispersed from a standard trade parameter, after the suspension of the dollar-to-gold convertibility model, this short period collective functioning changed the mind-sets of various countries of varying sizes towards international expansion. As mentioned earlier the Bretton Woods Conference was the first concrete attempt to form a large association of nations regardless of their economic size, political status and geographic relevance, a true global economic system. Based on the Keynesian model of fixed exchange rates, it aimed at controlled trade and a sense of uniformity, the transition looked at a monitored presence of its members thereby leaving no scope for exploitation and monopolistic digression. Further the Bretton Woods institutions were established to provide aid and assistance to all the members especially the smaller countries, to help maintain their infrastructural and political health, given which the primary aim of mutual and peaceful coexistence would be attained. The collapse of the Bretton Wood was not an outcome of a single event; moreover, it was to bring about a colossal transition in the international economic scenario as the floating rates instilled the need for profit maximisation in various countries. This coupled with parallel political developments saw the global economy shifting from the controlled economies, that is of controlled capitalism, with government interventions towards the free, liberal market capitalist ones, which over the decades irreversibly transformed the economic map of the entire globe.

## 1.3 Neo-Liberal Economy

Even as the model of controlled capitalism, suggested by Keynes did sustain for nearly three decades, at a political level it faced challenges. With stabilisation of the economy many private enterprises had found grounds for growth and aimed at rising higher. Controlled capitalism as a policy meant that their economic liberties were still subject to the rules and regulations of the government at various levels. Given which the then ruling political parties and supporters of controlled capitalism started facing defeats in elections in favour of conservative parties who advocated what came to be called as the ‘neoliberal’ approach in economic and social policies. The key members who largely had faith in the new approach were the British Prime Minister Margaret Thatcher (in office - 1979 to 1990) and the US President Ronald Reagan (in office - 1981 to 1989). Now the Keynesian model of state intervention and control, dissolved to give prominence to the liberal ideas of Adam Smith[6] and David Ricardo.[7] The latter two economists had a firm belief that the economic markets functioned with inbuilt dynamics, such that they tend to correct themselves. Further, any intervention from the state would invariably lead to an imbalance of their natural tendencies. Therefore, they insisted on the dilution of the role of the government through the withdrawal of rules and tariffs on imports and exports; basically, from any form of trade and also of the flow of capital. The self-regulating and correcting mechanism was propagated by these economists. This theory was known as the *laissez faire*[8] mechanism, meaning to be ‘left on by itself’, such that the markets would regulate and attain an equilibrium when left un-intervened.

This was explained by the economists in different ways. Adam Smith spoke of the presence of an 'invisible hand'. This meant that since the markets would undergo self-correction, one would never be able to pinpoint the actual person or cause of the correction. Evidently this seemed very farfetched. Later various economists explained that this magical invisible hand of Smith was nothing but the inequalities in the knowledge and information of the markets. There was never an equal distribution of knowledge and information within the markets, some people were better informed and therefore benefitted more than the others. This tendency of letting markets function un-intervened, also meant favouring the most competitive behaviour. To many, it proved as an opportunity to succeed in an un-hurdled manner. Smith in this belief had completely overlooked the negative aspects of self-interest, lack of will towards greater good, and, intentional acts of fraudulence and corruption. The asymmetries in information would mean that only the informed and the influential would be eligible to have maximum benefits, most of the time this would mean possessing the insider information, of the market happenings. This nature of the markets aiming at the 'liberalisation' from any form of state regulation, thereby letting only the strongest survive and maximise profits, was analogous to the theory proposed by the British sociologist Herbert Spencer.[9] Spencer was the one who coined the phrase 'survival of the fittest'. This was one way in which the new approach was portrayed as a near natural process. Based on the same the markets drew a comparison between economic competition and Darwinism. The claim being that the free markets would allow participation from any individuals, that is, 'democratisation of participation', but assured that only the 'fittest', evidently the influential and powerful would survive and rise to the top. At a larger social level, it implied that there would be few getting the taste of profit and prosperity, portraying the success of the system, whereas there would still be many, not the 'fittest' who would be exploited and pushed into poverty.

The neoliberal economy not only proposed the withdrawal of state intervention from the trade and markets but also supported privatisation of the conventional and larger public enterprises like, telecom, gas, electricity, public transport, etcetera. This in a way, led to the lowering of expenditure of the government on public facilities and partial abolition of subsidies for the masses; evidently the social spending took a toll. The people had to earn for themselves, in order to have the luxuries of the 'basic needs'. This was unlike the protectionists policies of the post-war economies and the Bretton Woods, which not only aimed at economic prosperity but also at a socially sustained stability. Then notions like loyalty towards ones' country, desire for national development, greater good of the citizens, etcetera, were the unsaid qualities aimed at too. Now, importance was given to 'monetarism', the need to control the money supply and keep inflation under control. This was done at the cost of high level of employment and stability of jobs. With liberalisation of trade and industries the state had a lesser role in framing the rights and the strengths of the labourers. This was the period when, even as the countries controlled their economies well in terms of the parameters and befitting economic figures, there was widespread unemployment and dissatisfaction. Thatcherism, best explained the then changing lives of the British people (What is Thatcherism?, 2013). This marked the era of the downsizing of the government and the rise of the public enterprise. Even as the financial markets and the stock markets were exhibiting surging figures, the protests from the toiling classes especially of the miners were on an escalation.[10]

The faith in the neoliberal economy was installed only due to its rapid achievements of targets in terms of economic parameters, as on the contrary, there was a growing dissatisfaction due to increasing unemployment as an actuality. Even as the liberal capitalist markets were treading their ground with the cautious acceptance, there was an unusual tilt in their favour from the masses, as the world witnessed the fall, rather the collapse of communism in Eastern Europe and the Soviet Union. The final attestation of the downfall was seen with the fall of the Soviet Union, under the leadership of Mikhail Gorbachev. In December 1991, the Soviet hammer and sickle flag lowered for the last time over the Kremlin, thereafter replaced by the Russian tricolour. After the resignation of Gorbachev, Boris Yelstin stood as the President of the independent Russian state (Figure 1-3). This marked the transition from what was called the Communist monolith into many separate nations (The Collapse of the Soviet Union, n.d.)(Figure 1-4). This was parallel to the collapse of the

Berlin Wall in 1989 and the overthrow of Communist rule over Eastern Europe. These two events closely timed and of deep gravity, which brought about a state of shock amongst the core communist believers. The longstanding model of communist state of intervened economy, controlled and regulated policies, with its focus on the social benefit, suddenly seemed unfeasible and consequently the liberal capitalist model gained favour.

