



Cover Page



INDIA NEED'S ECONOMIC REFORM 2.0

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Abstract

A person needs money to live. Similarly, money is also needed to run a home, state and country. For this reason, a person starts a business to run the house or state or country, which may have different objectives, but everyone has one main objective - to earn maximum profit and create wealth so that the nation can become more self-reliant, strong and prosperous. In this series, the nation creates different institutions. After independence, India followed its economic policy with both capitalism and socialism, which was called mixed economy, in which businesses and institutions could be started and run by the government as well as the people, but later it was seen that the institutions which were set up by the government with a good purpose were not able to fulfill their purpose, earning profit was a far cry, many institutions were running in huge losses. In view of this, in the year 1991, economy reform was done, which improved the economy of India very rapidly. At present, India is the fifth largest economy in the world and in terms of PPP, it is the third largest economy in the world. Economy reform shows that the economy of the country should be in the hands of more and more people. The work of the government should be to formulate policy and regulate it and not to start its own business to do. Keywords: Economy, Reform, privatization.

Introduction

Whenever we talk about economy reform, the first thing that comes to our mind is 1991 in which the country's Prime Minister was PV Narasimha Rao and Finance Minister was Manmohan Singh. We should first know why the country needed economy reform. When the country became independent in 1947, there was a lot of debate about whether the country's economy should be socialist or capitalist. Most people were inclined towards socialism but capitalism could not be denied outright. So it was decided that the country will run on a mixed economy, which means that business was divided into three parts, one part of which was the business or institution that only the government could create, the second was something that both the government and the private sector could create and the third was that people from the private sector could do business in it but a license was required, which used to be quite complex. Socialist economy says that the government will make rules, create institutions, run them and also determine the price of their goods, while capitalist economy says that people will decide from where to buy the raw material, how it should be made and at what price it should be sold in the market. People were so afraid of the rule of East India Company and British that they were not ready to adopt capitalist economy but after the Second World War it was decided that only capitalist economy can accelerate the development of the nation but in 1980s and 90s the Indian government thought that India will move towards socialist economy and many of the institutions which were created under it were in such loss that the government had to spend money to run the institutions then in 1991 India's foreign exchange reserve became almost empty which meant that the things needed from abroad could be ordered only for a week, in such a situation a tough decision opened the country's economy in which liberalization, privatization and nationalization are the three main points which we know in the name of economy reform, now let us understand a little about the economic reform of 1991

Literature of Review

Till now I have researched more than 20 literatures on Indian Economy Reform and this work is still going on. I am reviewing the literature so that I can understand that the scholars who have done research on Indian Economy Reform before us. What have been obtained from their research on profit-loss, problem-solution and their impact and what is their opinion on this, which will help us a lot in our research so that it helps us a lot on how to take my research forward



Cover Page



Objective of Research

- To Increase GDP of India
- To Increase Per Capita of India
- To Increase our participation in the world economy with time
- To Increase the development and facilities of the people of the country
- Increasing the number of taxpayers.
- As well as other reasons

History of Indian Economy

After independence, India kept its economy mixed but kept it closed economy which meant that there was a trade ban with foreign countries i.e. private sector was also open only for the people of India, in such a situation one of the biggest problems was that so many of India's Producing on a large scale for the big people and controlling the quality of the production as well as its price, the situation worsened by the 1980s and 90s, especially the institutions of the government, i.e. the institutions of the policy sector, and the Indian products were not of such good quality and low price that they could be sold abroad to fill India's foreign exchange reserves because even then India was dependent on foreign countries for many things, especially crude oil, gas, petroleum and even basic necessities, which led to the depreciation of the Indian currency and the emptying of foreign exchange reserves, two major factors.



