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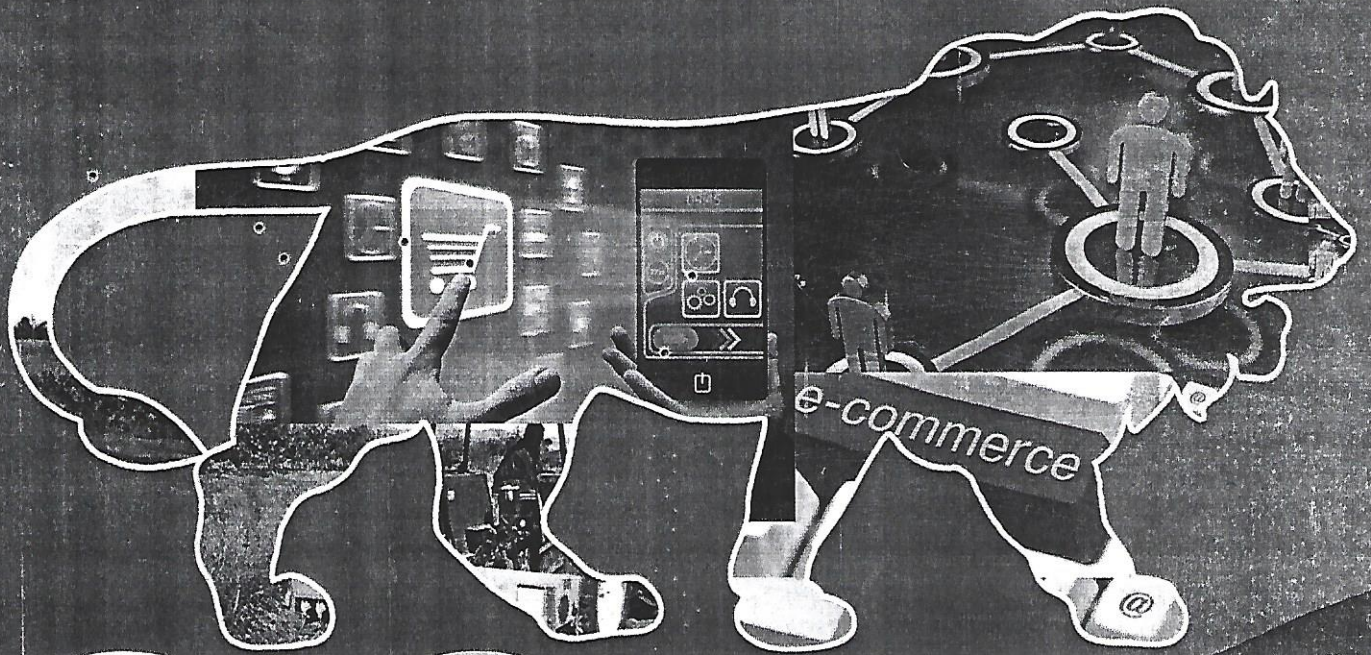
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Current Scenario Issues and Crises in LPG its Impact on Indian Economy

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Introduction:-

Indian economy had experienced major policy changes in early 1990s. The new economic reforms popularly known as Liberalization, Privatization and Globalization (LPG model). Our economy is a mixed economy i.e. private sector, Public Sector and Co-operative Sector. To achieve the growth we have adopted Five year Plans from 1951 and onwards. In 1991 there was a serious position of our economy. Our economy was entered into liberalization globalization and Privatization policies. We liberalised our economy and make our market global such as think locally and act globally. Our static economy changed viable.

The term globalization is often associated with international business. The IMF has defined globalization as, "the growing economic interdependence of countries worldwide through increasing volume and variety of cross border transactions in goods and services and of international capital flows, and also through the more rapid and widespread diffusion of technology." Various changes taken place. Every day there is a change so that the world markets become competitive. Revolutionary changes taken place such as close economy to open economy, regulated economy to deregulated economy.

The 1991 crisis was marked by a severe, external sector crunch and it acted as a trigger for the big bang reforms of the early 1990s. A Foreign exchange crisis in 1991 induced India to abandon decades of inward-looking socialism and adopt economic reforms. When the reforms began in 1991, critics claimed that India would suffer a "lost decade" of growth. They warned that opening up would allow multinationals to crush Indian companies. All of these dire predictions proved wrong. Indian businesses more than held their own, and many became multinationals themselves. Booming revenue from fast growth has financed record government spending on social sectors and safety nets, even if these areas are still dogged by massive corruption and waste.

Objective of the Study:-

The main object of the study is to explain and examine the issues and crises in LPG and its impact on Indian Economy in India.

Methodology of the Study:-

The study is mainly based on the analysis of all the available secondary data related to issues and crises in

LPG and its impact on Indian Economy. The paper is based on secondary data such as relevant books, journals and internet.