*Figure 1-3: First Russian President, 1991*

*Figure 1-4:Boris Yeltsin, August 1991*

Earlier the Cold War had brought about the stratification of the world on the basis of the economic strengths and ideologies, the US dominated liberal capitalists formed the 'First World', the Soviet Union controlled authoritarian socialist 'Second World' and the 'Third World' consisted of smaller emerging economies on which the two blocs were desirous of establishing their ideologies, political connections or economic affiliations. Most of the countries from the Third World were earlier colonies and were in a transitional phase towards home rule. Now with the fall of the Soviet Union, it was the free market capitalism which took prominence. This is also the time when English economist John Williamson[11] defined the Washington Consensus, in 1989. The Consensus was a set of rules to be followed as assistance would be provided to 'crisis-wrecked economies', most of which were the Third World countries. There was a standard pattern and set of rules which would deal with the macroeconomic reforms for such countries, regardless of the nature of help offered, the history of the country, etcetera. The institutions which helped formulate the rules for the consensus were the IMF, WB and the US Treasury Department. This came at an extremely pertinent time, as with the fall of the Soviet Union, various satellite countries of the Union were bound to require help in managing international trade and domestic macroeconomic health. Another reason to mention about the Consensus was that, in the 1990s when India had borrowed heavily from the international markets the Structural Adjustment Facility, a part of the Washington Consensus was implemented in India. The same shall be discussed in the following section, titled India in the Global Arena.

### *1.3.1 Collaborating Bodies*

The decades of 1980s and 90s were marked by the formation of considerably important organisations and trade partners from a regional to a global level. There were already bodies like OECD, the Organisation for Economic Co-operation and Development and ASEAN, the Association of Southeast Asian Nations, which acted like predecessors to the groups which followed later over timeline. OECD founded in 1960 primarily consisted of developed, high income countries. The intergovernmental organisation had a commitment to democracy and also aimed at improving economic processes and world trade. ASEAN, had a regional focus, with its members from the South East Asian territories. The regional commonality played a vital role as it looked at not just expansion of trade and commerce but also of cultural, agricultural and technological transfer.

SAARC - South Asian Association for Regional Cooperation, founded in 1985, like ASEAN has a regional focus. Though it varied largely from ASEAN, that is, along with the focus on trade it also aimed at regional peace, friendly ties and equal participation. Another interesting aspect of SAARC was the inclusion of non-South Asian countries as participants not as core members but as Observers. These countries are China, Japan, Republic of Korea, USA, Iran, Mauritius, Australia, Myanmar and the European Union.

Asia-Pacific Economic Cooperation (APEC), with twenty-one members was formed in 1989. The regional trade bloc from the Pacific Rim area aimed at establishing trade, agricultural and technological transfers. One of the fears was that of the dominance of the technologically superior Japan, given which the mutual cooperation and establishment of a trade bloc was the obvious solution to protect ones' economic stability.

The G8 or the Group of 8, since its origin in 1975 is a nearly fluid group. With the number of members fluctuating, especially Russia, it has been called G7, G6 too. It doesn't have a rigid structure, and its aims and concerns too are spread over a large spectrum – ranging from health care to law enforcement, to energy, environmental issues, trade terrorism, etcetera.

The European Union (EU) was established in 1993, after the Maastricht Treaty, when it introduced the notion of European Citizens. Even as the EU traces its roots to the European Coal and Steel Community (ECSC) and the European Economic Community (EEC), formed in 1951 and 1958, respectively, it is the monetary union of 1999 was of prominence as it marked the adoption of Euro Currency in the nineteen member states; further facilitating the movement of people within the Schengen Area[12] by abolishing passport controls. The EU has portrayed a success story as expanding its scope from trade and economy, towards managing the employments and living standards of the European Citizens.

The World Trade Organisation (WTO), an international trade organisation, was established in 1995 to replace the GATT (1948). The role was renewed and expanded to regulate trade between the 164 members, assist them to form trading ties and also negotiating disputes. This assured that no mal practices or exploitations of the smaller nations would be done by dominant powers, and ethical practices would be followed.

Founded in 1999 the G20 is an influential forum consisting of governments and central banks. Evidently the focus of the group is on financial activities, primarily aiming at the international financial stability. The group has been playing a crucial role in the same. Since 2009 the G20 group has replaced the G8 group.

The emerging bodies have played a vital role in the development of trade and financial ties, but have also given significant importance to the cultural aspect. It is taken for granted that trade would lead to prosperity, at the same time these organisations have tried to take into consideration the thinking and the understandings of common people by respecting cultural identities. These have not been restricted to the historic past and the cultural heritage, of various member countries, but also included contemporary practices, one of which is art. The focus of the institutions does play a deciding role. For example, SAARC would be interested in art forms that involve and interlink the cultural practices from the member's regional specificities. The WB on the other hand aims at a more non-regional, global approach, further giving importance to the temporal relevance. Therefore, it looks at works which address contemporary timely issues, without a restrictive approach.

The WB Art Program selects contemporary artists from various countries through competitions and, showcases and exhibits their works. In order to build some congruency in the project it looks at relatively homogenous units for selection every year; for example, artists coming from closely placed regions, or those facing similar problems, topical issues, etcetera. The aim is to not just focus on the objective economic association but of not excluding any aspect that would benefit bond-creation; of which art and culture seems a strong soft parameter. This in a way has also helped create an understanding of collecting works not just as mementos or souvenirs, but valuing them as vocal expressions of thoughts and lived experiences. One example, is the program conducted in 2012.


IMAGE - I IMAGE - II IMAGE - III

*Figure 1-5: Space for Performance, 2012*

It was titled, *Imagining our Future Together*, taking inspiration from the South Asian artists. The young artists selected from India too reflect their observations and issues in the contemporary society. Navin Chahande, used the *jataka* tales to explore the popular advertisements of well established brands. Debashish Dutta looked at the notion of the self as an independent individual in the ever growing, dense cities. To Manjunath Honnapura the relation of meaning generation and its connect to postmodern cultural production is a matter of interest as he believes that we are surrounded by visual symbols which act as texts and meaning makers. Koustav Nag explored the notion of identity and its relation to geo-politics (Figure 1-5). The lived experiences in the pockets of cityscape are of interest to him, as they are replete with contradictions; where the coexistence brings out a jarring disconnect and yet seems to carry a balance in some ways. Jignasha Ojha's concern is of understanding the dynamics of cultural interactions. On one end, it is the traditional, which has been passed over centuries and on the other hand, the acceptance and merging of the Western culture. By taking a neutral approach she tries to explore the interwoven fabric. Amit Romain explored the cityscape, firstly by taking into consideration the presence of the high-rise structures and the notion of technological progress and on the other of jotting the presence of the longstanding symbols of the religion and culture, that is, of the cow. Apart from India, young artists from Afghanistan, Bangladesh, Bhutan, Maldives, Nepal, Pakistan and Sri Lanka too formed a part of the project. All of whom reflected the concern of the project, which was of understanding and analysing the present in order to look ahead to a shared future. The same was expressed by the Vice President of the WB. The opening note states the following.

> …The new generations know the time has come to envision a future together without stereotypes and divisions. They welcome the idea that their countries need to be more collaborative in order to ensure people's welfare. As economic power shifts from west to east, the dream of an 'Asian Century' is on the verge of being realized. With high growth, stronger regional links, and larger, richer domestic markets, Asia's place in the world's economic infrastructure is destined to rise in the 21st century. For it to be part of the 'Asian Century,' the vision of South Asian integration and cooperation needs to be embraced by governments and citizens alike and artists have an important role in this process by creating a vision for a common future.

Isabel Guerrero,
*Vice President, South Asia Region, The World Bank*[13]

The words of the Vice President addressed two issues. One of the rising importance of South Asia in the global economy and the other of the need for plurality of voices from various sections of the society to come together leading to a fruitful, prosperous and sustaining future.