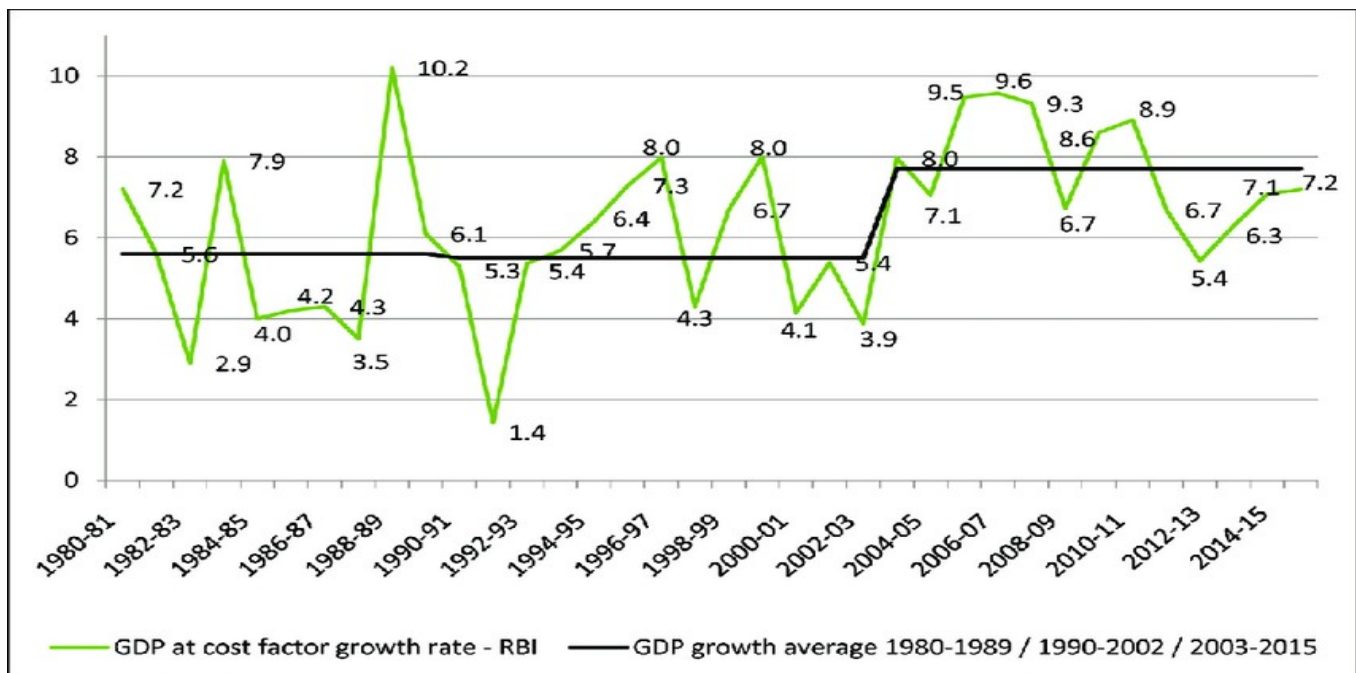
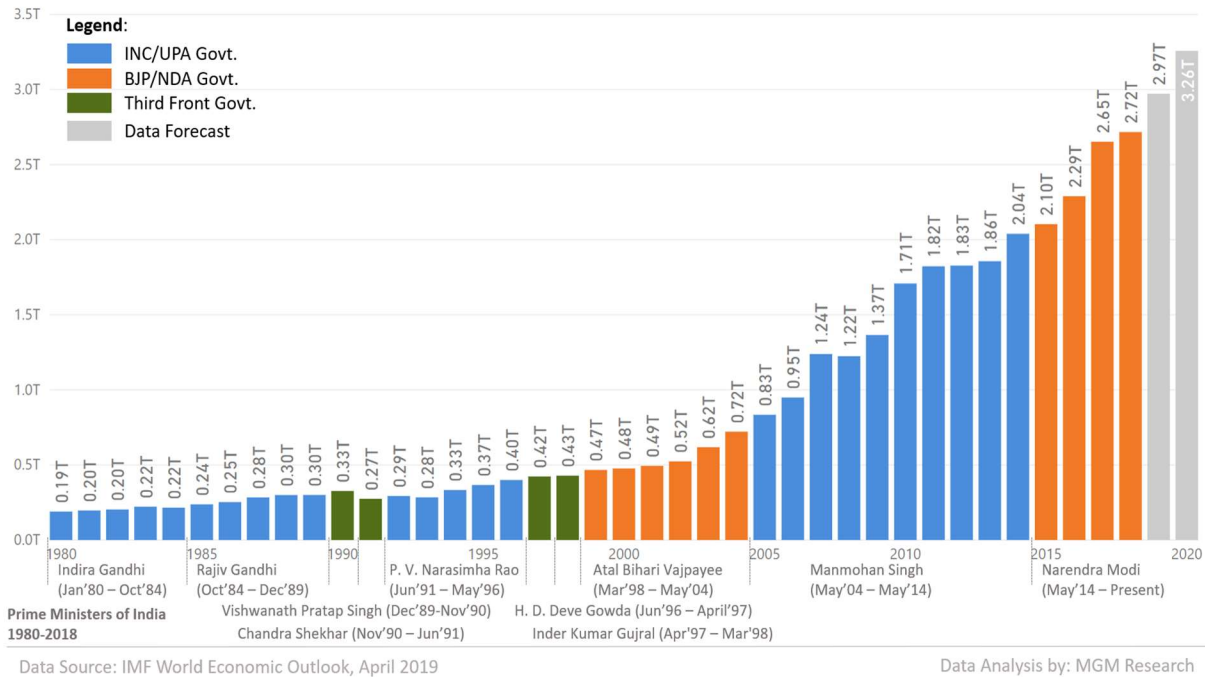