LIBERALIZATION:-

Liberalization does not mean simply inviting a good number of foreign companies or MNCs on whatever terms with whatever objectives in mind and in whatever sector, indiscriminately. By implication, economic liberalization suggests that the entire opening up of the economy should ultimately be for building up the strength of our own. Some of the measures adopted in connection with the liberalization strategy include the following:

1. Relief to foreign investors,
2. Devaluation, of the Indian rupee,
3. New Industrial Policy,
4. New Trade-Policy.,
5. Removal of import restrictions
6. Budgetary policy,
7. Liberalised Exchange Rate Management Systems (LERMS),
8. Memorandum to International Monetary Fund (IMF),
9. Liberalisation of NRI remittances
10. Encouraging foreign tie-ups,
11. Narasimhan Committee Report
12. FERA and MRTP relaxation,
13. Decontrol of steel,
14. redefining SEBI's Role
15. Privatisation of public sector,
16. Simplification of industrial licensing
17. Banking and financial sectors reforms
18. GATT Agreement

Opportunities of new policy adopted in 1991: -

The new policy adopted in 1991 and on words created the following opportunities

- 1) **High GDP growth Rate:** - India becomes one of the fastest economies in the world. The GDP of India increased from 3% to 8%. Where as many Nations have their growth Rate of GDP is 2%.
- 2) **High Nominal GDP:-** Our economy is on the 10th Rank in the world having high nominal GDP.
- 3) **Youth Population:-** International Labour Organization (ILO) estimated that in 2020 the India has 20-24 age group population will be 11 crors & 60 lacs whereas in China it will be 9 cror & 40 lacs.
- 4) **Rising middle class & upper middle**

class:- In next 5 years there will be 67% increase in middle class and size by 26 cror & 70 lacs in 2015-16.

5) Quality Human Resource:- There will be a higher proportion of people which technocrat and speaking English.

6) Strong Natural Resources:- Our country have strong natural resources such as water, Minerals and metal etc.

7) Stable political conditions:- we have a strong democracy and stable political conditions which will helpful for growth.

8) Strong cultural & Spiritual values.

9) Strong Information Technology base:- India have a strong I.T. base of which growth Rate is 35%. An I.T. sector contribution to GDP increased 10 times and also contributes in export is increased from 4% in 1998 to 26% in 2010. Employment in I.T. sector is Direct 2.3 million and Indirect is 8.2 million. The GDP contribution of I.T. sector is equal to U.S.A.

Challenges:-

1) Poverty:- Govt. Claims that poverty is declining in India such as it was in 1993-94 - 36% to 27% in 2007. But the ration in reality according to Tendulkar Committee it was 37% in 2007 and according to United Nations Development Programme it was 55% where as in U.P. it was 69% and that of Maharashtra was 40%.

2) Inequality:- In our country income of top 10% people holds 33%. There is also inequality about gender and regional.

3) Employment:- declining in employment growth rate from 2.3% of 1983-94 to 0.98% in 1994-2000. Presently unemployment rate is 7.3%. That is our growth is such as jobless growth.

4) Education:- In our country 35% population is still illiterate. Only 7% students reach to graduate. 25% of teaching positions are vacant. 57% of college professors lack of Ph.D. There is problem of Sarva Shiksha Abhiyan. We have to improve the quality of education.

5) Infrastructure:- lack of qualitative infrastructure facilities like transportation, roads rails air connectivity etc.

6) Health:- In this regard our country ranks 136th in the human development Index and also 88th Rank in Global Development Index out of 110 countries. HDI is measured on the basis of education, health and Standard of living.

7) Inclusiveness:- we have think about Growth of all or Growth of some?.

8) Corruption:- In India corruption have mind boggling figures. India ranks 72nd in the world. Monetary value of this is Rs.21068 crors.

9) Huge Black money:- Swiss Bank Directors says us that Indians are poor but not India. Money deposited in swiss Bank is Rs. 280 lacs cror which can be used for

a) 30 years Tax less budgets

b) 60 cror jobs to all Indians
c) Rs. 2000/- monthly to every citizen of 60 years of age.

d) No requirement of Loans from World Bank or IMF.

10) Agriculture:- Agricultural growth Rate in contribution to GDP is also declined from 32% in 1990-91 to 16% in 2009-10. Increase in farmer's suicide National Crime Record Bureau stated that in 2010 it were 17368 in India and that of Maharashtra 2032. There are also the problems of modernization, irrigation, productivity in agri. Sector.

11) Environment:- India's population is 17% of the world's population and having land only 2.4% of the world land. There are so many problems such as loss of bio-diversity, pollution of water, air, noise etc. Road dust due to vehicles also contributes up to 33% of air pollution.

12) Present economic crisis (i.e. causes of value declining of rupee):- are as under

- a) Current Account Deficit: - it is 70 billion dollars
- b) Increasing Imports in gold, crude oil, coal and other
- c) Sharp depreciation in rupee against dollar.

Conclusion:-

The economy of India is the twelfth largest economy in the world by nominal value and the fourth largest by purchasing power parity. In 21st century, India is an emerging economic power with vast human and natural resources and huge knowledge base. Economists predict that by 2020, India will be among the leading economies of the world. In 2006 India become the 12th largest economy at current exchange rate and 3rd largest PPP terms. India's GDP growth performance has been ever more averaging 8.5% per year. In 2007-08 it was 9.4%. It was the result of second generation reforms held in different sectors like public sector, financial sector, and agriculture labor reforms. Due to expansion in IT and BPO financial services, Telecom, new employment opportunities become available, new middle class emerge in economy characterized with husband and wife were employed in three sectors. Last ten years have seen a drastic change in Indian business environment. This was started when Dr. Manmohan Sing took first step towards liberalization of Indian economy. The liberalization was not a voluntary step but it was compulsion. Globalization is now widely accepted as a development technical change. It is integration of third world countries with developed countries.

We have to decide whether development means affluence or whether development means peace, prosperity and happiness. Lastly our future depends not on what will happen to us but on what we decide to become and on the will to create it.

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