Though the above-mentioned list of groups and forums is not exhaustive they form a category which was most prominent during the mentioned period and also relevant to the current study. Globalisation led not just to the rise of the capitalist nations as economically superior powers aiming to work together with the emerging economies through organisations and groups, but has also been characterised by their rising interest in several small, marginalised and also Asian and Southeast Asian countries. With the western markets nearly reaching saturation, they were no longer providing relatively high benefits in comparison to the investments. The emerging Asian markets then came to the forefront as promising entities. These entities were like a nascent ground to have ties with and establish economic connections.

### *1.3.2 Rise of the Emerging Markets*

In order to begin the discussion on the emerging markets one has to go back at the formation and adoption of the neoliberal economic model, as it was the tendency of profit maximisation of the individual players, characterised by the approach that fuelled the emerging markets to soar. A cue needs to be taken here to see how liberalisation allowed tapping of the new markets, right from identifying them, to setting ties and reaping mutual benefits. The neoliberal economic model had started gaining followers since the late 1980s and it spread over increasing number of nations; trade started becoming increasingly pervasive with a stronger magnitude. Individual bodies from different nations could trade and transact with equivalent entities from different countries. The speed and the ease were facilitated due to the withdrawal of the state by lowering of barriers. Free trade and profit maximisation found a totally different scenario. It was evident that the various global entities could connect and form ties across countries without barriers and hurdles. The world drastically seemed interconnected and interdependent, regardless of the size and strength of the players involved. It is from this juncture that the term ‘globalisation’ found frequent use, explaining the deep and widespread web of interconnected entities growing at a phenomenal rate, benefitted from the technological progress and, following the economic and the political agenda of the neoliberal world (Steger, 2013, p. 40).

Here one is also reminded of Thomas Friedman, who in his book *The World Is Flat: A Brief History of The Twenty-First Century*, 2005 creates a picture of the contemporary scenario as a levelled playing field, such that developed and less developed countries could participate and compete on equal terms (The World Is Flat: A Brief History of The Twenty-First Century, 2005, p. 7). To Friedman globalisation and technology are the key players that have got about this change. With the empowerment through knowledge dissipation, the developing countries could challenge the developed countries and prove their credence. Even though this might seem like a farfetched statement, nevertheless the rift between the earlier First and Third World countries seems to have taken a different connotation. The advent of the internet as a tool to facilitate transactions and allowing democratic methods of participation helped create an open arena for the eligible players. The role of the digital media and, information and knowledge dissipation certainly cannot be overlooked. The barriers of trade as seen earlier were being diminished at the political levels, voicing the neoliberal ideology; this coupled with the digital media made it easier for markets to open further and penetrate deeply and rigidly in the areas of interest. Suddenly flow of capital, and cash flows as investments, attained a new level of ease. With various barriers lowered the emerging markets from the Southeast Asian regions proved to be of special interest for investors from the Western economically stable countries.

Majority of the Asian especially the Southeast Asian countries were economies of smaller sizes. Most of them were in a state of building their infrastructure and expanding their industrial base. There was a requirement for development and also of technological progress. What these countries fell short of was domestic capital and investment. To the rich Western world with established businesses and stronger economies the countries from the Asian regions proved to be potential, investible markets with a speculation of extremely high returns. These countries consisted of India, China, Indonesia, Thailand, Philippines, South Korea and Taiwan. Further many of these countries had a large number of skilled workers which exhibited a special potential in terms of being outsourced. Even as the Asian countries were held together within regional proximity they had extremely different potentials and benefits to offer. The political scenarios and historical backgrounds too contributed to what could be considered as parameters in judging the manner and the volume of investments that followed. Then India being one of the Asian countries with a colonial past, and a rising industrial base, with increasing infrastructural activities, rising number of educated and skilled individuals, coupled with the desire to be significant players in the global scene and with untapped markets was certainly a strong contestant among various Asian countries. The process and the manner in which this international economic interest found manifestation on Indian grounds, was fuelled by political happenings, private interests and of those of international markets; a note needs to be taken of the manner of adoption and implementation of these as it determined the implications and impacts spanning the next decades to come.

## 1.4 India in the Global Arena

An attempt to analyse the performance of a country at a global level requires taking into consideration numerous factors that have either had an immediate and direct impact on its performance or have drip irrigated over a considerable span. These factors could range from the historic past of the country, its current politico-economic ideological stand, the openness towards collaborations, technological capabilities, infrastructural provisions, prospects of sustainability, political stability and also the status of the individual citizens in the larger picture. Here we are not drawing direct conclusions based on the strict parametric economic analysis of the GDP, BoP, GNP, etcetera, as then it would be solely dependent on the restrictive definitions. These parameters are certainly useful for statistical analysis and tools to project a quantified scenario; but in reality, a holistic approach has to be undertaken to understand their equivalent qualitative reflection at a socio-economic level. The reason to mention this is that, while stronger economies were looking for emerging markets, a blank thumb-rule of validating these parameters was not followed. What was traced by the larger economies was the potential - the strengths and also the weaknesses, which could have been hidden just within a fraction of the country, totally different from the rest. This was best explained by the desire of foreign countries to enter specific sectors of the Indian economy, that too not with the interest of developing them over a considerable span, but of maximising their profit and withdrawing at the first sign of trouble.

Therefore, this section with the late 1980s and early 1990s, as the temporal epicentres of economic change, traces the political and corresponding economic transitions that came about in India. This primarily aiding to locate India within the then existing scenario through various contexts, especially with respect to interventions from international bodies like the IMF and the WB and of analysing the manner in which these changes were managed by the home government.

### *1.4.1 The Political and Economic Map*

India has always been portrayed internationally in numerous and radically different ways. Having a strong overbearing of the colonial past, very rarely has it managed to shed off its 'exotic' quotient. But as the nation took a crystallised form after independence in 1947, there was an insistent need to depart from the same and craft a new identity. With respect to the Indian economy, during pre-independence period, there was a strong and conservative approach. Mahatma Gandhi who identified the villages as the basic unit of the country aimed at their upliftment and empowerment through development of cottage industries and rural development. The aim was a step by step growth, in an inclusive manner such that even the smallest entities of the country would find space as contributors to the growth of the country. This was largely viewed as a protectionist stance, further resonated through the belief in *Swadeshi*. The post-independence Nehruvian era marked the vigorous demand for large-scale industrialisation and infrastructural development. This in a partial way shed off the earlier identity of India being associated with its rural and underdeveloped population, thereby constructing / projecting an identity based on growth and prosperity as defied by the modern world. Independence also necessitated the need to radically oppose and express no form of association to any of the superpowers or blocs, expressed through the stance of nonalignment. Yet the need to form an international presence could be observed with attempts in drafting an independent identity with no western connect, through the concept of Afro-Asian unity.

The initial decades after independence could be said were crucial and turbulent years. The scars of partition were fresh, various disputes over the same, and other reasons as the - failed monsoons, consecutive wars, domestic unrests and external factors like the oil shocks acted negatively on the economy. It has to be noted that in-spite of such hurdles the economy though dampened, showed no signs of being derailed and proceeded steadily. Though the growth rates were not very stable, the internal growth in infrastructure and public facilities were showing signs of betterment. Speaking about another large-scale transition of lasting impact, the time period of crucial importance for India was from the mid-1980s, and as seen earlier was important globally too. It was to place India on the global map with the impacts not just affecting the macro-economy but reached the micro-economic aspect by directly trickling to the individual citizens too. This decade marked the opening of the Indian markets in a stepwise procedure. Combined with the political happenings the process of transition shuttled between, cautious movements to that of haphazard plunge, from dirigisme to obeying of external obligations.

