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ON

"Recent Economic Reforms & Its Impact on Industrial Development in India"

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Recent Economic Reforms in India

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18 **Research Paper - Economics**

Introduction:

India is the largest economy in the world having more than 125 crore population. The economy of India is the twelfth largest economy in the world by nominal value and the fourth largest by purchasing power parity. In 21stcentury, 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. 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. It was during Narasimha Rao's Government in 1991, that India met with the economic crisis which occurred due to it external debt, the Govt. was not able to make the payments for the borrowings it had made from the foreign countries. As a result the government had to adopt new measures to reform the conditions of the Indian economy. The crisis of 1991 happened largely due to inefficient management of the economy of India in the 1980's. The revenues were not sufficient of the government to meet the increasing expenses. Due to the failure of earlier economic policies till 1990 there was a need for new economic policies.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. India agreed to the terms and conditions of WTO and new reforms were introduced. These economic reforms are classified as LPG. The central point of the reforms was liberalization of the economy,

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simplifying regulations, giving more role to private sector and opening up of the economy to competition.

Objective:-

The main object of the study is to explain and examine the economic reforms in India.

Methodology:-

The study is mainly based on the analysis of all the available secondary data related to economic reforms. The paper is based on secondary data such as relevant books, journals and internet.

Economic Reforms:-

Following are the new economic reforms in India adopted for develop the economy of country.

1) Dereservation of the industrial sector:- Reservation of public sector removed & opened for Private sector
2) Industrial delicensing policy.
3) Opening up of the economy to foreign competition:- Opening up of the economy to foreign competition started a new era in India's economic policy with permission to FDI up to 51% in selected sectors
4) Liberalization of foreign trade and foreign investment
5) Financial sector reforms i.e. removal of control on interest rates, Capital market & Money market reforms
6) Reforms related to public sector enterprises
7) Abolition of MRTP Act.i.e. restrictions removed.
8) Freedom to import technology
9) Free entry of foreign Investment
10) FERA restrictions removed i.e. replaced with Foreign Exchange Management Act (FEMA)
11) Increase in the importance of small industries
12) Reduction in export – import tax
13) Easy procedure of Export & Import

14) Providing incentives for export
15) Fiscal reforms & Monetary reforms
16) Reduce the corporate tax from 30% to 25%
17) Stop forcing banks to lend to priority sectors
18) Monetary reforms regarding banks
19) Phasing out subsidies
20) Social policy reforms
21) Make in India:- PM Narendra Modi launched on 25th Sept.2014.
22) Mudra loan:- launched on 8th April 2015 to help small business for grow and development.
23) Pradhan Mantri Jan Dhan Yojana
24) Smart cities
25) Green marketing
26) Agricultural reforms
27) Infrastructure reforms
28) Labour reforms
29) Demonetization
30) GST:- One Nation one Tax
31) Digital India
32) Renewable energy
33) Housing for all
34) Swachh Bharat Abhiyan
35) Food security Act
36) Adhar Card Linking

Objectives of reforms:

1) To Promote a faster rate of growth
2) To increase employment potential
3) To reduce poverty
4) To promote equality
5) Reduction of regional disparities

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Conclusion:-

Economists predict that by 2020, India will be among the leading economies of the world.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. Recent slowdown doesn't impact on Indian economy but Govt. must care about it and make necessary implements on it. Slowdown has no bearing on power sector, growing at almost 7%

The Reserve Bank of India has already cut interest rates by 110 basis points this year to the lowest in nine years to boost loans and revive investment, while signaling it's ready to do more. It has been pumping in liquidity to tide over a cash crunch in the banking sector.

A dynamic economy requires a robust financial system that allocates the capital efficiently. The Indian financial system has faced immense stress in recent years, mainly due to the ballooning of non-performing assets. So that it will be require to change the credit culture in the country. Commercial banks focus on loans to small and medium enterprises.

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