

Changes in the Policy Framework of Indian Economy - Pre and Post Liberalization

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Abstract

Post independence, the Indian government imposed excessive control and stringent regulations over key sectors of the economy to deal with challenges like population, reliance on imports, poverty, unemployment etc. Hence the policies were framed with a view to drive and mobilize the resources in order to achieve the desired results. As a result the government adopted a 'conservative' approach and insulated the country from the global economic environment. However, this gradually led to problems like high inflation, low forex reserves, stagnant growth rate and BOP crisis in the 1990s.

With changing times, the need was felt to liberalize the economy in order to keep pace with the dynamics of global markets. Major reforms were undertaken in 1990-1991 which broadly covers sectors like finance, fiscal and trade. The paper seeks to juxtapose the efficacy of the reforms post liberalization vis-à-vis the key economic indicators of the economy.

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