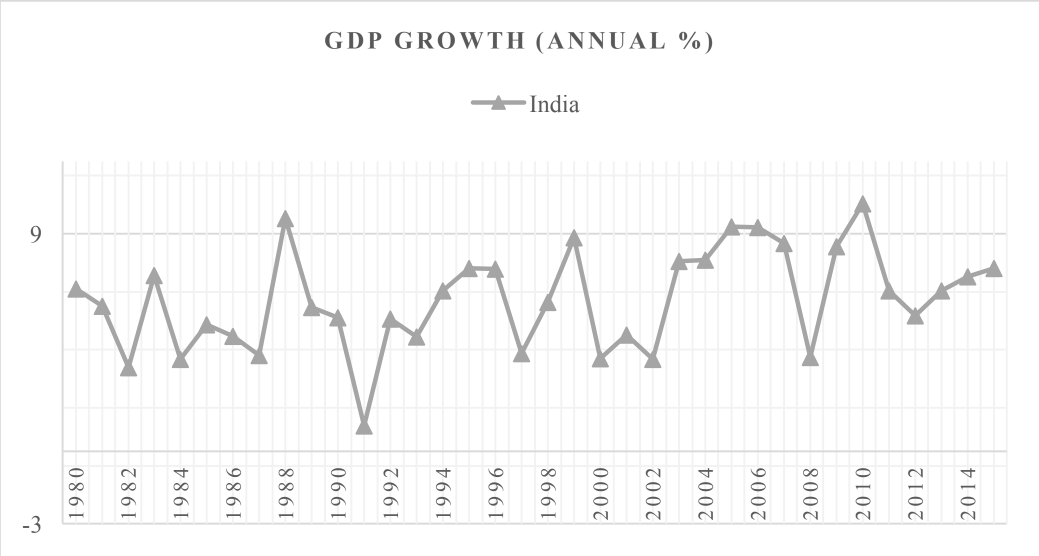
### *1.4.2 Early Phases of Liberalisation*

By the mid-1980s the Indian government, with the Indian National Congress in the rule had realised the need to be active participants in the international economic scenario which was changing dramatically. Just as the world was supporting the model of liberal economy, with diminishing government intervention; the government headed by Prime Minister Rajiv Gandhi launched its first phase of liberalisation policies through industrial liberalisation in India. This included reduction and in some sectors removal of the internal regulations and government controls. Participation from private players was expected (Nayak, 2008, pp. 122-127). This meant that various rules and regulations once stated by the government and the various levels of approvals to be taken from the state would no longer be the deterring hurdles for private entities wanting to play a part in once public enterprises. One of the major changes was the near abolition of the need of licences, for deciding the size or capacities of production, pricing and distribution for any business. These licences were once mandatory and extremely difficult to attain. But the new liberalisation policies marked the end of what was called as the Licence Raj.[14] This was done on recognising the need for competitive markets, which would deter the industrial sector from slipping into any form of stagnancy. This did succeed to gain enough domestic competition. At the same time care was taken that even as the markets would turn competitive the products manufactured by the private bodies would be affordable to the common Indian citizens. Further these changes were incorporated in a gradual manner assuring that the markets wouldn't have to face any form of a sudden jolt. This form of gradualism payed off and gave a sense of assurance that, remaining an introvert economy had its negatives effects, and a cautious approach would also assure that the common man wouldn't have to pay a price for the change in the economic policies.

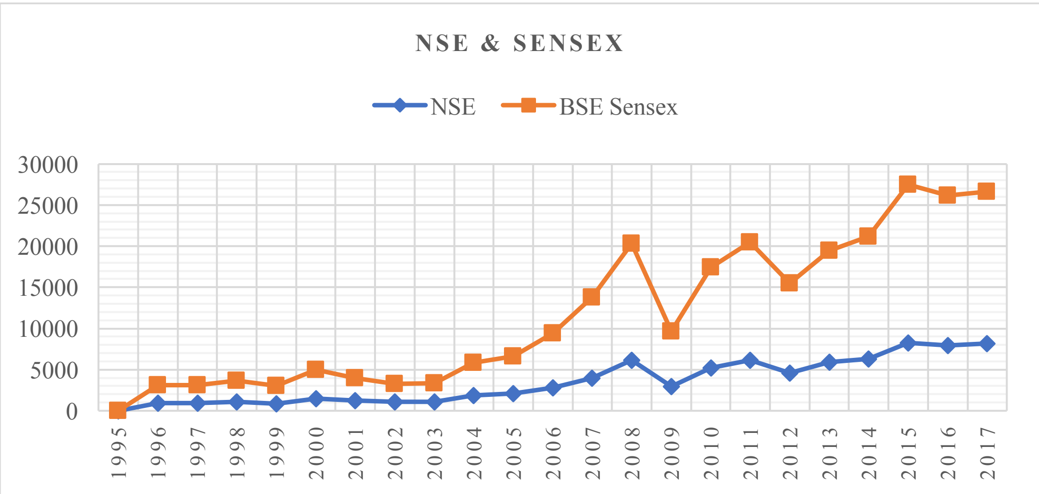
At this juncture, it is necessary to point that the Indian economy though not in a perilous state was already facing problems towards the BoP. The government spendings were way higher that the income. The trade deficit was also exhibiting a tight ropewalk. At this time liberalisation and the phase of fast increasing global ties, seemed like a solution as it would attract foreign investors. This would raise enough funds if utilised for production purposes. Given which, the second phase of liberalisation looked at the financial markets, trade barriers and exchange barriers. Even as the deregulation was proving to be beneficial, one had to take into consideration that India had opened its economy and was now finding a place on the international pedestal. Therefore, any change or error at the domestic level would have a direct impact on its image internationally; similarly, any international happening would have a direct or an indirect impact on the Indian economy. If looked at optimistically, it meant that foreign investors would be drawn to the country, Indian goods could be sold abroad, cheaper foreign goods could be available to Indians, etcetera; but from a conservative point of view, India had exposed itself to various external threats, strict competition, chances of exploitation and also of losing the strength for government control. Since the BoP crisis was looming heavy, the liberal policies seemed the only obvious solution. Further in the

1980s in order to deal with the BoP crisis India had borrowed from the IMF. Through the Special Drawing Rights (SDR) a loan of $5billion was drawn. This did give some space for the government to manage its BoP crisis.