Cover Page



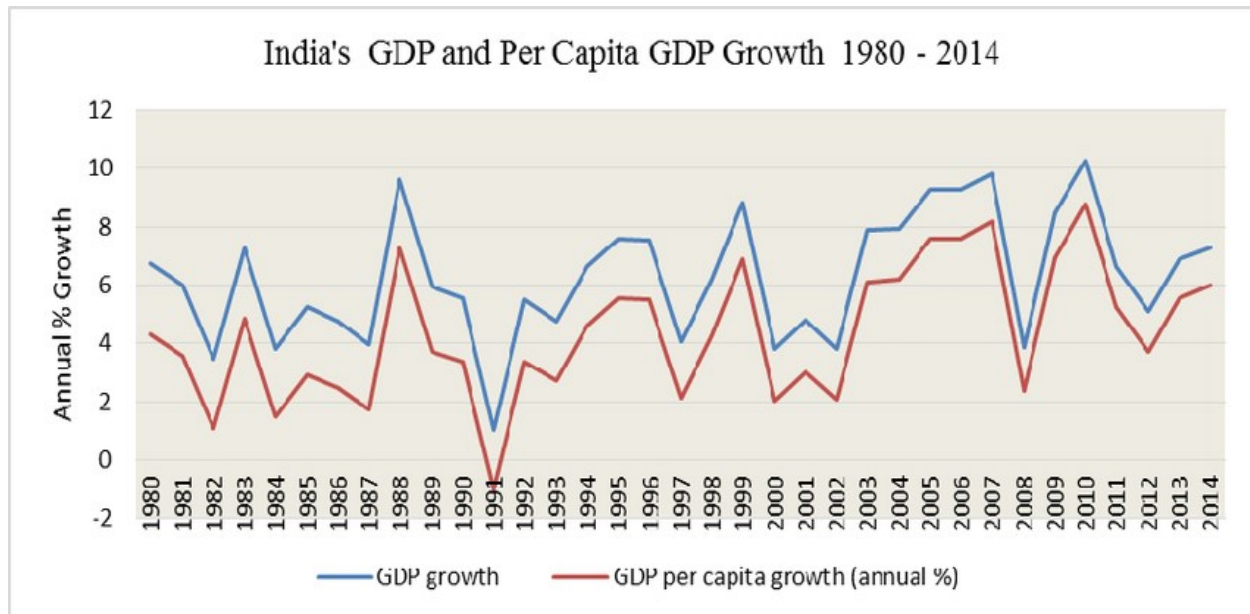
India GDP 1980-2020

GDP in current prices (trillions of US dollars)

