

STRENGTHS, OPPORTUNITIES AND CHALLENGES OF LPG

Paper presented by

Vasanth Kumar G A

Associated Prof., BES College

Akshatha P Pai

Assistant Prof., BES College

PRATHIMA B J

Assistant Prof., VETFGC

At National Conference on

“Liberalization, privatization and Globalization 25 years of
India’s Experience”

On 15-03-2017 at

Government First Grade College,

Malleswaram, Bangalore.

Abstract

The Indian economy had undergone significant policy shifts in the beginning of the 1990s. This new economic reform is known as LPG or liberalization, privatization and globalization model. The objective of model was to make the Indian economy fastest developing economy in the globe with capabilities that help to match up with the biggest economies of the world.

The chain of reforms that took place with regards to business, manufacturing and financial services industries targeted at lifting the economy to more proficient level. These economic reforms influenced the overall economic growth of the country in a significant manner.

Introduction

India got freedom on August 15, 1947, following it's the republic of India stuck to socialistic economic strategies. In the 1980's Rajiv Gandhi, the then Prime Minister of India started a number of economic restructuring measures. In 1991, the country experienced a balance of payments dilemma following the Gulf war and downfall of the erstwhile Soviet Union. The country had to make a deposit of 47 tons of gold to the Bank of England and 20 tons to the union Bank of Switzerland. This was necessary under a recovery pact with the IMF. Furthermore, the International Monetary Fund necessitated India to assume a sequence of systematic economic reorganization. Consequently the then Prime Minister of the country, P V Narasimha Rao initiated ground breaking economic reforms. Dr. Manmohan singh, the Prime Minster of India was then the Finance Minister of the government of India. He assisted, Narasimha Rao and played a key role in implementing these reform policies.

Meaning of LPG

Liberalization

Liberalization refers to slackening of government regulation. The liberalization economy in India, denotes the continuing financial reforms which began since July 25, 1991. Liberalization denote looseness in the rule and regulations. When Government removes the restrictions from the fields of production, exchange and distribution through its industrial export-import and taxation policies, it is called the Policy of liberalization (Sinha & Srivastava, 2012).