Temporarily it seemed to have taken care of the situation, as the imbalance coupled with the then existing political scene and hastily drawn policies snowballed into an ugly situation. The steady flow of international borrowings was surmounting. The interest rate for which was choking. 1990 and 1991 saw the fall of two governments. The Union Budget was not presented in February 1991. Further in 1991 the ex-PM, Rajiv Gandhi was assassinated, in the midst of the elections, thereby giving a tumultuous image of the countries health internationally. At the same time the international oil shock aggravated the matter. The Gulf War (1990-1991) led to the soaring of the oil prices, tremendously increasing import expenditure and got the BoP situation in a far more difficult position than ever.[15] Evidently India's credibility was under serious doubt, and access to credit in the international capital markets plummeted. At the same time the government spending on the defence sector had been unreasonably large. This was mainly to portray its status as a powerful entity at a regional level. Further the international borrowings had been utilised not for productive purposes but for consumption – like fertilisers, petroleum, edible oils, paying for imports, and not for manufacturing or production, which in the long-run could have led to a source of income. With the rising interest on borrowings and growing expenditure the foreign exchange reserves had dropped drastically, to the level that India could barely pay for its imports for a fortnight. It had nearly reached a state of defaulting. With the first sight of danger, the non-resident Indians (NRIs) withdrew their investments, leading to a huge capital outflow. Various bodies from which money was borrowed seemed extremely concerned about repayments from India. Therefore, to maintain its international credibility the government shipped 20 tonnes of gold confiscated from smugglers, to raise $200 million in April 1991 from Union Bank of Switzerland through a sale with repurchase option. Later in July 1991, further 47 tonnes of gold from RBI was shipped to vaults of the Bank of England and Japan through a sale with repurchase option. This reassured the donor and the lenders that India would repay the loan at any cost (Bhaduri & Deepak, 1996, pp. 25-30). The weakening of the Indian economy can be understood by studying the movements of the Gross Domestic Product (GDP), the Bombay Stock Exchange (BSE) and National Stock Exchange indices as shown (Graph 1-1: India – GDP; Graph 1-2: NSE & BSE Indices). The fluctuations in the GDP and the BSE give an exact idea of the situation.




*Graph 1-1: India – GDP*




*Graph 1-2: NSE & BSE Indices*

Later, after the Indian National Congress came to power again in mid-1990, it had to make arrangements with the IMF, to deal with the scenario of repayments, internal BoP crisis, and inflation. This was another step taken to assure India's desire to correct the current situation, leading it towards better economic health and also towards repaying its debts. Given which charge was given to the IMF and the World Bank. These bodies with their conformity to the Washington Consensus[16] predictably decided to implement its Structural Adjustment Program (SAP) to take care of the crisis. Their primary concern was to get the numbers related to the BoP and inflation right, over development, employment and sustainability. The SAP, aimed at achieving the economic parameters as desired digits, this was done by largely overlooking the softer aspects of development and its direct and harsh impact on the citizens. The early measures taken under the SAP were to drop the interest rates, opening of markets, lowering tariff barriers and of devaluation. It overlooked the fact that with devaluation, imports would be much more expensive, at the same time non-productive.

Now other options like realty and collectible assets started finding international interest as with the devaluation of the Indian Rupee, they were now affordable through stronger currencies. This was also coupled with the increasing global connectivity through the use of the internet, which will be discussed in the following section. At this juncture, it is necessary to mention that the devaluation in the Indian rupee had been a matter of interest for the art collectors, especially those from the western foreign land. This allowed them to procure works of Indian artists at a lower rate. There is a strong possibility that the auction houses too could have had a similar interest; speculating in the bettering of the economic health of the country in the near future as it was now guided by the IMF and the WB. This is the time the Indian market for the Modern artists started rising. With the works of established masters like F. N. Souza, M. F. Husain, S. H. Raza, etcetera available at a relatively low rate, the investors made benefit of the devaluation. Further it is important to mention that they would invest in masters and not ‘bet’ on the new or young artists. This was still the time when a cautious and studied approach was undertaken by buyers and collectors in building their collection. So, it could be said, that even as the country suffered from the economic crisis, the foreign and NRI investors benefitted and nearly kick-started the steady art market in India. Though this was an infinitesimally small part of the Indian economy it strongly holds relevance in setting the trend of interest towards Indian artists in the following years, as the art market in India started finding interest from the same period and it grew drastically in a few years; and the phenomenal price increases in works of the mentioned masters were always used as cases to lure more and more investors to buy works of Indian modernists. One cannot forget that majority of these modernists had already had an international presence, and a significant mark in India, therefore were not new names to these western collectors. Their works were already seen in significant international shows and were part of reputed collections. Therefore, now the art market not just stressed on the historic importance of the works and the artists but also started projecting the monetary benefits associated with it. The same shall be discussed in detail in Chapter 3.

Getting back to the Indian economy, liberalisation also marked the entry and establishment of new entities in the banking and insurance sector. The nationalised banks and insurance bodies started facing competition from newer partially or totally private counterparts. From the early 1990s itself conceptualisation and formulation of the Indian private banks took place, namely, Axis Bank Ltd., Development Credit Bank, HDFC Bank Ltd., ICICI Bank Ltd., IndusInd Bank Ltd., Kotak Mahindra Bank Ltd., Yes Bank Ltd., etcetera (List of Public Sector Banks, RRBs, Private Sector Banks And Foreign Banks, n.d.). These entities functioned on manners extremely different from the state-controlled bodies. Unlike the conventional ones these entities had a strong sense of increasing competitiveness, expansion of facilities – like number of branches and access points to customers. Most importantly those related to the operations shifting on the web, in comparison to the voluminous paper records and of involvement of manual labour; the aim was to have minimal staff and superior web based technology. Another striking move was towards 'plastic money' through debit and credit cards. These were some of the Unique Selling Points (USPs) of what were categorised as the 'new private banks'. Unlike most of the public sector or nationalised banks which worked in a conventional fashion, these banks also provided facilities for investment purposes and wealth management. Their fields were diversified and thereby looked at catering to the multiple needs of the customers. Though still viewed, as not so protective in character in comparison to the nationalised banks, these banks softly aimed at increasing the consumerist tendencies of their clients.

Along with the domestic banks the foreign banks, having a presence earlier, started expanding their web, and some freshly entered the market. Interestingly some of the services offered by these earlier existing foreign banks made the Indian banks rethink and restructure some of their stands. The insurance sector too saw an expansion and change. The restructuring of the old companies, was coupled with the entering of foreign ones. There were also mergers of foreign and Indian companies. Apart from personal insurance, these private general insurance companies started providing covers for collectible assets too, including art; to name some, Bajaj Allianz, ICICI Lombard, TATA AIG, etcetera. These banks and insurance companies primarily looked at the branching of operations, many took help from the foreign counterparts. For example, Deutsche Bank has had a long history of collecting, investing in art, providing art management services, facilitating loans to buy art and considering them as collateral for loans. It could be considered as a prominent example – by successfully branching its duty as a bank, in art collection and investment. This is done by providing and publishing material for individuals interested in not just the financial and logistics of managing art works, but also in terms of trend analysis. Considering the same, the Indian private banks started providing loans and financial facilities for buying art and treating them as collaterals. So even as the rupee devalued, there were newer investment options which caught interest of the global investors and the banks played a crucial role in facilitating the same.

Getting back to the Indian economic crisis, the process of liberalisation was undertaken not just in the banking sector but in other sectors too. Again, in adherence to the Structural Adjustment Program implemented by the IMF-WB, it opened the financial markets, foreign trade and exchange rates. This was a large step, as it would require opening up of the domestic sectors to the international arena, further implying direct confrontation with the international competition. The high import tariffs were levied, with the intention of lowering imports; but this also implied that imports would be extremely expensive. The lowering of tariffs and exchange regulation assured that the Indian producers could export their goods abroad; at the same time, international products would be less expensive to the Indian market. This sounded promising considering that the market had widened for Indian goods. But this strategy grossly overlooked the fact that an entry into international markets meant that the products would have to be qualitatively competitive, which was majorly not the case. Indian products were not matching the global standards. With relatively cheaper international goods, people in India got better quality imported products for a similar price. Thereby the Indian manufacturers lost the domestic market at the hands of the relatively cheaper imported international ones with similar or better quality, and were anyways holding no grounds in the foreign markets. This also meant that even as import tariffs had increased there was no lowering in the import levels, as expected through the SAP. The increasingly expensive imports and the lowering of the exports worsened the matter, thereby lowering of the overall profitability in the trade sector.

