

## Liberalization

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India's serious efforts at economic reform started in 1991 when Rao government initiated a fresh wave of reforms. Since July 1991, it devalued the currency and made it partially convertible: reduced quantitative restrictions on imports; reduced importer of subsidies, including that on fertilizers; progressively liberalized interest rates; abolished production licenses for most industries; eased restrictions on repatriating dividends and royalties, established a partial tax exemption on profits from export sales; allowed a partial sale of shares in selected public enterprises; reduced restrictions on foreign trading companies; revised the system of personal income tax and so on.

The years of reform showed creditable progress with the country recording a fast recovery from a deep macro-economic crisis. The growth rate of the gross domestic product recovered to 5.3 per cent by 1992-93 from the abysmal! 0.8 per cent in 1991-92. In the next few years the growth rate averaged at around 7.5 per cent- close to that of the powered performers of East Asia. We in the year of 2006-07 became the second fastest growing major economy after china. Exports recovered and export earnings increasingly paid for the major part of imports. The foreign exchange reserves achieved a respectable look. Encouragement to foreign investment resulted in foreign direct investment increasing at the rate of nearly 100 percent.

So far so good! But how have the reforms affected the people? The masses? The 'average' citizen? Critics of the reform, most of them from the Left, charge that the process being followed is anti-poor, that it helps only the rich to get richer. The major challenge before Indian economy is to increase the agricultural and industrial strengths of the country.

Beyond all this lies the character of the country, its people; our attitude to change and to work. Economic reforms cannot merely a matter of policies or can economic efficiency be an automatic product of the right economic policies. If India has to forge ahead, the power of vested interests and the resultant corruption in every field- including education-must be curbed.