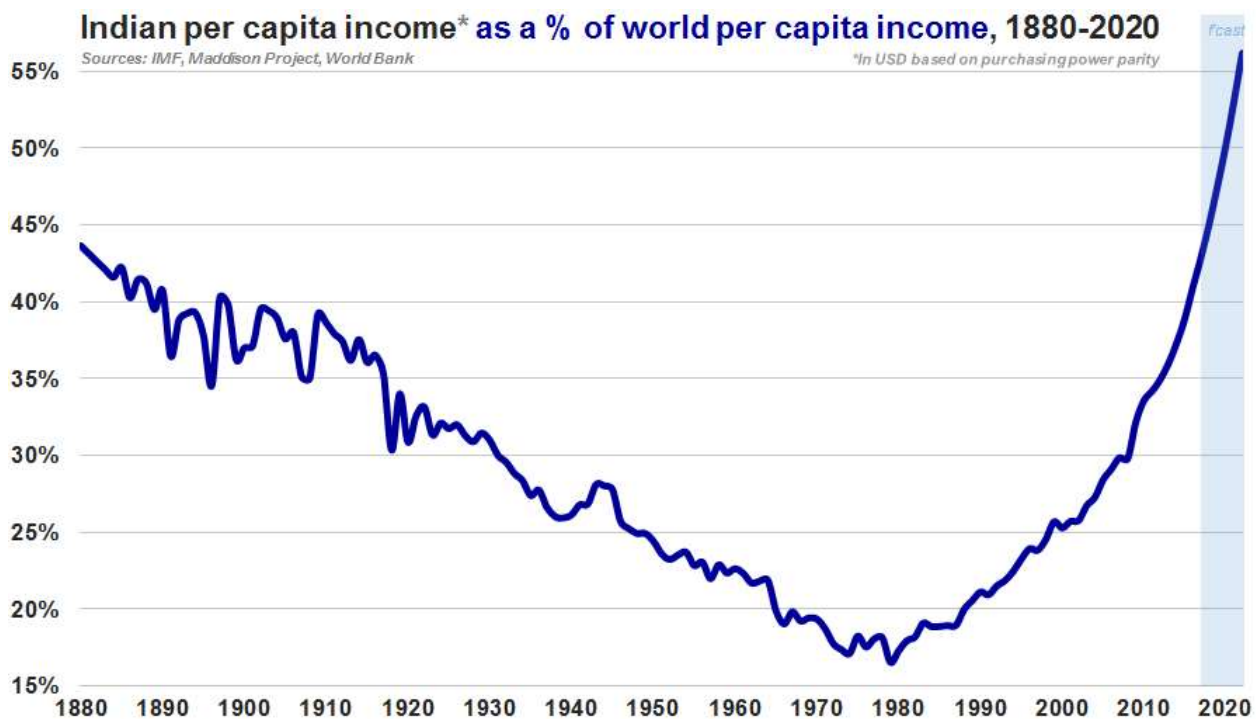




Cover Page



So through some graphs, we will see the Indian economy from 1947 to 1991 and compare it with the economy from 1991 to 2004, which will make it very clear that the country's economy was a mixed economy then and is even today, but the socialist economy was more dominant then and the capitalist economy is more dominant now, so comparatively, which economy is for the national interest will become clear.





Cover Page



The above data and picture It is clear that after the 1991 economy reform, the per capita income of India's economy increased, the growth rate of India's GDP also increased, the foreign exchange reserves of India increased, with the increase in the PPP model in India's GDP, there was growth and development in all the sectors, so it is clear that the capitalist economy is the best for the Indian economy.

So this was about the economy reform of 1991, now looking at the current situation and the economy of other countries of the world, we have to grow our economy more rapidly, for this we need to reform the economy once again so that we can grow our economy more rapidly at the global level because India is competing with America and China whose GDP is around 30 trillion, while our economy is running around 4.2 trillion, so in such a situation India needs a big economy reform.

Suggestions & Recommendations

- All government banks should be merged to make one bank.
- Government school and hospital will have to be brought on ppp model.
- Railways should be privatized.
- Whether it is the central government or the state government, every institution (business) run by it should be privatized. Only a few things will remain government
- Institutions related to the security of the country like DRDO and ISRO, RA&W and all agencies and its employees.
- All the employees associated with all those institutions which are constitutional.
- And that which is necessary for the nation and the government.
- And that which is necessary for the welfare of the state and the people
- The government should adopt the public private partnership model. The government should give money in the hands of the people and send the money for education, health and unemployment allowance to the beneficiaries' accounts through DBT.