Further with the opening of the markets for investments meant that the returns on investment to the international investors had to be at a high rate. This also implied that India would have to provide a proper infrastructural setup – power, roads, ports, water, etcetera, to meet international standards. For those who had invested in, say, the mining sector of the industrial sector has to be provided with good transport, electricity, water, basically providing a perfect platform for running the logistics for industries. This would ensure that the investors would not look out for better opportunities in other countries having similar natural resources. Along with the spending on these infrastructural activities, the borrowing from international lenders would also require making return payments keeping international interest rates in mind. In spite of having had the past experience of sudden cash outflows, the government allowed portfolio investment from international investors. These were withdrawable investments, without any specific lock-in period. Evidently this in the worse form could destabilize the economic scenario in case of sudden capital outflows.

One of the largest drawbacks of this form of investment was that, most transactions took place in the secondary markets. This meant that the investments would not aid the basic production levels, but would be pure speculative amounts. At this juncture had the government taken a back-step on the spending on defence and would have invested the international borrowings on productive industries rather than on paying for imports and consumption the BoP crisis wouldn't have taken such a bad shape. Further the need for the drastic adoption of the Structural Adjustment Program could have been largely ignored. The program got India to undertake the process of deregulation and liberalisation in a nearly mechanical manner without measuring the actual requirements, namely of, poverty, education, employment, healthcare management, etcetera, which had been of prime concern for India ever since its formation. Therefore, it could be said with certainty that India's adoption towards liberalisation and setting ties at the global level was an extremely haphazard and hastened process, initiated through the SAP. India never got / took a chance to make use of the borrowings, by boosting its true potential through manufacturing and productive development. It was just an act of borrowing to take care of some expenses, bailing out from the debt crunch, and not making use of the money in had to stabilise itself. It seemed like an unending vicious circle of borrowings and expenses. In-spite of the same, the better aspect was that India had not drastically and largely opened up to the international scene. Therefore, the government still had a considerable part of the economic reigns in its hands. This gave the necessary regulatory control as the economy had never taken an aggressive stand earlier.

Since the process of liberalisation had placed India in the global arena, various international happenings too affected the domestic scenario. Two major happenings, which took place within a span of ten years, played a crucial role. Firstly, the aggravation of the crisis was seen in the 1997, through the South East Asian Crisis, called as the 'Asian Contagion' which was a result of devaluation of currencies across this region. In-spite of the regional crisis India suffered relatively less as it held a partial conservative stand with the state not directly intervening but being cautious in opening the economy further. Secondly, the 2008, GFC - Global Financial Crisis, was a shock that barely left any country untouched. The crisis was a direct outcome of the deregulation of the finance industry in the US. Banks started taking extra risks towards subprime mortgages. This category consisted of individuals who would have difficulties in maintaining the Equated Monthly Instalments (EMI) or any equivalent repayment schedules. The Federal Reserve increased the fed-fund rates[17] in 2004, thereby making it difficult for the banks to manage their profitability. The housing market sensed that the interest on housing loans would rise in the near future, given which the demand for housing sale dropped drastically. Consequently, the prises of real-estate too dropped. But those homeowners, who had already bought homes, were now struggling to pay the rising interest rates. Further due to the falling prices of the real-estate they were unable to sell their current homes for a fair price. As a result, many of them defaulted, and so did many banks as the list of defaulters increased.

One such investment bank which stood as a mark of the deregulated markets and a high risk-taking entity was the Lehman Brothers. Due to the fall of the housing market it faced a massive blow. The collapse of the Lehman Brothers on 15th of September 2008 (Figure 1-6: Lehman Brothers, New York City), raised questions against the continuation of the era of free markets for which the Lehman Brothers stood as an example. It was a Monday, and the declaration of bankruptcy by Lehman Brothers, sent a shock wave through the stock markets, giving rise to intense negative sentiments, leading to the crash. It was infamously called the Black Monday. Numerous people were unaware that they were to lose their jobs, as they were as usual reaching their workplace on a Monday morning. The free market economy proponents too were looked upon with deep suspicion. The economies which supported it were evidently affected. In the case of India and China due to their partially closed stand towards the international markets remained relatively less hurt. Yet what affected India was the instability in the market. Suddenly there seemed to be stagnation in the inflow of investments, though not of sudden withdrawals as witnessed earlier. It is interesting to note that Damien Hirst was having a one of the kind solo auction at the Sotheby's London the same day of the Black Monday. At no point was there any dampening of spirit of the buyers despite the massive economic crisis.


*Figure 1-6: Lehman Brothers, New York City*

Given these details of the step by step happenings of India's attempts towards economic liberalisation, the chapter on the Indian Art Market shall draw a parallel with the same, that is, the haphazard adoption of liberalisation and deregulation, yet a conservative stand by the Indian economy without a proper infrastructure to support it, to the haphazard growth of the Indian art market which had no possible structure at all before the inundation of the international interest in the 1990s. The attempt would be to trace the similarities in the character of investment and also of the global happenings which have played a crucial role in shaping these two entities under consideration due to international influences.

Even as there were debated about the boons and the shocks of liberalisation, another aspect of the same was adopted by all in an undisputed manner. It was that of technology acquisition, which aimed at the upgradation and enhancement of the current structures leading to international competitiveness. It is through the introduction of the extensive technological ties that one of the most important assets of India– its intellectual capital got the required attention. Here we are not speaking of just the skilled labourers, but of individuals with specific educational background and superior skill sets. These benefits of what was called the global - Information and Communication Technology (ICT) revolution which gave a different dimension to various industries. For the first time, India seemed to be connected to the world and was becoming a global contestant in a true sense. Even as the economy didn't show as positive signs of rapid growth, globalisation got to the forefront another aspect of the country's hidden potential – its intellectual capital. It was a known fact that with the poor performance of the economy, the country wouldn't be in a state to absorb and utilise the expertise of its own people in terms of high paying jobs. With this the absorption of the talent took place either as an outsourced entity working for a foreign employer while placed in India and the other of the transnational individual, trotting across countries without having a strong sense of rootedness. The same was possible as the interconnectedness brought about by the information and communication technology started breaking the notions of a physical space, a country and also of time. The globe never seemed so deeply, widely and temporally connected as with the advent of the ICT. The ICT together with the profit maximisation tendencies of businesses gave rise to a new form of business structure, which characterised the notion of de-territorialisation of the globalised world aptly. This was perfectly characterised by the Transnational Corporations (TNCs). Before the aspect of technological progress is discussed, it is necessary to understand the character of the TNCs as their presence played a dominant role in the expansion of the technological usability and of the intellectual capital of India.

## 1.5 Free Markets or Economic Colonisation?

Till now we have been continuously speaking about the opening of the markets, borders finding dissolution, countries regardless of their size and strengths finding place for participation. Even as we analyse global connections in terms of quantified data a look at the qualitative impact of the same gives it a holistic image. Evidently the 1990s got about a shift in focus towards the East. These markets originally called as underdeveloped or developing markets suddenly were being addressed as emerging markets. This gives an idea of the hidden potential of the countries which had to be used for generation of profits. The TNCs both played a vital role in doing the same. The Multi-National Companies (MNCs) with their presence in various countries were characterised by a home country and need for building a stable, long-term, relation with the host countries. The TNCs on the other hand reflected the same fluidity of globalisation. Believing in the theory of comparative advantage, the sole aim was profit maximisation. At times, it wouldn't intend to have a presence for a longer duration too, for example in case of mining contracts. With the exhaustion of the natural resource or with the lowering of profits due to wage increase, increasing costs of logistics, political interventions, etcetera, the company would immediately withdraw its functioning. In spite of such a volatile tendency the developing countries welcomed them; the primary reason being that, the TNCs had the capability of filling the financial void of the investable capital and of the superior technology, which they could share with the developing countries. The TNCs and the FDI (Foreign Direct Investment) flows stood synonymously, which these economies have been in no state to reject or simply let go, due to local rules and conditions. Further with the strong financial backing TNCs have been able to negotiate with the developing countries with a certain upper hand. Moreover, these companies work through mergers and acquisitions, thereby clubbing interest of various business entities; making it more difficult for the governments to enforce rules as even businesses from host countries are involved, or big and rich giants from foreign lands. At times the TNCs procure loans from local banks, at lower rates and also enjoy the currency exchange benefits.

With no certain long-term sustainability, employment or labour regulations to be followed, the TNCs enjoy the place of privilege; implying that these bodies could get labour or employment from any country even as they functioned in another one. Therefore, there is rarely a sense of responsibility towards locals. Unlike many MNCs, where there would be an interest in the development of the regions of functioning, the TNCs have been able to do away with it. To them the corporate social responsibility is trivialised to that of public relations (Madeley, 2003, p. 37). Certainly, they have contributed to the mobilisation of funds, but have in many cased killed local industries. This is not a debate of the preferences towards home production over the imported products, but of the sheer manner of functioning. The TNCs have largely altered the - production, distribution and consumption (PDC) patterns, nearly getting the locals addicted to relatively cheaper foreign goods. Another aspect is that of getting work done through what became the buzzword, ‘outsourcing’. It is through the rise of the TNCs that India was looked upon as an outsourcing hub and emblemised the offshoring of jobs, especially in the field of - IT. One of the quintessential examples is those of the BPOs or the Business Process Outsourcing. Various tasks would be done from places distant to their actual effect. Even as teams would work around the clock connecting various time zones, there would be a high possibility where team members had never met in person. Another example of such a functional process was that of the Call Centres. These centralised units would cater to large number of telephonic requests coming from across the globe. It is interesting that these centres marked the creation of a pseudo identity for various employees by providing accent training. The employees had to sound like their western counterparts, to prove that the call was being attended by a global entity. The regional accents had to be shed off. Similarly, the numbers for these lines too would not carry a country code. The aim was to make the operations sound uniform and global. This way of working hinted at the tendency of not just finding talent, but also of talent at a lower cost, and yet managing to retain a global flavour. This is also the time, when a term like ‘netiquette’ came into usage. The term encompassed the net-etiquettes which the users were to follow. Further this term was accepted as an official word by most of the dictionaries.

As India rose as an outsourcing hub, China on the other hand rose as a manufacturing hub (Dickens, 2001, pp. 2-4). To cite another example, in the metropolis of Mumbai, more than half of all foreign companies that are currently active were established after 1985; more than a third entered the city after 1999 (Grant & Nijman, 2002). Majority of these were finance companies comprising banks and investment brokers. The TNCs have also been responsible for the selecting the individuals with superior skill sets and providing jobs in various locations across the globe; creating a category of transnational individuals. These individuals were a part of the global arena and had to inculcate the same culture. This meant that offices of these businesses would have similar designs and aesthetic appeal, leading to what are called as Transnational Structures. One of the examples of such structures is the glass façade buildings, which nearly symbolise the glossy corporate multi- and transnational culture. Now the business identity in a tangible office stands strong regardless of any location, such that the local somewhere gets subdued to worse, erased. This can be seen in the similar structure of the office of the company Yahoo, as seen in the US (Figure 1-7) and in India (Figure 1-8). Further the need for having offices in prime locations or at least the next prime locations within cities, has led to gentrification on large scale. This has been observed not only in India but globally. The only difference is the manner in which gentrification takes place; either retaining the original character of the earlier existing structure and the aesthetics over a complete obliteration of the same. These changes along with the large scale infrastructural activities in urban spaces led to the transformation of the character of the cities.

*Figure 1-7: Yahoo! Burbank, US*

*Figure 1-8: Yahoo! Bangalore, India*

Along with the traits associated with the businesses, there are changes that came about in the lifestyle of the transnational individuals too. With its underlying need for having an 'international experience', many of the host countries saw new entrants in lifestyle brands. Suddenly the glass façade buildings found a domestic and public facility through the malls. If one takes the example of India it was evident that in the 1990s, the mall culture had set foot and found its ground immediately. Then just to name a very few, international brands like Adidas, Nike, Puma, Arrow, Louis Philippe, Blackberry, Nina Ricci, Burberry, McDonald's and thousands of others found a vast market. This in a way led to the feeling that something large was happening, the world was so closely bound that everything was now available at a close call. The question to be asked was that, were majority of the Indians equipped with the financial power to enjoy these brands? The fact was that this was a pure 'metro-centric' phenomenon. The satellites of these metros then were still untouched by it, let apart the rural areas.

The mall culture further led to the standardisation of product demand and to a large extent killed the local or domestic players. The individuals with higher spill over income preferred the international brands over the domestic ones. This has largely been called as 'economic-colonisation' or 'neo-colonialism'; characterised by the dominance of a foreign, especially economic power having an indirect control over developing countries. This attitude has been viewed as an extended version of the capitalist tendencies with respect to the businesses. An outcome of which at an individual level has been the installation of a strong desire towards consumption. Further the presence of standardised products over the local varieties has been looked at as a steamrolling of local cultures and in an exaggerated version been labelled as has Americanisation or McDonaldisation.[18] These socio-cultural impacts shall be discussed in detail in Chapter 2, as in this section we shall restrict to the economic aspect of the same. Further the aspect of the changing topology of the city-scapes due to globalisation has been as important issue which various artists have addressed through their works, shall be discussed in Chapter 4; ranging from the gentrification of the mill-lands of Mumbai to the changing character of Bangalore from a garden-city to that of an IT-city.

Even as we speak of the pros and cons of the international businesses setting foot in the developing countries, what is of particular interest is not just the outcome but also the manner in which the same has taken place. This certainly isn't a simple process as we seem to be inextricably a part of it. Globalisation unlike internationalism which also connected countries, looks at the functional integration, of creation of a deep enmeshed web of connections and interdependencies (Dickens, 2001, pp. 55-57). This has been possible not just with the desire of expanding financial gains but also because of the strong technology to support. Therefore, the ICT forms the core of the globalised processes.

### *1.5.1 The ICT and Globalization*

In the contemporary globalised world if asked about the requirement of technology, the answers shall range from extremely personal ones of using individual mobile phones to those of financial markets, with their needs of transferring volumes of funds, without geographic or temporal hurdles. This need for technological support can be considered as an inevitable aspect of one's life. As explained earlier neoliberalism marked the movement of both vested interests of nations and corporate requirements, and of funds and investments across borders. Not necessarily in a negative sense but the need for profit maximisation of businesses made entrepreneurs looks beyond the local scope, to explore and invest in fresh grounds beyond the limits of one's country. Thereby businesses started losing their local flavour to become standardised processes to be adapted and fitted for business models across the globe. This spread across countries was possible mainly due to the progress in the ICT. A technology which has now become an integral part of our daily lives – both at a professional level and personal level; it was instrumental in catalysing the process of global integration. It is certainly a known fact that technological advancement has always been the motor towards progress. Be it industrialisation, mechanisation, military proficiency, etcetera all have had certain economic contributions. Such that the benefits of which are not restricted to its own field but certainly cascade on the economic prosperity.

Similarly, contemporary globalisation too found its catalyst in the technological progress, which was not restricted to a certain region but spread across the globe. The need to mention this is that, regardless of its country of origin the internet technology was spread across, transferred and adopted by various countries in an absolutely un-hurdled manner. At no point was there scepticism to adopt the same. To an extent it marked the standardisation of processes and practices to be followed.

The fibre-optic cables and the new satellite system provided a mechanism to connect the world through the internet (Steger, 2013, p. 43). The internet became a medium for providing information and dispersing knowledge to anyone who had access to it. This opened a window to a different level of assimilation of information, knowledge, data, and also for participation. To an extent it marked the democratisation of participation and also seemed like an act of empowering its users regardless of locational relevance, nationality, time, economic status, etcetera. This character has often been compared to that of globalisation which aimed for the same. These massive transitions were like assurances that the world had entered into the Information Age, and being positively engulfed by it was the most obvious outcome. As Joseph Stiglitz says, that globalisation 'reduced the sense of isolation' (Globalization and its Discontents, 2003, p. 4) amongst the individuals from the developing countries. This not only gave individuals opportunities for participation but also made them aware of their rights.

Further the hurdles of physical presence and need for being interconnected through human or tangible ties was witnessing dissolution. Even as financial trade existed over centuries, the advent of the virtual medium marked a departure from physicality of the same, further enhanced by the drastic reduction of time required. In terms of trade, transactions, business deals, job hiring processes, holding meetings, transferring funds, connecting to people, etcetera, parameters like – geographic distance, time zones and working hours, the extended duration for execution of tasks, differences in processes, communication hurdles, nearly seemed like obsolete terms.

The wireless network, internet, digital media all marked a shift from the physical world to a virtual space. The deep and wide networks and connections became a characteristic of the globalised world. The computer would handle loads of data, with minimal error. The fear of human beings being substituted was looming heavy. The notion of speed took a different level with the advent of an e-mail, being used not just by business class and government officials but it soon became a part of a common man's life. The postal system already seemed to be outmoded. The wireless mobile phones with the message services further contributed to it. The internet search engines would provide volumes of information within a few seconds, drastically reducing the time taken to procure what was required. By the 1990s phrases like 'at the click of the mouse', 'the world is inextricably connected', 'virtual tours', 'live 24 × 7', 'the world is getting smaller', 'shrinking distances', 'shop without a going to a shop', 'life in real-time' etcetera all characterised the way the notion of speed, time and human connectivity were finding new connotations.

Bill Gates, ex-CEO Microsoft, in the introduction to his book, *Business @ the Speed of Thought: Succeeding in Digital Economy*, he speaks of businesses being connected to the changing demands brought about by the new age technology. According to Gates the 'personal' in the personal computer market the empowerment of individuals with a powerful tool for procuring and processing information and knowledge; further the internet technology marked not just the connecting of two or more individuals but of what he calls as a universal space (Gates & Hemingway, 2000).

In the field of art and culture too there was a considerable impact of connectivity and businesses building on it. Apart from the businesses the governments of various countries started creating virtual archives of their traditions, arts, culture, heritage, history, etcetera with a sense of pride. For example, the Lascaux caves, in France could be viewed virtually. The viewer sitting in any country could take a virtual tour of the same. The primary aim was of not just making material available for people to view but also of doing it innovatively, and reaching to larger masses. In the field of Contemporary Art too ICT brought about a massive transition which changed the entire logic of seeing, liking and procuring works. Earlier the Indian art market was extremely close-knit, with transactions taking place just through specific channels. Only some known faces and a particular economic class held the reigns. Being a near secretive market, at times it was tarnished with fake and fraudulent deals too, thereby deterring potential new entrants. The use of black money to buy art was also a known fact, but was untraceable. With the advent of online auctions this practice broke down to a large extent. Further it took advantage of the non-requirement of locational physical presence. Any registered buyer sitting anywhere could procure a work – by booking the works and transferring funds online or by cheque. These online auctions have been credited to bring in an increased level of transparency.

Stating about the impact of the ICT by no way should be seen as slipping into technological determinism, but of understanding the tremendous potential this catalyst had. It wouldn't be an emotional statement of glorification to say that without the ICT globalisation would have still not had such a global character. Even as we trace these causal factors and the consequences leading to the transitions that have been witnessed over the past few decades, we realise that globalisation is both a process and a condition. Borrowing from Manfred Steger we shall also adopt the term 'globality' or 'globalism' to signify a social condition, characterised by global integrations, and international flows making borders irrelevant; and 'globalisation' as a set of processes the social condition of conventional nationality into one of globality (Steger, 2013, p. 9).

Be it the social condition or the process, globalisation has not been immune to critical analysis. Has globalisation been good or bad, for the developed countries with mature economies, or has it made the developing nations worse off, has it led to technological progress to raise the level of unemployment, or has it provided high paying jobs to a few as the rest of the poor suffer further, has there been an equal pedestal for participation or have the inequalities within nation states increased, have the interconnections helped spread cultural awareness or will standardisation be the eventuality erasing the local and the regional, these are just a few questions that have been characterising the polarities within globalisation.


*Figure 1-9: WTO Protest Signs*


*Figure 1-10: WTO Protests in Seattle*

Nevertheless, it is true, that even as globalisation is fraught with criticism of creating rich countries with poor people. Ironically in the process of catering to its aim of deep-rooted connections, it unified people from across the globe to protest against globalisation, seen in protests held against globalisation in 1999 at Seattle,[19] where further rounds of discussions on trade liberalisation were to take place (Stiglitz, Making Globalization Work, 2007, pp. 7-19). The protests marked the concerns of the people, ranging from local farmers' concerns on imports of subsidised crops, of jobs being outsourced to those of healthcare and education (Figure 1-9; Figure 1-10). These protestors, being a part of the globalised world and having experienced its actuality came together against it. Some supporting people from other countries, connected by their ideological stands and having shared their views and formed the protest group on the internet itself. Regardless of their nationality which anyways has witnessed dilution, the people themselves stood together against globalisation as exemplars of non-territorial globality, attesting our departure from the earlier existing 'modern nationality' and moving towards 'postmodern globality' (Steger, 2013, p. 10).